

August 09, 2018

To The Deputy Manager Department of Corporate Services BSE Limited PJ Towers, Dalal Street, Mumbai – 400 001 Scrip Code : 532784	To The Manager The National Stock Exchange of India Limited Exchange Plaza, Plot No C/1, G Block Bandra Kurla Complex, Mumbai – 400 051 Scrip Code : SOBHA

Dear Sir / Madam,

Sub: Annual Report for the financial year ended March 31, 2018.

With reference to the above captioned subject, please find enclosed the Annual Report of the Company for the financial year ended March 31, 2018.

We request you to kindly take the aforesaid on record in terms of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015.

Yours sincerely,

FOR SOBHA LIMITED

**VIGHNESHWAR G BHAT
COMPANY SECRETARY AND COMPLIANCE OFFICER**

SOBHA LIMITED

REGD & CORPORATE OFFICE : 'SOBHA', SARJAPUR - MARATHAHALLI OUTER RING ROAD, BELLANDUR POST, BANGALORE - 560103, INDIA
CIN: L45201KA1995PLC018475 | TEL : +91-80-49320000 | FAX : +9180 49320444 | www.sobha.com



PASSION AT WORK



ACCELERATING **GROWTH**

ANNUAL REPORT 2018

OUR COMPANY AT A GLANCE

SOBHA

It has been a remarkable journey for SOBHA since 1995. From establishing itself as one of the top brands in the Indian housing sector to setting up manufacturing units to become foremost backward integrated real estate Company in India, SOBHA is now ready for the next leap.

Headquartered in Bengaluru, today SOBHA is a Rs. 28 billion company with real estate presence in 9 cities, viz. Bengaluru, Gurugram, Chennai, Pune, Coimbatore, Thrissur, Calicut, Cochin, and Mysore. Overall, SOBHA has footprint in 26 cities and 13 states across India. SOBHA's existence of over two-decade has been marked by many firsts. One of the most prominent being the initial public offering in 2006, which was oversubscribed 126 times.

SOBHA's unique and highly-efficient backward integration model is the key USP of the brand. It is the only Company in the Indian realty sector to have a full-fledged backward integrated model of operations, ensuring timely completion and delivery of quality products at the right price. Additionally, SOBHA has adopted state-of-the-art precast technology. It allows us to bring down the construction cost and time with better control over quality.

At SOBHA, employees are integral to the overall growth of the Company. With approximately 3000 people employed directly, the Company places a lot of emphasis on in-house training both for their personal growth and for achieving organisational goals. SOBHA is equally committed towards working for the underprivileged. To this end, the Company undertakes CSR activities through its public charitable trust, Sri Kurumba Educational and Charitable Trust. SOBHA's CSR activities encompasses areas of education, healthcare, livelihood and women empowerment in three grama panchayats of Vadakkenchery, Kizhakkenchery and Kannambra in Palakkad, Kerala.



SOBHA Real Estate

SOBHA's residential projects include presidential apartments, villas, row houses, luxury and super luxury apartments, plotted development and aspirational homes. .

As of 31st March 2018, SOBHA Real Estate had completed 44.02 million square feet of area. The Company currently has ongoing real estate projects aggregating to 41.90 million square feet of developable area and 28.13 million square feet of saleable area.

All these projects come with SOBHA's hallmark of superior quality with world-class amenities. While focusing on quality of construction, SOBHA is equally committed to protecting the environment by incorporating sustainability measures such as rainwater harvesting, sewage treatment plant among others.

Honed over decades of experience, SOBHA's products follow the best engineering standards, architectural finesse, aesthetics and innovative designs. Thanks to the ingenuity of the in-house designers, architects and structural, mechanical, electrical, plumbing and environmental professionals, SOBHA score over its competitors in achieving the desired results. This, combined with transparent business practices, makes SOBHA a pioneer in the real estate sector.



SOBHA LIMITED

SOBHA Contractual

In line with expanding the areas of work, SOBHA started its Contractual vertical in 1999. This marked Company's efforts to provide end-to-end solutions – from conceptualisation to final satisfactory completion of projects.

SOBHA's Contractual division is focused on developing facilities for corporate entities like offices, convention centres, software development blocks, multiplex theatres, hostel facilities, hotels, guest houses, food courts, restaurants, research centres, club houses and factory buildings. Like SOBHA's other verticals, SOBHA Contractual is also committed to offering top-notch quality of construction. This, along with the passion for perfection, has helped the division won several projects from prestigious institutions across India.

As of 31st March 2018, SOBHA Contractual's had completed 47.51 million Square feet area. The ongoing projects aggregate to 6.35 million square feet under various stages of construction.

SOBHA Contractual provides a bouquet of services that include civil, mechanical, electrical, plumbing, interiors, glazing, metal works and landscaping. The work undertaken by SOBHA Contractual is executed by a team of experts trained at the Company's in-house training facility. This underscores the fact that the products are world-class and to the satisfaction of the customers.

SOBHA Manufacturing

SOBHA Manufacturing enjoys the unique position of being the Company's backbone, offering best in quality products that reflect the superior workmanship.

SOBHA Manufacturing provides superior quality raw materials required for the Company's projects across verticals. The Manufacturing vertical comprises three divisions – Interiors, Glazing and Metal works and Concrete Products. Each of these divisions uses state-of-the-art equipment that have been especially imported from different parts of the world. All these facilities are spread over a 600,000 square feet area and are comparable to the best in the world.

The team of SOBHA Manufacturing is trained in the latest technology and best-in-class equipment for manufacturing of quality raw materials used for SOBHA's construction activities. This is also SOBHA's way of make sure that it has control over the quality of the materials that it uses, providing the best products to its customers.

Further, SOBHA Manufacturing has also ventured into the retail space to add to its offering for the quality conscious customers through ergonomic spring mattresses sold under the brand name SOBHA Restoplus.

Contents



Information for our Shareholders

Awards.....	18
Letter from the Chairman	20
Share Price Performance	24
Board of Directors	26
Board Committees.....	29
Corporation Information.....	29
Directors' Report.....	30

Corporate Responsibility

Corporate Governance Compliance Certificate...	48
Corporate Governance Report.....	73

Management Report

Markets and Operating Environment	97
Projects and Work Done in 2017-18	103
Environment, Health & Safety.....	107
Corporate Social Responsibility	109
Research and Development	113
Employees	114
Risk Management Report	116
Operational & Financial Analysis.....	122



Financial Statements - Standalone

CEO & CFO Certification	133
Independent Auditors' Report.....	134
Standalone Financial Statement	140
Notes to the Standalone Financial Statements..	146

Financial Statements - Consolidated

Independent Auditors' Report.....	201
Consolidated Financial Statements.....	206
Notes to Consolidated Financial Statements	212
Statement Relating to Subsidiary Companies ...	276

Notice of the Annual General Meeting

Notice of the Annual General Meeting.....	277
Proxy Form.....	285
Attendance Slip	287

Additional Information

Glossary	289
Fiscal 2018- Quarterly Highlights.....	291
Publication Details and Route Map	293
Financial Calendar	293



Implementation of the transformative reforms in the real estate have brought about the much needed transparency, accountability and professionalism, shaping its course for the future. SOBHA, with its process-driven approach, exceptional product quality and commitment to deliver on time, has been able to embrace these changes seamlessly. It has also taken some major steps to foray into newer markets and has thus provided the right momentum for accelerating growth. The Company is well established as the true market leader with its ethical business practices, strong product portfolio and sterling consumer connect and confidence in its brand. It is now time to scale up further, chalk out the next steps and establish new benchmarks. And that's exactly what SOBHA is working on. From diversifying our product categories to entering new geographies in the country, strengthening our current businesses, to automating our product delivery and bringing more efficiency in its mechanism, we are well on our way to grow rapidly over the next five years and play our role in driving the economic growth of the country.



Accelerating growth

The Journey

When Mr. PNC Menon founded SOBHA in 1995 as a small real estate business in Bengaluru, he knew that India would provide immense scope for growth. As one of the pioneers in the sector, he was aware that he would have to chart his own course by offering international quality products at competitive prices. More importantly, these had to be delivered to meet and surpass, consumer expectations following transparent and ethical business practices.

With this clear understanding, SOBHA began its journey of becoming one of the most respected and trusted real estate brands in India. During the course, the Company diversified its operations to establish different verticals - Contractual and Manufacturing and expanded its footprint in 26 cities in 13 states. Today, SOBHA's residential projects span across presidential apartments, villas, row houses, luxury and super luxury apartments, plotted development and aspirational homes replete with world-class amenities. Besides this, the Contracts vertical provides end-to-end solutions for different projects. These essentially include corporate offices, convention centres, software development blocks, multiplex theatres, hostel facilities, guest houses, food courts, restaurants, research centres and club houses among others.

In a sector that was largely unorganised and unregulated, SOBHA championed integrity, transparency and professionalism and became synonymous with it.

On the path of growth

Today, SOBHA as a brand is synonymous with transparency, top-notch quality products and timely delivery at right price point. We believe these are our hallmarks that keep us ahead of the competition in the market and prepares us for the next big leap. Currently, we have a wide range of products in our

Some of SOBHA's prestigious corporate clients include Infosys, Biocon, LuLu Group and others.

portfolio, ranging in size from a 650 sq. feet unit to the Presidential Villas with about 12000 sq. feet. Each segment of our product is uniquely placed to cater to our target base. On the Contracts side, we have constructed a wide variety of structures for corporates including office complex, convention centres, software development blocks, multiplex theatres, hostel facilities, guest houses, food courts, restaurants, research centres and club houses. Some of SOBHA's prestigious corporate clients include Infosys, Taj Group, Dell, Biocon, Bosch, LuLu Group, Manipal Group and others. Our intent is to understand the changing demands and requirements of our customers and make concerted efforts to meet them.

A Rs. 28 billion Company, SOBHA aims to grow its business by two-and-a-half times more over a period of next five years. To achieve this, the Company is aggressively looking to expand its product portfolios across segments. In the residential space, we are aggressively focusing on the affordable housing segment and plan to launch

A Rs.28 billion Company, SOBHA aims to grow its business by two-and-a-half times more over a period of next five years.

new projects under this segment in Bengaluru and other cities in India. Further, the Company plans to diversify its commercial product offering with shopping malls and office spaces over the next few years, making significant inroads in this market as well.

Need to accelerate

In today's fast paced world, market dynamics are changing even faster and impacting the Indian realty sector as well. We are aware that urban population is rising, more so in India; there is massive shortfall in infrastructure and urban housing. Moreover, due to climatic change and rising environmental concerns, more resilient buildings which are environment friendly will be required. There is also a perceptible change in the way people live, work and play. People are living longer, households are getting smaller, there is increased mobility and of course technology is transforming the way people think, demand the kind of homes they want and carry on with their lifestyle.

Besides, real estate sector in India had been largely unorganised and unregulated, affecting the credibility of the sector. This called for radical and transformational reforms to create a level playing field for organised developers. In this direction, the year 2017 saw many landmark reforms that has altered the entire landscape of the sector.

Changing real estate scenario in India

The financial year 2017-18 began amidst hope, expectations and uncertainties. The Government's intent to change the very landscape of realty sector became clear with a number of far-reaching reforms.

The first step in this direction was demonetisation, which was announced in the third quarter of FY 16-17. This was followed by the Credit Linked Subsidy Scheme (CLSS) under the "Pradhan Mantri Awas Yojana (PMAY)-Housing for All" scheme, making home loans easily available to consumers. Additionally, the much-awaited sectoral reform of Real Estate (Regulation and Development) Act, 2016 (RERA) came into effect from May, 2017 and was followed by Goods and Services Tax (GST) in July, 2017. All these big ticket policy initiatives were implemented in quick succession, which were much needed.

While the sector needed to change its functioning by focusing on delivery of quality products on time to remain relevant, SOBHA was already following these, making it ready for the next leap.



SOBHA Gardenia, Chennai

Seamless transition to RERA and GST Era

Implementation of RERA and GST were the most historic steps for the Indian real estate sector and economy as a whole. However, as with any new policy roll-out, there have been certain short-term transitional challenges posed by these big ticket reforms. Despite this, SOBHA was able to migrate to post RERA and GST regime seamlessly.

Our policies and transparent business practices have ensured that we were always future-ready, reflecting the innate strength of the Company. All projects of SOBHA were registered with RERA well within the specified timelines.

Till 31st March, 2018, 44 of SOBHA's ongoing projects measuring a total saleable area of 10.57 million sq. ft. applicable under RERA have been registered and approved.

Providing housing for all

The Government's 'Housing for All' or PMAY scheme aims to address the housing shortage in India by building affordable houses in select cities of the country. The scheme also offers interest subsidies on home loans under the CLSS. In the recent past, there have been several policy initiatives such as granting of infrastructure status, rationalisation of GST to 8% for affordable houses purchased using CLSS and creation of a separate affordable housing fund with National Housing bank. These steps have given the right push to affordable housing, making an opportune time for SOBHA to step up its focus on the segment and accelerate growth. SOBHA has already launched its compact luxury homes SOBHA Dream Acres under its new segment - SOBHA Dream Series in 2015 at Balagere, Bengaluru. Ranging from 650 sq. ft. to 1,200 sq. ft., SOBHA Dream Acres is aimed to help the aspirational home buyers convert their dreams of owning a house into reality.

Now is the time

Business as usual

While the sector struggled to transition into the post RERA and GST regime, it was business as usual at SOBHA. The Company had welcomed these policy changes whole heartedly and transitioned effortlessly. In fact, SOBHA has been improving its performance with each quarter. Proof of this has been SOBHA's steady growth in the residential space across all the product categories along with a strong growth in the Contractual and Manufacturing verticals. Additionally, the margins have improved despite operating in a challenging environment. The momentum as reflected in the FY17-18 should continue going forward, creating a conducive environment for augmenting our growth.

Numbers tell the story

During the last quarter of the FY 2017-18, SOBHA achieved new sales volumes of 1.02 million sq. feet, valued at Rs. 8.12 billion at an average price realisation of Rs. 7,993 per square feet. The sales volume and value both went up by 40% and 31% respectively as compared to the corresponding quarter of last year. Overall, at the close of the FY 2017-18, the Company registered new sales volume of 3.63 million square feet valued at Rs. 28.61 billion with an average price realisation of Rs. 7,892 per square feet. The annual sales volume and value were up by 21% and 42% respectively with robust cash flows.

Further, the Company has completed real estate projects and contractual projects with a total area of 5.8 million sq. feet during the year. In addition, 2.68 million sq. feet of real estate projects were also completed during the year.

More importantly, SOBHA's Contractual and Manufacturing verticals have given the best performance so far in FY 2017-18. The total revenue of the two verticals went up by 4% on a quarter-on-quarter basis and 19% on a year-on-year basis. Contractual business contributed Rs 4.53 billion and the Manufacturing business contributed Rs 3.33 billion. These numbers reflect the growth trajectory of SOBHA as well as the confidence that customers have in the brand.

Reaching out

Customer-centricity is at the core of our functioning. The organisation as a whole is geared up to do that well. At SOBHA, we make sure that the entire journey of our customers is hassle free. Responding to their queries proactively based on

Company completed real estate projects and contractual projects with a total area of 5.8 million sq. feet during the year.

past experiences ensure higher level of customer satisfaction and transparency, which helps us in building a strong trusted brand. Customer grievances if any, are lodged with the respective CRE on issues pertaining to the unit/project upon commencement of the warranty period. With an establishment of escalation matrix, all queries are registered to ensure timely response. The customer portal enables our customers to provide their feedback which is looked into immediately. Additionally, in an attempt to reach out to customers and showcase pan-India projects under one roof, SOBHA had organised two editions of 'The Now or Never Sale' - a two-day property expo.





SOBHA Forest Edge, Bangalore

It helped consumers find their dream homes, offering several exclusive deals and price benefits to home buyers in Bengaluru. During the expo, interested home buyers were also given the option of going on-the-spot bookings, allotments and instant home loan approvals.

Identifying opportunities

Understanding the market pulse

Based on deep understanding of the market, we launch projects in cities that offer better job opportunities, have leading educational institutes and proper infrastructure developments. Cosmopolitan cities such as Delhi-NCR, Chennai, Bengaluru and Pune have been on a steady transition mode with growing aspirations and increased disposable income. These cities have become preferred destinations as real estate demand is backed by growing manufacturing and IT businesses.

Understanding market and customers' requirements are important factors contributing to SOBHA's success. Before launching of any project, we conduct a third party due diligence on:

- **Market area and the demographics of the locality**
- **Product mix of existing inventory and the movement of sales**
- **Local competition in the area and their details**
- **Price matrix and the suggested price based on the various factors like brand, quality, amenities and relevance of location compared to other competitors in the locality**

Data is then validated by comparing data received from various independent sources in order to reduce any possible error. The validated data is then utilised in planning and decision making for launching the products.

The real estate has a product life cycle of about 2.5 - 3 years, so the market information is taken on a periodic basis and the promotion/marketing/sales strategies are modified based on information received.

The rationale behind this is to understand the changing customer tastes and preferences before product conceptualisation to ensure successful product launch.

New Launches

During the year, SOBHA launched its new villa project, SOBHA Gardenia, located at Vengaivasal in Chennai. This is SOBHA's fifth project in the city. SOBHA Gardenia comprises 79 lifestyle villas, encompassing 2, 2.5, 3, 3.5 and 4 BHK units. Spread over 6.85 acres, the total saleable area of the project is 180,275.46 sq. feet (16,748 sq. metres). The year also marked the launch of SOBHA HRC Pristine in Bengaluru. Located off-Bellary road in Jakkur, the project is spread across 8.49 acres and comprises 5 blocks and 395 units. It offers a beautiful bouquet of 3 and 4 bed apartments, row houses and penthouses.

Another new villa project of the year was SOBHA Silver Estate in Thrissur. The project offers 57 super luxury villas of 3 and 4 bedrooms that spreads across 7 acres of land.

In the last quarter, the Company launched SOBHA Forest Edge, a 3-Bed luxury apartments facing Turahalli forest. Strategically located off Kanakapurua Main Road, the project is spread across 3.39 acres with 217 units. Moving forward and in keeping with its growth trajectory, SOBHA plans to launch 6-8 new projects in Bengaluru, Mysore, Thrissur, Cochin and Ahmedabad in the coming quarters.

The backbone

SOBHA is known for being a process driven organisation. Our practices and processes have helped strengthen the relationship with stakeholders and build immense trust. SOBHA's culture is such that it recognises merit and is nimble footed in adapting to better management practices that can strengthen the brand and help sell better.

SOBHA's culture is such that it recognises merit and is nimble footed in adapting to better management practices that can strengthen the brand and help sell better.

People

SOBHA's strength lies in its employees. They are also our biggest brand ambassadors. We have approximately 3,000 employees drawn from different parts of the country. At SOBHA, equal opportunities to all our employees and all qualified applicants for employment are given, without regard to their race, caste, religion, marital status, sex, age and origin. All employees are treated with dignity and provided a work environment free from any kind of discrimination or harassment, whether physical, verbal or psychological. All our employee policies and practices are administered in a manner which ensures that equal opportunity is provided to all those eligible and the decisions are merit-based. Sobhaites are empowered to take the best decisions by fostering an environment of cross functional learning. They are also given enough

freedom to be able to innovate, improve and add value to existing processes. They are provided both on-site and off-site training to hone their skills and meet the set quality standards effectively.

Backward integration

SOBHA's strength lies in the relentless efforts to better our processes, knowledge, and competencies. In this endeavour, SOBHA had set up a unique model of backward integration, making us the only real estate player in India to have all the competencies and resources in-house to deliver a project from conceptualisation to completion. This model helps us to have a total control over resource management and quality, which is integral to the construction process under a single ownership.

Under the Company's backward integration model, there are three divisions - Glazing and Metal

*We, at SOBHA,
believe that ethical
business practices and
transparency to deliver
quality products on time
is of utmost importance.*

works, Interiors and Concrete Products. Each of these divisions use state-of-the-art equipment that have been especially imported from different parts of the world. This model is our key differentiator in the market. All our factories are well-equipped to cater to our internal requirements of SOBHA projects as well as other players in the construction industry. Today, each factory has grown to become self-sustaining revenue generating unit for the Company, enabling SOBHA to accelerate its growth despite external challenges.

Integrity as a way of life

We, at SOBHA, believe that ethical business practices and transparency to deliver quality products on time is of utmost importance. It is this integrity that forms the core of our customer-centric approach and has helped SOBHA scale further to win not only new customers but also a large number of buyers who are repeat customers. More importantly, it has helped SOBHA achieve the reputation of being a professional real estate company.

Passion at work

Our brand philosophy revolves around 'passion at work', signifying our attention to minutest details carried out passionately. However, the Company does not believe in sitting on its laurels but focuses on improving the processes further. This thought is all pervasive and encompassing across the Company's employees. Following the motto of 'to better the best', SOBHA tries to excel in every aspect of the business. Hence, it works on how its products can be altered and improved to meet newer expectations.

The focus is equally on research and development so that the work is done following best international practices. Timely delivery of products that satisfy and exceed the expectations of customers too is important at SOBHA. Achieving all this does not mean that the Company forgets other attributes such as aesthetics and being environment friendly.

The way we do it

We have been prudent in managing the finances by utilizing all our resources efficiently and keeping utmost transparency in our dealings. We ensure regular flow of information to all our stakeholders.

As a listed Company, we give importance to various statutory compliances and disclosures. We submit information as per timelines and present financial results encompassing cash flow statements to investors as part of investor presentation every quarter along with the movement of debt and borrowing costs. Cash flow details also form a part of our annual report along with detailed information on various term loans and interest rates as per Companies Act.

Due diligence

SOBHA is not an opportunistic developer. We never launch projects more than what we can deliver. Rather, if projects and business opportunities do not fit with our overall values, we do not pursue

it. To gauge this, our marketing team conducts feasibility study for any proposed site /property as per the requirements. Based on the report, it gives feedback on the advantages and disadvantages of the location, saleability in the location, kind of customers who prefer such location and their choice of built-up area, type of product, accommodation amenities and expected minimum price. The team also prepares the marketing feasibility report of the proposed land after the visit. Additionally, marketing survey is conducted in case of large projects.

Further, before any project launch, we ensure that all the relevant documents are in place. Any communication with regard to the market is undertaken after consultation with relevant departments on aspects such as amenities to be provided etc. Moreover, a better project understanding is given to the prospects to promote forthrightness and transparency. The price structure disclosed to the customer includes all the charges levied so that they have a clear understanding of the investment they are going to make.

SOBHA HRC Pristine, Bangalore



In-house expertise

SOBHA realised early on that one of essential requirements for making a mark in the otherwise unorganised sector was having in-house expertise in each sphere of work. Hence, the Company invested heavily in developing internal competencies in all the critical areas of its functioning. For instance, all the mechanical, electrical and plumbing (MEP) works at SOBHA are executed by internal teams. The MEP division has experts in mechanical, engineering, plumbing, electrical, HVAC and related ancillary building services. It has a dedicated Environmental & Engineering department which focus on value engineering and environment friendly aspects of its projects.

Precast

Evolving customer requirements, increasing construction costs and competition makes it imperative for developers to embrace latest technology. In line with this, SOBHA adopted state-of-the-art precast technology with best-in-class machinery imported from Germany and Italy to develop our compact luxury homes - SOBHA Dream Acres. Use of precast technology enables us to have better control on quality and construction cost. More importantly, it minimizes dependence on work force and ensures quicker construction time.

Caring for the environment

Adopting sustainable business practices and creating a sustainable mind-set has been a continuous endeavour at SOBHA. Achieving the highest standards of performance in each of the three pillars of sustainability - economic, environmental and social aspects. It is what we as a responsible organisation aspire for and will continue to do so in the future.

Our buildings are designed to be energy efficient. The best green practices are followed in all SOBHA's properties. Ample open spaces and greenery are also ensured in all the properties. 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 have been introduced based on the premise that an environment friendly house is pocket friendly and helps in reducing maintenance expenses. Additionally, the focus has been on taking up sustainable initiatives to ensure that we not only work in a healthy environment but also help in preserving the environment. This is true not only of our construction sites but also of

Our buildings are designed to be energy efficient. The best green practices are followed in all SOBHA's properties.

our manufacturing facilities where every attempt is made to keep the carbon footprint low by following the best industry practices.

Uplifting underprivileged on the way

For any company to become successful and to remain so, it is very important that it takes the people from around where it works along on its path of growth. That is why at SOBHA empowering people at the bottom of the pyramid is as important as its passion for work. This is something that has been ingrained in the Company by our founder Mr. PNC Menon.







At a time when people / corporate entities used CSR as a plank to refurbish their brand image. SOBHA had taken a totally different path.

Unlike other players in the segment, SOBHA has developed a humane face since inception. Mr. PNC Menon took upon himself as his personal responsibility to build social capital at the grass roots level from the very beginning.

Modelled after the Gandhian concept of Gram Swaraj, SOBHA's CSR efforts commenced in 2006 through 'Graamasobha' under the aegis of 'Sri Kurumba Educational & Charitable Trust'. SOBHA has been spending more than on an average of 5% annually for social development under its CSR program. It was much later that the MCA (Ministry of Corporate Affairs) mandated 2% of the average net profits of the last 3 years of the company to be spent on social development. SOBHA's CSR activities cover education, healthcare, welfare and employment. There are 4,485 families consisting of 17,171 people from Vadakkenchery, Kizhakkenchery and Kannambra grama panchayats in Palakkad district of Kerala who are the primary beneficiaries of these initiatives.

Besides, the Company is a regular contributor and supporter of charitable causes in Karnataka and Tamil Nadu among other states.



Mr. Abhinav Kanchan, SVP & Head of Corporate Communications, SOBHA receiving the 'CNBC Award 2018'

Awards

For any organisation, awards and accolades by prestigious institutes and industry bodies of the sector are a way of acknowledging and appreciating its work. At SOBHA, these recognitions not only endorse our consistent hard work but also encourage us to constantly push ourselves to be the best in the country. During the course of SOBHA's journey, the Company has been commended with over 170 awards, reflecting the impeccable quality of our products and commitment towards timely delivery at competitive prices. Like previous years, in FY 2017-18 as well, SOBHA received a number of awards.

Being the top brand

Making the first hat-trick of brand leadership by any real estate player in India so far, SOBHA was declared the top brand of the Indian real estate sector for the 3rd consecutive year by Track2Realty's BrandXReport 2016-17. The Company has emerged winner across several

categories - Top National Realty Brand across Asset class in India; Top National Realty Brand in Consumer Confidence Index; Number 1 Real Estate Company in top of the mind recall of the NRIs; and Number 1 position in Brand Disruption

SOBHA was voted as the number 1 choice of homebuyers nationally in Track2Realty's Consumer Confidence Report 20:20 - one-of-its kind comprehensive study on consumer psychology about the Indian real estate market.

category for CSR efforts. The survey focused on metrics such as Execution, Consumer Connect, Transparent Deals, Care, Communication and Desirable Practices.

Additionally, SOBHA was voted as the number 1 choice of homebuyers nationally in Track2Realty's Consumer Confidence Report 20:20 - one-of-its kind comprehensive study on consumer psychology about the Indian real estate market. This was the 4th consecutive year that SOBHA bagged the top rank in the consumer confidence survey, making it an exceptional and a rare feat achieved by any real estate brand in the country. SOBHA emerged as the top choice of buyers countrywide on all the 10 parameters of evaluation: Timely Delivery; Construction Quality; Matching Promises; Value4Money; Peer Endorsement; Trust & Transparency; Relationship Management; Brand Reputation; Safe Investment; and Amenities and Liveability. The report also placed SOBHA on top of the list of real estate developers in South India for the 4th time. Further, SOBHA was recognised as 'The Most Trusted Real Estate Brand' in South Zone by CNBC Awaaz.' The award recognised SOBHA's excellence in the real estate sector.

Bringing in professionalism

Acknowledging our professionalism, CIDC awarded SOBHA with the 'Best Professionally Managed Company' award (turnover > Rs 1,000 crore) at the 10th Construction Industry Development Council (CIDC) Vishwakarma Awards 2018. This is the second consecutive year and third time when SOBHA has won these awards. The annual CIDC Vishwakarma Awards recognises the work and achievements of individuals and organisations to raise their performance in their specific domains, leading to significant contribution towards the growth and development of the Indian construction

CIDC awarded SOBHA with the 'Best Professionally Managed Company' award (turnover > Rs 1,000 crore) at the 10th Construction Industry Development Council (CIDC) Vishwakarma Awards 2018. This is the second consecutive year and third time when SOBHA has won these awards.

industry. Making a mark was our individual project, SOBHA Sapphire, Thrissur in Kerala, which won the CIDC's 'Achievement Award for Best Construction Projects.'

Caring for others

SOBHA is equally committed towards enriching the lives of people in need and make a meaningful contribution to the society. Lauding SOBHA's stellar contribution in this direction, CIDC awarded SOBHA with the 'Achievement Award for Social Development & Impact' 2018 for the second consecutive year. CREDAI Karnataka also acknowledged SOBHA's exemplary contribution towards enriching the lives of the underprivileged with CARE AWARDS 2017 in the category, 'Best CSR Activity.'

Letter to the shareholder



Dear shareholders and friends of SOBHA,

Fiscal 2018 was a year of transformation for Indian Real Estate with the implementation of several landmark reforms. The most significant reform was the implementation of the Real Estate (Regulation and Development) Act 2016 (RERA). The Act aims to protect homebuyers' interests and enhance sector credibility with increased focus on transparency and accountability. RERA was well supported by the implementation of GST (Goods and Services tax) reform. These initiatives have created a level-playing field for organized players like SOBHA and helped in accelerated sector organization. Real Estate demand also received a much-needed impetus with the Credit Linked Subsidy Scheme (CLSS) for the Middle and Lower Income Groups (MIG and LIG) under Pradhan Mantri Awas Yojana (PMAY).

SOBHA, being the only backward integrated Real Estate Company in India, is in a unique position to take full advantage of these macroeconomic changes. We are confident of capitalizing on these changes and embarking on a path of accelerated growth. During this fiscal, we strengthened our marketing capabilities with initiatives like the 'Now or Never Sale' and 'SOBHA Museum'. At the same time, we have reinforced our sales channels with increased Channel partner outreach and focused presence in International markets. In land acquisition, we have strived to add quickly monetizable land parcels in our product portfolio at lower costs. Our goal is to increase our footprint across India while improving on the market share in existing cities of our portfolio.

In fiscal 2018, SOBHA earned a revenue of about Rs. 28.37 billion on a consolidated basis, which is an increase of 24% over last year. The Contracts and the Manufacturing verticals garnered a revenue of Rs 7.86 billion. EBITDA for the company was at Rs. 5.69 billion with PBT at Rs. 3.17 billion and PAT at Rs. 2.16 billion. We have been able to consistently generate positive operational cash flows for the past 11 quarters after interests and taxes. SOBHA completed 2.58 million square feet of Real Estate development and 3.22 million square feet of Contractual development in this period. In residential Real Estate segment, there were 4 new launches (2 in Bengaluru and 1 each in Thrissur & Chennai). In the Contracts vertical, we won two major orders from LuLu and Biocon valued at Rs. 6.10 billion. Since inception, the company has developed 92.53 million square feet of area with Residential and Contractual verticals put together.

SOBHA has steadily maintained its financial stability and profitability for more than two decades. The company has generated almost Rs. 100 billion in combined annual revenues for the past five years in spite of a downturn in Real Estate. It has also been able to maintain a healthy debt - equity ratio of 0.79 on a consolidated basis. Our emphasis on fiscal prudence, transparency and best practices has earned positive feedback from all stakeholders. The credit rating agency ICRA has upgraded its rating for SOBHA as A+ Stable. We have also received several prestigious recognitions, which validate our unflinching faith in the way we do business.

SOBHA was recognized as the top player across India in the 'Consumer Confidence Report' released by the Track2Realty, an independent real-estate think tank and research team. What makes this recognition special is that we have been able to retain the top spot for four years in a row. In addition, SOBHA has also been recognized during this fiscal as the top real estate brand for the 3rd consecutive year in BrandXReport, an annual study conducted by Track2Realty. This has been a rare accomplishment since it is the first hat trick in brand leadership by any real estate player in India so far. Several more prestigious awards have come SOBHA's way in this fiscal from credible organizations like CNBC AWAAZ, CIDC and CREDAI.

These recognitions are very humbling and we are constantly striving to live up to them. This has been possible only due to our steadfast adherence to the brand philosophy of 'passion at work', which signifies our attention to the minutest details, carried out passionately. In addition, our five core values of international quality, passion, reliability, transparency and integrity have acted as our guiding force. These values not only help us withstand adversity but also strengthen our processes.

After RERA implementation, we were able to integrate our company processes seamlessly with the new RERA and the GST regimes. We did more than 30 registrations under RERA within a month of its implementation, by end of July'17. We continued our impeccable record of timely project delivery in last fiscal as well with delivery of 1,782 units across 8 projects PAN India. The scale of delivery can be gauged by the fact that in SOBHA Dream acres, which is our only project in the aspirational segment, we have produced and erected more than 100,000 elements using 21,270 metric tons of steel and 150,326 cum of concrete in less than 3 years, using precast technology. This is equivalent to the construction work of approximately 2,900 apartments. We also minimized workplace incidents and had more than 64 million manhours of construction work last fiscal, without any fatal accidents. Our design team has also pushed the envelope with clubhouse designs of SOBHA Arena (Bengaluru) and International City (Gurugram). The clubhouse at SOBHA Arena boasts of a naturally lit Sports Hall that can be customized to Basketball, Badminton, Tennis or Futsal courts depending on customers' preferences. At International city, a rooftop swimming pool has been created on third floor of the clubhouse with an open sky view.

For Sales and Marketing, we focused on gearing up our six engines of growth, namely Direct marketing, Channel partners, SOBHA Privilege, SOBHA Advantage, International sales and Alliances. The 'Now or Never Sale', organized in July'17 and Jan'18, brought all ongoing projects across India under one roof. The aim of these exhibitions was to showcase our national footprint and help customers in finding their dream homes. These exhibitions were a first in SOBHA's history and received overwhelming response from customers due to exclusive deals on offer. Innovations like On-the-spot bookings and allotments, along with instant home loan approvals, made 'Now or Never Sale' a landmark event in fiscal 2018. We garnered about Rs. 1600 million in sales value over a period of only 4 days, during the two events. We also strengthened our Channel presence last year with dedicated Channel partner teams, which organized regular meet-ups across India, to create a more meaningful relationship with Channel partners and to increase their sales contribution. In FY 17-18, we also tapped International markets successfully with our offices in Dubai, Singapore and Europe.

In addition to our focus on the six engines of growth, we have also redefined what a 'Site visit experience' means for customers in Real Estate with the unique initiative of 'SOBHA Museum'. Our Marina One sales centre, spread over 18,500 sq ft., houses this state of the art technology museum in Kochi. At the museum, we have showcased some of our key differentiating construction activities in a sequential form. This gives the customers a nuanced peep through sliced walls, floors, shafts, windows and woodwork which helps them in the buying process. This is another step in our continuous efforts to standardize and evolve 'Customer Experience' across all SOBHA projects.

Moving forward, we will be launching 6-8 new projects in Bangalore, Mysore, Thrissur and Kochi. We are also actively exploring options for entering new geographies. We believe these steps will help SOBHA in accelerating its growth trajectory.

SOBHA's growth story is interwoven with the story of our efforts towards enabling the growth of our societies. Through Sri Kurumba Educational and Charitable Trust, the company has been committed to the cause of social empowerment and uplifting the lives of the underprivileged, since its inception. We have adopted three grama panchayats in Palakkad district of Kerala, namely Vadakkenchery, Kizhakkenchery and Kannambra. SOBHA has been working in the areas of education, health, livelihood, and women empowerment. The goal of these initiatives is to make rural masses more self-reliant. Today, there are 4,485 families consisting of 17,171 people who are the direct beneficiaries of SOBHA's CSR activities. Our educational initiatives through The SOBHA Academy provides free education to over 1,000 students. SOBHA also provides a comprehensive rehabilitation program for young mothers (widows) and has rural women empowerment schemes to give them adequate opportunities to come up in life. One of our key initiatives, the dowry less social wedding has been instrumental in supporting marriages of about 40 girls each year. Till date, 590 girls have been married under this program.

All this is possible only due to the strong and committed workforce of professionals at SOBHA. All Sobhaites are our biggest brand ambassadors who carry SOBHA beliefs and convictions to our valued stakeholders. I would like to thank all my colleagues on the Board as well for their valuable guidance and tremendous support towards making SOBHA a great institution and a creator of value for its stakeholders.

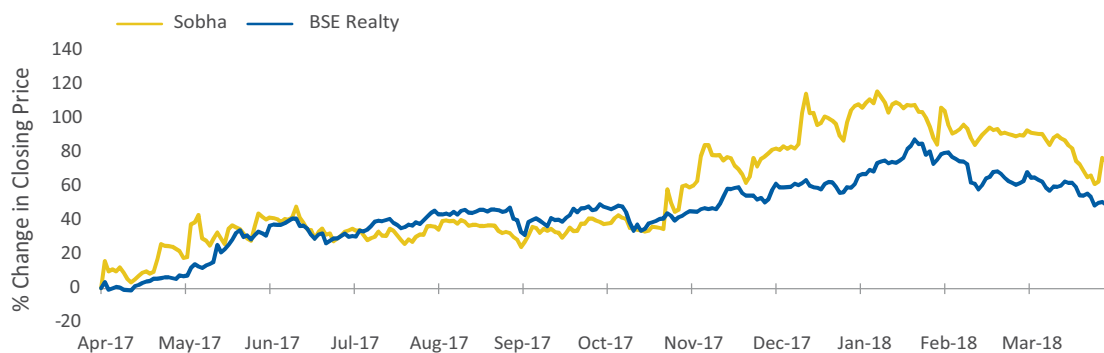
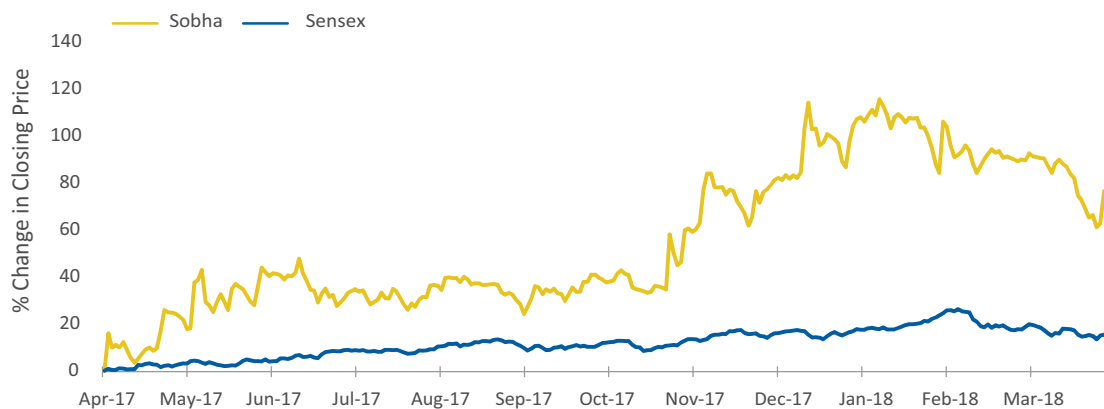
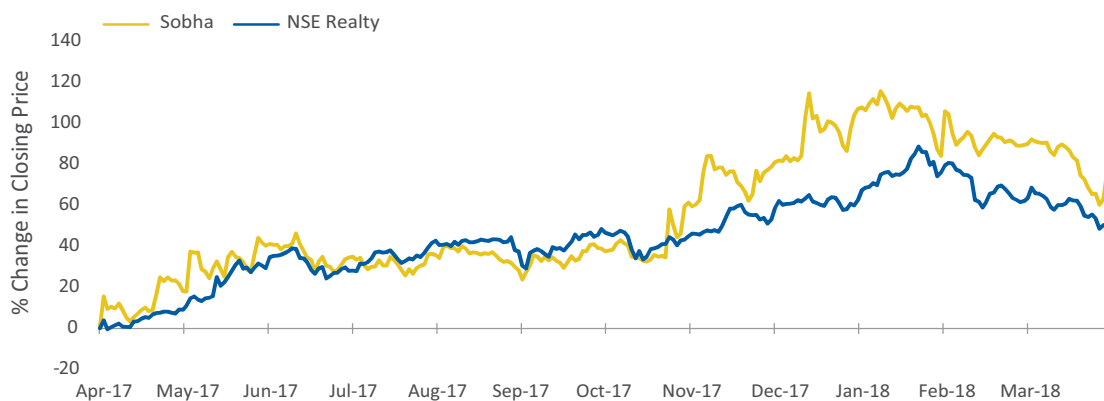
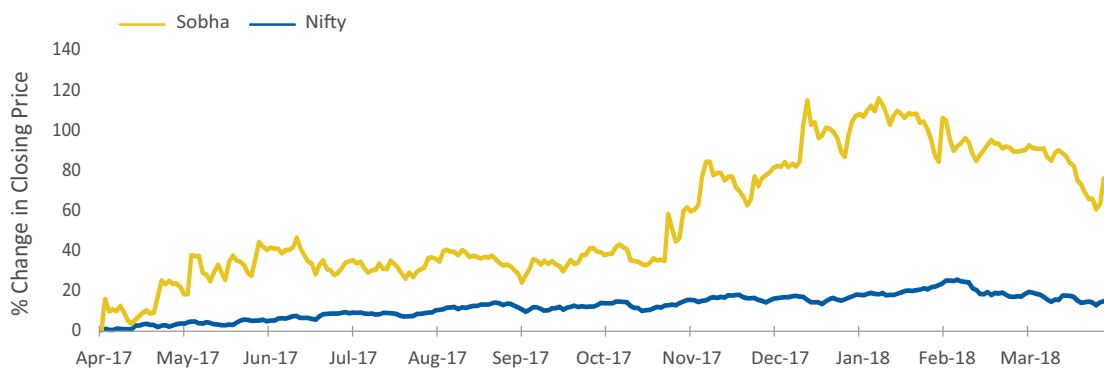
On behalf of all employees of SOBHA and our customers, I would like to extend my sincere gratitude to all of you for your support during the year. I look forward to meeting you at our annual shareholders' meeting.

Yours sincerely,

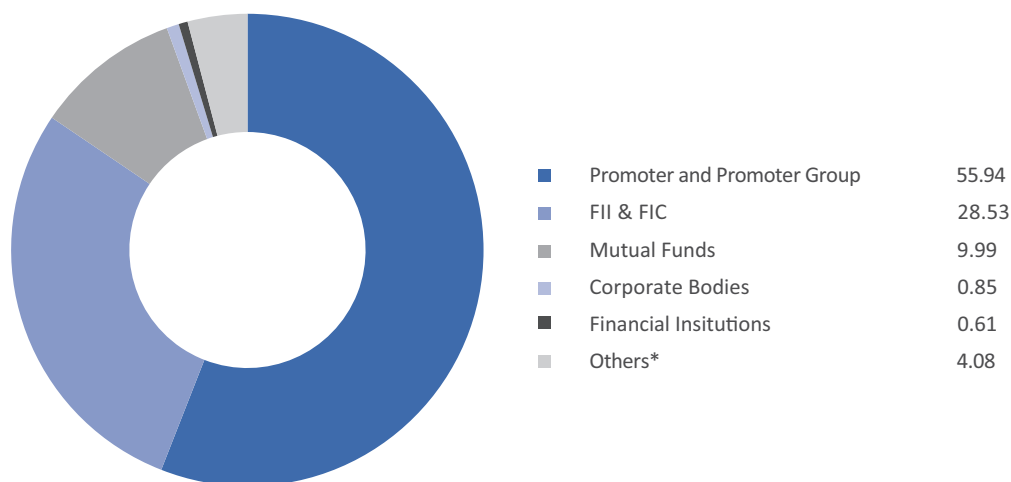
Ravi PNC Menon



Share Price Performance



Category wise distribution of shareholders as on March 31, 2018



Shareholding Movements	March 31, 2018	March 31, 2017	% Change in the Category
Promoter and Promoter Group	53,054,683	58,009,300	(8.54)
Foreign Institutional Investors & Foreign Portfolio Investor	27,058,844	26,949,216	0.41
Mutual Funds	9,475,986	6,673,016	42.00
Financial Institutions	577,179	564,264	2.29
Corporate Bodies	806,432	792,404	1.77
Others*	3,872,729	3,316,476	16.69
Total	94,845,853	96,304,676	

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



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 fourteen 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 36 years of experience in diversified industries such as automobiles, textiles and steel. He has been associated with SOBHA since June 2001. With 17 years of cumulative experience in the Company, he has been a member of the Board of Directors since the year 2003. Mr. J.C. Sharma is entrusted with the overall responsibility of managing the affairs of the Company especially finance, purchase, legal and land acquisition, administration and also 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 59 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, JSW Steel Ltd, 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 46 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 34 years of experience in the field of law, specifically real estate law. Since founding his own firm in 1993, he has advised developers, builders and foreign and domestic investors in structuring real estate transactions, leases, development agreements and joint ventures. 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 28 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.

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 Mohan Bhat

Statutory Auditors

M/s. BSR & Co LLP
Maruthi Infotech Center, 11-12/1
Inner Ring Road, Koramangala
Bangalore 560071

Legal Advisors

Anup S Shah Law Firm

Bankers

Andhra Bank
Axis Bank
Bank of India
DCB Bank Limited
HDFC Limited
ICICI Bank
IDBI Bank Limited
Karur Vysya Bank Limited
PNB Housing Finance Limited
South Indian Bank Limited
Standard Chartered Bank
State Bank of India
Tata Capital Financial Services Limited
Tata Capital Housing Finance Limited
RBL Bank
HDFC Bank
Lakshmi Vilas Bank Limited
Catholic Syrian Bank
Deutsche Bank
Bank of Baroda

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

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the Twenty Third Annual Report on the business and operations of the Company together with the audited results for the financial year ended March 31, 2018.

Financial Highlights

(₹ in million)

Particulars	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Total Revenue	26,496.88	22,273.72	28,365.81	22,847.52
Operating Expenditure	21,220.41	17,945.67	22,672.81	18,264.09
Earnings before Interest, Depreciation and Amortisation	5,276.47	4,328.05	5,693.00	4,583.43
Depreciation and Amortisation	503.95	599.88	544.00	638.23
Finance Cost	1,948.35	1,478.62	1,977.60	1,496.70
Profit Before Tax	2,824.17	2,249.55	3,171.40	2,577.75
Tax Expenses				
• Current Tax	638.05	866.45	764.46	961.16
• Deferred Tax Charge / (credit)	246.71	(19.04)	238.24	9.06
Profit after Tax	1,939.41	1,402.14	2,168.70	1,607.53

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 to which the balance sheet relates and 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, 2018 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 2017-18, the Company, has on a standalone basis earned total revenues of ₹ 26,496.88 million as compared to ₹ 22,273.72 million in the previous year, with an increase of 18.96% y-o-y. The Profit before Tax was ₹ 2,824.17 million as against ₹ 2,249.55 million during the year, increasing by 25.54% and Profit after Tax was ₹ 1,939.41 million as against ₹ 1,402.14 million, that is, it increased by 38.32%.

Consolidated

The consolidated revenues of the Company during the financial year 2017-18 were ₹ 28,365.81 million, an increase of 24.15% from the previous year. The Profit before Tax increased by 29.52% and Profit after Tax (after considering minority interest) increased by 34.91% as compared to the financial year 2016-17.

Transfer to Reserves

Your Directors proposed to transfer ₹ 193.99 million 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 ₹ 7 per equity share of ₹ 10 each.

C. Operational Overview

Completed Projects

During the year under review, the Company has executed and handed over 2.58 million square feet and 3.22 million square feet of contractual projects resulting in an aggregate development of 5.80 million square feet.

The Company has completed 92.53 million square feet of area since inception.

Ongoing Projects

The Company currently has real estate projects aggregating to 41.90 million square feet of developable area. It has 6.35 million square feet of ongoing contractual projects which are under various stages of construction.

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

SHARE CAPITAL RELATED MATTERS

A. 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 ₹ 963,046,760 divided into 96,304,676 equity shares of ₹ 10 each. Consequent to buy-back of 1,458,823 equity shares during the year, the issued, subscribed and paid-up capital of the Company as on 31st March, 2018 was ₹ 948,458,530 divided into 94,845,853 equity shares of ₹ 10 each.

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

B. Buyback of Equity Shares

The Board, at its meeting held on August 04, 2017 approved the buyback proposal for purchase of upto 1,458,823 equity shares of ₹ 10 each (representing 1.5 % of total equity capital) from shareholders of the Company on a proportionate basis by way of tender offer route at a price of ₹ 425 per equity share aggregating to an amount not exceeding ₹ 62 crore 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. 1,458,823 equity shares were bought back with a total cost of ₹ 62 crores.

C. Changes in Subsidiaries, Joint Ventures and Associates

Sobha Highrise Ventures Private Limited, a wholly owned subsidiary of the Company, acquired the entire equity shares of Sobha Contracting Private Limited, a private limited company during the year, making Sobha Contracting Private Limited a wholly owned subsidiary of Sobha Highrise Ventures Private Limited. With this acquisition, as on the date of this report, the Company has five direct subsidiaries and one stepdown subsidiary.

BOARD OF DIRECTORS AND ITS COMMITTEES

A. Composition of the Board of Directors

As on 31st March, 2018, the Board of Directors of the Company comprises six Directors of which, four are Non-Executive Independent Directors and two are 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. Changes in Directors and Key Managerial Personnel

During the year 2017-18, Mr. P Ramakrishnan, Deputy Managing Director resigned from the Board of Directors with effect from April 07, 2017.

During the year under review, there were no changes in the Key Managerial Personnel of the Company.

C. Meetings

During the year under review, the Board of Directors met 4 times on the following dates:

- May 16, 2017
- August 04, 2017
- November 10, 2017
- February 09, 2018

In accordance with the provisions of the Companies Act, 2013, a separate meeting of the Independent Directors of the Company was held on 16th May 2017.

D. Re-appointment of Directors Retiring by Rotation

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Ravi PNC Menon, Director designated as Chairman (DIN: 02070036) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment. The Board of Directors based on the recommendation of Nomination, Remuneration and Governance Committee, have recommended the re-appointment of

Mr. Ravi PNC Menon, Director designated as Chairman retiring by rotation.

The Notice convening the Annual General Meeting includes the proposal for re-appointment of Mr. Ravi PNC Menon as a Director. A brief resume of Mr. Ravi PNC Menon has been provided as an Annexure to the Notice convening the Annual General Meeting. Specific information about the nature of Mr. Ravi PNC Menon'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.

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 has carried out an annual performance evaluation of its own performance and that of its statutory committees viz. Audit Committee, Stakeholder Relationship Committee, Nomination, Remuneration and Governance Committee and that of the Individual Directors.

The Board assessed the performance and the potential of each of the Independent Directors with a view to maximise their contribution to the Board. As envisaged by the Act, the Independent Directors reviewed the performance of the Chairman of the Board at a meeting that was convened. At the same meeting, a 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 have been followed along with proper explanations relating to material departures;

- b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) proper and sufficient care was 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 have 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 31st March, 2018 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

At the Twenty Second Annual General Meeting held on August 04, 2017, members appointed Messrs B S R & Co. LLP, Chartered Accountants (Firm Registration No.101248W/W-100022), as Statutory Auditors of the Company for a period of 5 years from the conclusion of the Twenty Second Annual General Meeting until the conclusion of the Twenty Seventh Annual General Meeting.

The requirement to place the matter relating to appointment of Statutory Auditors for ratification by members at every Annual General Meeting is done away with vide notification dated May 7, 2018 issued by the Ministry of corporate Affairs, Government of India. Accordingly, no resolution is proposed for ratification of appointment of Statutory Auditors, who were appointed in the Annual General Meeting held on August 04, 2017 for a period of 5 years.

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, 2018. There are no qualifications or adverse remarks in the Statutory Auditors' Report which require any explanation from the Board of Directors.

C. Secretarial Audit

Secretarial Audit of the Company for the year ended March 31, 2018 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 2016-17 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 have re-appointed M/s. Srinivas and Co, Cost Accountants (Firm Registration No: 000278) as the Cost Auditors of the Company for the financial year 2017-18. In terms of Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors for the financial year 2017-18 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, accuracy and efficiency of the internal control systems and processes in the Company. The Company's Audit team is independent, designed to add value and empowered to improve the Company's processes. It helps the Company accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

There are adequate internal financial controls in place with reference to the financial statements. During the year under review, the Internal Audit Department and the Statutory Auditors tested these controls and no significant weakness was identified either in the design or operations of the controls. A report issued by the Statutory Auditors, M/s. B S R & Co LLP, on the 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 the 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 policy relating to the remuneration for the Directors, Key Managerial Personnel and Senior Management Personnel of the Company. The Committee also postulates the methodology for effective evaluation of the performance of Individual Directors, committees of the Board and the Board as a whole which should be carried out by the Board, by the Committee or by an independent external agency and reviews its implementation and compliance. The Nomination and Remuneration Policy is available on the Company's website: <http://www.sobha.com/investor-relations-downloads-pol.php>. Extracts from the policy are reproduced in **Annexure B** to this report.

B. The Risk Management Framework

The Company has developed and implemented a risk management framework, detailing the various internal and external risks faced by the Company and methods and procedures for identifying, 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 evaluating, monitoring and reviewing the risk management plan and procedures of the Company. The risk management function is supporting the internal control mechanism of the Company and supplements the internal and statutory audit functions.

C. Corporate Social Responsibility Policy

The Company believes that its achievements do not just refer only to its growth but are also spread to society. Accordingly, under the aegis

of its CSR arm, Sri Kurumba Educational & Charitable Trust, it has adopted three village panchayats - Vadakkenchery, Kizhakkenchery and Kannambra in Palakkad district of Kerala, to improve the lifestyle of the people at the grass root level.

The Corporate Social Responsibility Policy, as formulated by the Corporate Social Responsibility Committee and approved by the Board of Directors is available on the Company's website 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 the 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. It has in place a mechanism for employees and directors to report any genuine grievances, illegal, unethical behaviour, suspected fraud or violation of laws, rules and regulations or conduct to the Vigilance Officer and the Audit Committee of the Board of Directors. The policy also provides for adequate protection to the whistle blower against victimisation or discriminatory practices. The policy is available on the Company's website 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 31st March, 2018, the Company has various series of outstanding Secured Redeemable Non-Convertible Debentures aggregating to ₹ 2,550,000,000 (Rupees two hundred and fifty five crore). The Company redeemed the debentures to the tune of ₹ 700,000,000

(Rupees seventy crore) during the financial year 2017-18. 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 the Listing Regulations. The Company has complied with all the applicable provisions of the Listing Regulations with respect to the said listed debentures.

B. Deposits

The Company has not accepted 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. As such, no amount of principal or interest was outstanding as on date of this report.

C. Transfer to Investor Education and Protection Fund

In compliance with Section 124 of the Companies Act, 2013, dividend pertaining to the financial year 2009-10 which was lying unclaimed with the Company was transferred to the Investor Education and Protection Fund during the financial year 2017-18. The details of unclaimed dividend transferred to the Investor Education and Protection Fund are provided in the Corporate Governance Report which forms part of the Annual Report.

As required under Section 124 of the Companies Act, 2013 and the Rules made thereunder, 2,470 equity shares, in respect of which dividend had not been claimed by the shareholders for seven consecutive years or more, were transferred to the Investor Education and Protection Fund during the year under review. The details of the shares and shareholders are available on the Company's website.

D. 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 future.

E. Human Resources

Employee relations continued 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, 2018, the Company has an organisational strength of 2,857 employees.

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

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

The Company has adopted a policy on prevention and redressal of Sexual Harassment at workplace. 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 workplace. No complaints were received by the Company during the year under review.

G. Awards and Recognitions

During the financial year 2017-18, the Company was conferred with various awards and recognitions, the details of which are given in a separate section of the Annual Report.

H. Corporate Governance

In accordance with the Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate report on corporate governance forms part of this report.

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

I. Code of Conduct

The Company has laid down a Code of Conduct for the Directors as well as for senior management 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 financial year 2017-18 forms part of the Corporate Governance Report.

J. Disclosure on Confirmation with Secretarial Standards

The Directors confirm that the Secretarial Standards issued by the Institute of Company Secretaries of India, to be complied pursuant to the Companies Act, 2013 and rules made thereunder, have been duly complied with.

K. 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.

L. Extract of Annual Return

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, 2018 in MGT 9 is attached as **Annexure E** to this report.

M. 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.

N. 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 2017-18 are detailed in the Notes to Accounts of the Financial Statements.

Further during the year under review, there were no contracts or arrangements with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013. Therefore, there is no requirement to report any transaction in Form AOC-2 in terms of Section 134 of the Companies Act, 2013 and the rules made thereunder.

O. 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.

P. Remuneration Details of Directors, Key Managerial Personnel and Employees

Details of 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.

Q. 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 the subsidiaries are given as an annexure to the Consolidated Financial Statements.

R. Business Responsibility Report

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

S. 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) on a regular basis.

ACKNOWLEDGEMENTS

The Directors would like to place on record their sincere appreciation to 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 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 19, 2018

Annexure A

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 19, 2018.

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018
[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 31st March 2018 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 31st March 2018 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 there under 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) Real Estate (Regulation & Development) Act, 2016.
 - b) Transfer of Property Act, 1882,
 - c) Indian Easements Act, 1882,
 - d) Registration Act, 1908,
 - e) The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 and
 - f) 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.

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. Completed the Buy- back of 14,58,823 Equity shares of ₹ 10/- each for a price of ₹ 425/-.

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 19, 2018.

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:

- i. 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 interest of the Company. In case of any proceedings under this sub-clause, the concerned Director, Key Managerial Personnel and / or Senior Management Personnel 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 percent 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 Directors 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 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 31st March, 2018

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

- a. Mr. Anup Shah (Independent Director)- Chairman
- b. Mr. J C Sharma – Member
- c. Mr. Ravi PNC Menon - Member

3. Average Net Profits

The average profits, i.e. profits before tax of the Company during the three immediately preceding financial years was ₹ 2,681.13 million.

4. Prescribed CSR Expenditure

The prescribed CSR expenditure was ₹ 53.62 Million, i.e. 2% of the average net profits mentioned in Point 3 above.

5. Details of CSR spend

- (a) Total amount to be spent for the financial year 2017-18: ₹ 53.62 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 /programs wise ₹	Amount spent on the projects or programs ₹	Cumulative Expenditure upto the reporting period ₹	Amount Spent: Direct or through implementing agency*
1	Rural Development	i. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation ii. Promoting 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	1. Local 2. Kerala-Vadakkenchery, Kannambra and Kizhakkenchery Panchayats in the district of Palakkad, Kerala	125.91 million	124.20 million	124.20 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 19, 2018

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, 2018. 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
Membership No.: FCS - 5553
Certificate of Practice: 7731
543/A, 7th Main, 3rd Cross,
S. L. Byrappa Road, Hanumanthanagar,
Bengaluru – 560 019.

Place: Bengaluru
Date: May 19, 2018.

Annexure E

Form No. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED MARCH 31, 2018

[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:

CIN	L45201KA1995PLC018475
Registration Date	August 07, 1995
Name of the Company	Sobha Limited
Category of the Company	Company limited by shares
Sub-Category of the Company	Indian Non-Government Company
Address of the Registered office and contact details	'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore – 560 103 Tel: 080 4932 0000 Email: investors@sobha.com
Whether listed company	Yes. Listed on National Stock Exchange of India Limited and BSE Limited
Name, Address and Contact Details of Registrar and Transfer Agent, if any	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: rnt.helpdesk@linkintime.co.in

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

SL 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, 1 st Floor, 115, Nungambakkam High Road, Nungambakkam, Chennai - 600 034	U45300TN1999PLC042927	Subsidiary	100	Section 2(87)
4	Sobha Nandambakkam Developers Limited Kothari Buildings, 1 st 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)
6	Sobha Contracting Private Limited 'Sobha', Sarjapur - Marathahalli Outer Ring Road, Devarabisanahalli, Bellandur Post, Bangalore - 560 103	U70102KA2007PTC042918	Stepdown Subsidiary (Subsidiary of Sobha Highrise Ventures Private Limited)	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	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A 1	Indian Promoters									
(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	0.05	45,000	-	45,000	0.05	0.00
	Sub Total(A)(1)	45,000	-	45,000	0.05	45,000	-	45,000	0.05	0.00
A 2	Foreign Promoters									
(a)	NRIs – Individuals	-	-	-	-	-	-	-	-	-
(b)	Other - Individuals	57,964,300	-	57,964,300	60.19	53,009,683	-	53,009,683	55.89	(4.30)
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Banks/ Financial Institutions	-	-	-	-	-	-	-	-	-
(e)	Any Others(Specify)	-	-	-	-	-	-	-	-	-
	Sub Total(A)(2)	57,964,300	-	57,964,300	60.19	53,009,683	-	53,009,683	55.89	(4.30)
	Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	58,009,300	-	58,009,300	60.24	53,054,683	-	53,054,683	55.94	(4.30)
(B)	Public shareholding									
1	Institutions									
(a)	Mutual Funds	6,673,016	-	6,673,016	6.93	9,475,986	-	9,475,986	9.99	3.06
(b)	Banks/ Financial Institutions	564,264	-	564,264	0.59	577,179	-	577,179	0.61	0.02
(c)	Central Government	-	-	-	-	2,470	-	2,470	-	-
(d)	State Government(s)	-	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Insurance Companies	53,272	-	53,272	0.05	53,272	-	53,272	0.06	0.01

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	-	-	-	-	-	-	-
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-
(i) Any Other (specify)	-	-	-	-	-	-	-
(j) Foreign Portfolio Investors (Corporate)	26,949,216	-	26,949,216	27,058,844	-	27,058,844	0.55
Sub-Total (B)(1)	34,239,768	-	34,239,768	37,167,751	-	37,167,751	3.64
2 Non-institutions							
(a) Bodies Corporate							
i. Indian	792,393	-	792,393	806,421	-	806,421	0.03
ii. Overseas	11	-	11	11	-	11	0.00
(b) Individuals							
i Individual shareholders holding nominal share capital up to ₹ 1 lakh	2,302,124	63	23,021,287	2,605,521	63	2,605,584	2.75
ii Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	352,648	-	352,648	659,858	-	659,858	0.33
(c) Any Other (specify)							
i Independent Directors	20,635	-	20,635	19,300	-	19,300	0.02
ii Clearing Member	197,923	-	197,923	197,315	-	197,315	0.21
iii Trusts	179	-	179	714	-	714	0.00
iv Non Resident Indians (Repatriable)	223,802	-	223,802	173,374	-	173,374	0.18
v Non Resident Indians (Non-Repatriable)	50,733	-	50,733	47,937	-	47,937	0.05
vi Office Bearers	27,278	45	27,323	17,386	45	17,431	0.02
Vii Hindu Undivided Family (HUF)	87,774	-	87,774	95,474	-	95,474	0.10
Sub-Total (B)(2)	4,055,500	108	4,055,608	4,623,311	108	4,623,419	0.66
(B) Total Public Shareholding (B)= (B)(1)+(B)(2)	38,295,268	108	38,295,376	41,791,062	108	41,791,170	-
(C) Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-
GRAND TOTAL (A)+(B)+(C)	96,304,676	108	96,304,676	94,845,745	108	94,845,853	-

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	40,346,551	41.89	0.73	35,626,420	37.56	0.00	(4.33)
2	Mr. P N C Menon	12,223,903	12.69	10.38	12,061,259	12.71	10.54	(0.02)
3	Mr. P N C Menon jointly with Mrs. Sobha Menon	5,360,896	5.60	0.00	5,289,054	5.58	0.00	(0.02)
4	Mr. P N Haridas*	45,000	0.05	0.00	45,000	0.05	0.00	-
5	Mr. Ravi PNC Menon*	32,950	0.04	0.00	32,950	0.04	0.00	-
Total		58,009,300	60.24	0.00	53,054,683	55.94	10.54	(4.37)

*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 sold 4,000,000 shares in the open market during the year 2017-18. Further, the promoters have participated in the Buyback and have tendered 1,400,000 Equity Shares. Consequently, their holding in the Company stands reduced to 55.94 as compared to 60.24 in the Financial Year 2017 – 18.

iv) Shareholding pattern of top ten shareholders (other than Directors, Promoters and holders of GDRS and ADRS):

Sl 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.	NORDEA 1 SICAV - EMERGING STARS EQUITY FUND	4,403,961	4.64	1-Apr-2017				
				21-Apr-2017	37,272	Market Purchase	4,441,233	4.68
				28-Apr-2017	166,424	-do-	4,607,657	4.85
				12-May-2017	48,533	-do-	4,656,190	4.90
				02-Jun-2017	8,391	-do-	4,664,581	4.91
				09-Jun-2017	121,635	-do-	4,786,216	5.04
				16-Jun-2017	15,439	-do-	4,801,655	5.06
				07-Jul-2017	290,701	-do-	5,092,356	5.36
				11-Aug-2017	7,144	-do-	5,099,500	5.37
				18-Aug-2017	428,626	-do-	5,528,126	5.82
				25-Aug-2017	34,630	-do-	5,562,756	5.86
				01-Sep-2017	17,100	-do-	5,579,856	5.88
				08-Sep-2017	15,863	-do-	5,595,719	5.89
				22-Sep-2017	98,429	-do-	5,694,148	6.00
				13-Oct-2017	6,457	-do-	5,700,605	6.01
				27-Oct-2017	367,738	-do-	6,068,343	6.39
				03-Nov-2017	122,585	-do-	6,190,928	6.52
				10-Nov-2017	2,248	-do-	6,193,176	6.53
				17-Nov-2017	9,059	-do-	6,202,235	6.53
				08-Dec-2017	350,529	-do-	6,552,764	6.90
				15-Dec-2017	5,003	-do-	6,557,767	6.91
				22-Dec-2017	61,950	-do-	6,619,717	6.97
				29-Dec-2017	271,310	-do-	6,891,027	7.26
				19-Jan-2018	88,914	-do-	6,979,941	7.35
				02-Feb-2018	9,904	-do-	6,989,845	7.36
				09-Feb-2018	(3,597)	Market Sale	6,986,248	7.36
				16-Feb-2018	159,905	Market Purchase	714,6153	7.53
				02-Mar-2018	99,024	-do-	724,5177	7.63
				09-Mar-2018	(86,075)	Market Sale	715,9102	7.54
				16-Mar-2018	(563,791)	-do-	659,5311	6.95
				23-Mar-2018	(1,249,036)	-do-	5,346,275	5.63
		5,346,275	5.63	31-Mar-2018				
2.	FRANKLIN INDIA SMALLER COMPANIES FUND	3,593,334	3.78	1-Apr-2017				
				05-May-2017	46,024	Market Purchase	3,639,358	3.83
				12-May-2017	13,898	-do-	3,653,256	3.85
				19-May-2017	25,000	-do-	3,678,256	3.87
				26-May-2017	273,760	-do-	3,952,016	4.16
				11-Aug-2017	1,088,214	-do-	5,040,230	5.31
				25-Aug-2017	1,956,000	-do-	6,996,230	7.37
				01-Sep-2017	44,000	-do-	7,040,230	7.42
				06-Oct-2017	(1,826)	Market Sale	7,042,056	7.42
				13-Oct-2017	(29,484)	-do-	7,012,572	7.39
				27-Oct-2017	(19,373)	-do-	6,993,199	7.37
				03-Nov-2017	1,256	Market Purchase	6,994,455	7.37
				24-Nov-2017	(118,278)	Market Sale	6,876,177	7.24
				08-Dec-2017	(100,000)	-do-	6,776,177	7.14
				29-Dec-2017	(161,034)	-do-	6,615,143	6.97
				05-Jan-2018	(13,151)	-do-	6,601,992	6.96
				12-Jan-2018	(375,000)	-do-	6,226,992	6.56
				02-Feb-2018	(500,606)	-do-	5,726,386	6.03
				09-Feb-2018	(67,060)	-do-	5,659,236	5.96
				16-Feb-2018	(236,819)	-do-	5,422,507	5.71
				02-Mar-2018	(68,077)	-do-	5,354,430	5.64
				09-Mar-2018	(76,160)	-do-	5,278,270	5.56
				16-Mar-2018	(8,771)	-do-	5,269,499	5.55
				23-Mar-2018	(260,000)	-do-	5,009,499	5.28
		4,966,499	5.23	31-Mar-2018	(43,000)	-do-	4,966,499	5.23

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
3.	SCHRODER INTERNATIONAL SELECTION FUND EMERGING ASIA	1,497,374	1.57	1-Apr-2017				
				05-May-2017	306,372	Market Purchase	1,803,746	1.90
				12-May-2017	330,628	-do-	2,134,374	2.25
				11-Aug-2017	337,516	-do-	247,190	2.60
				18-Aug-2017	2,139	-do-	2,474,029	2.60
				25-Aug-2017	18,998	-do-	2,493,027	2.62
				02-Feb-2017	485,000	-do-	2,978,027	3.13
				09-Feb-2017	115,030	-do-	3,093,057	3.26
				16-Feb-2017	221,207	-do-	3,314,264	3.49
				23-Feb-2017	60,946	-do-	3,375,210	3.55
				02-Mar-2017	17,939	-do-	3,393,149	3.57
				09-Mar-2017	701	-do-	3,393,850	3.57
				23-Mar-2017	1,372,410	-do-	4,766,260	5.02
		4,766,260	5.02	30-Mar-2017				
	SCHRODER INTERNATIONAL SELECTION FUND INDIAN EQUITY	0	0	01-Apr-2017				
				11-Aug-2017	265,882	Market Purchase	265,882	0.28
				18-Aug-2017	81,676	-do-	347,558	0.36
				25-Aug-2017	94,090	-do-	441,648	0.46
				01-Sep-2017	73,962	-do-	515,610	0.54
				08-Sep-2017	53,580	-do-	569,190	0.60
				15-Sep-2017	39,847	-do-	609,037	0.64
				06-Oct-2017	4,217	-do-	613,254	0.64
				13-Oct-2017	(900)	Market Sale	612,354	0.64
				15-Dec-2017	(52,614)	-do-	559,740	0.59
				22-Dec-2017	(54,123)	-do-	505,617	0.53
				29-Dec-2017	(150,598)	-do-	355,019	0.37
				05-Jan-2018	(43,843)	-do-	311,176	0.32
				12-Jan-2018	(20,116)	-do-	291,060	0.30
				02-Feb-2018	33,441	Market Purchase	324,501	0.34
				09-Feb-2018	53,495	-do-	377,996	0.39
				16-Mar-2018	69,738	-do-	447,734	0.47
				23-Mar-2018	313,976	-do-	761,710	0.80
		761,710	0.80	31-Mar-2018				
4.	L&T MUTUAL FUND TRUSTEE LIMITED- L&T EMERGING BUSINESSES FUND	530,000	0.55	1-Apr-2017				
				07-Apr-2017	50,000	Market Purchase	580,000	0.61
				14-Apr-2017	99,373	-do-	679,373	0.71
				21-Apr-2017	10,000	-do-	689,373	0.72
				28-Apr-2017	57,427	-do-	746,800	0.78
				02-Jun-2017	25,400	-do-	772,200	0.81
				23-Jun-2017	25,000	-do-	797,200	0.84
				07-Jul-2017	58,000	-do-	855,200	0.90
				14-Jul-2017	145,300	-do-	1,000,500	1.05
				11-Aug-2017	180,200	-do-	1,180,700	1.24
				18-Aug-2017	5,603	-do-	1,186,303	1.25
				25-Aug-2017	28,243	-do-	1,214,546	1.28
				01-Sep-2017	5,000	-do-	1,219,546	1.28
				15-Sep-2017	107,654	-do-	1,327,200	1.39
				13-Oct-2017	(553)	Market Sale	1,326,647	1.39
				20-Oct-2017	116,529	Market Purchase	1,433,176	1.52
				27-Oct-2017	19	-do-	1,443,195	1.52
				15-Dec-2017	18,087	-do-	1,461,282	1.54
				22-Dec-2017	27,885	-do-	1,489,167	1.57
				29-Dec-2017	48,703	-do-	1,537,870	1.62
				05-Jan-2018	(470)	Market Sale	1,537,400	1.62
				12-Jan-2018	2,290,100	Market Purchase	3,827,500	4.03
				09-Feb-2018	69,094	-do-	3,896,594	4.10
				23-Mar-2018	(342,000)	Market Sale	3,554,594	3.74
		3,554,594	3.74	31-Mar-2018				

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
5.	GOVERNMENT PENSION GLOBAL FUND	134,700	0.14	1-Apr-2017				
				13-Oct-2017	(3,402)	Market sale	131,298	0.13
		1,131,298	1.19	31-Mar-2018	1,000,000	Market Purchase	1,131,298	1.19
6.	ICICI PRUDENTIAL BALANCED ADVANTAGE FUND	2,549,682	2.68	1-Apr-2017				
				07-Apr-2017	(338,811)	Market sale	2,515,871	2.65
				14-Apr-2017	(254,783)	-do-	2,261,088	2.38
				28-Apr-2017	(111,310)	-do-	2,149,778	2.26
				05-May-2017	(505,145)	-do-	1,644,633	1.73
				12-May-2017	(125,069)	-do-	1,519,564	1.60
				19-May-2017	(187,379)	-do-	1,332,185	1.40
				05-Jan-2018	(25,252)	-do-	1,306,933	1.37
				09-Feb-2018	(206,933)	-do-	1,100,000	1.15
				16-Feb-2018	(55,610)	-do-	1,044,390	1.10
				23-Feb-2018	(8,575)	-do-	1,035,815	1.09
				02-Mar-2018	(145,097)	-do-	890,718	0.93
				09-Mar-2018	(66,290)	-do-	824,428	0.86
				16-Mar-2018	(2,007)	-do-	822,421	0.87
		822,421	0.86	31-Mar-2018				
7.	DIMENSIONAL EMERGING MARKETS VALUE FUND	825,884	0.87	1-Apr-2017				
				22-Sep-2017	2,808	Market Purchase	828,692	0.87
				13-Oct-2017	(10,877)	Market Sale	817,815	0.86
		871,815	0.86	31-Mar-2018				
8.	HSBC GLOBAL INVESTMENT FUNDS - ASIA EX JAPAN EQUITY SMALLER COMPANIES	1,201,819	1.26	1-Apr-2017				
				07-Apr-2017	(237,970)	Market sale	963,849	1.01
				21-Apr-2017	222,229	Market Purchase	1,186,078	1.25
				05-May-2017	214,047	-do-	1,400,125	1.47
				19-May-2017	(126,090)	Market sale	1,274,035	1.34
				26-May-2017	103,863	Market Purchase	1,377,898	1.45
				02-Jun-2017	28,399	-do-	1,406,297	1.48
				23-Jun-2017	212,284	-do-	1,618,581	1.70
				30-Jun-2017	55,875	-do-	1,674,456	1.76
				29-Sep-2017	131,084	-do-	1,805,540	1.90
				13-Oct-2017	(112,373)	Market sale	1,693,167	1.78
				20-Oct-2017	(122,906)	-do-	1,570,261	1.65
				27-Oct-2017	(345,177)	-do-	1,225,084	1.29
				17-Nov-2017	(77,260)	-do-	1,147,824	1.21
				24-Nov-2017	(34,847)	-do-	1,112,977	1.17
				01-Dec-2017	(181,240)	-do-	931,737	0.98
				08-Dec-2017	(155,655)	-do-	776,082	0.81
		776,082	0.81	31-Mar-2018				
9.	FIL INVESTMENTS (MAURITIUS) LTD	677,889	0.71	1-Apr-2017			677,889	0.71
		677,889	0.71	31-Mar-2018			677,889	0.71
10.	INVESCO PERPETUAL GLOBAL SMALLER COMPANIES FUND	818,874	0.86	1-Apr-2017				
				07-Apr-2017	(141,735)	Market Sale	677,139	0.71
				14-Apr-2017	(48,700)	-do-	628,439	0.66
				19-May-2017	27,608	Market Purchase	656,047	0.69
				15-Sep-2017	19,308	-do-	675,356	0.71
				08-Dec-2017	(58,844)	Market Sale	616,512	0.65
				16-Mar-2018	33,047	Market Purchase	649,559	0.68
		649,559	0.68	31-Mar-2018				

v) Shareholding of Directors and Key Managerial Personnel:

SI 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	01/04/2017	No change	Not Applicable	32,950	0.03
		32,950	0.03	31/03/2018				
2	Mr. J C Sharma Vice Chairman and Managing Director	90,015	0.09	01/04/2017	0.05%	Sold/Shares surrendered in buyback	40,823	0.04
		40,823	0.04	31/03/2018				
3	Dr. S K Gupta # Non-Executive Independent Director	1,335	0.00	01/04/2017	0.00%	Sold	0.00	0.00
		-	-	31/03/2018				
4	Mr. R V S Rao Non-Executive Independent Director	15,000	0.01	01/04/2017	No change	Not Applicable	15,000	0.01
		15,000	0.01	31/03/2018				
5	Mr. Anup Shah # Non-Executive Independent Director	4,300	0.00	01/04/2017	No change	Not Applicable	4,300	0.00
		4,300	0.00	31/03/2018				
6	Dr. Punita Kumar-Sinha Non-Executive Independent Director	-	-	01/04/2017	No change	Not Applicable	-	-
		-	-	31/03/2018				
7	Mr. Subhash Mohan Bhat Chief Financial Officer	130	0.00	01/04/2017	No change	Not Applicable	130	0.00
		130	0.00	31/03/2018				
8	Mr. Vighneshwar G Bhat Company Secretary and Compliance officer	-	-	01/04/2017	No change	Not Applicable	-	-
		-	-	31/03/2018				

Shareholding less than 0.01%

V) INDEBTEDNESS:

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

	Secured Loan excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness ₹ in Million
Indebtedness at the beginning of the financial year				
(i) Principal Amount	21,109	854	-	21,963
(ii) Interest Accrued but not paid	-	-	-	-
(iii) Interest Accrued but not due	206	4	-	210
Total (i + ii + iii)	21,315	858	-	22,173
Change in Indebtedness during the financial year				
• Addition	16,984	-	-	16,984
• Reduction	15,370	854	-	16,224
Net Change	1,614	(854)	-	760
Indebtedness at the end of the financial year				
(i) Principal Amount	22,723	-	-	22,723
(ii) Interest Accrued but not paid	-	-	-	-
(iii) Interest Accrued but not due	167	-	-	167
Total (i + ii + iii)	22,890	-	-	22,890

VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

SI No	Particulars of Remuneration	Name of MD / WTD / Manager			Total Amount ₹ in million
		Mr. Ravi PNC Menon	Mr. J C Sharma	Mr. P Ramakrishnan*	
1.	Gross Salary				
	(a) Salary as per provisions contained in the section 17 (1) of the Income tax Act, 1961	45.10	9.77	4.86	59.73
	(b) Value of Perquisites under section 17 (2) of the Income Tax Act, 1961	1.76	0.04	0.003	1.80
	(c) Profits in lieu of salary under section 17 (3) of the Income Tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	• as % of Profit	43.35	43.35	-	86.7
	• Others	-	-	-	-
5.	Others – Contribution to Provident Fund	3.38	0.60	0.02	3.98
	Total (A)	93.59	53.76	4.86	152.21
	Ceiling as per the Act	10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 is 307.39 million.			

* Mr. P Ramakrishnan, Deputy Managing Director resigned from the Board with effect from April 07, 2017.

B. Remuneration to other Directors:

SI No.	Particulars of Remuneration	Name of Directors				Total Amount ₹ in Million
		Dr. S K Gupta	Mr. R V S Rao	Mr. Anup Shah	Dr. Punita Kumar-Sinha	
1.	Independent Directors					
	• Fee for attending Board / Committee Meetings	0.17	0.13	0.11	0.08	0.49
	• Commission	1.50	1.50	1.50	1.50	6.00
	• Others	-	-	-	-	-
	Total (1)	1.67	1.63	1.61	1.58	6.49
2.	Other Non – Executive Directors					
	• Fee for attending Board / Committee Meetings	-	-	-	-	-
	• Commission	-	-	-	-	-
	• Others	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	1.67	1.63	1.61	1.58	6.49
	Total Managerial Remuneration*					158.70
	Overall Ceiling as per the Act	Overall Managerial Remuneration: 11% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 is ₹ 338.13 million.				
		Non-Executive Directors: 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 is 30.74 million.				

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

C. Remuneration to Key Managerial Personnel Other than MD/Manager/WTB

Sl No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount ₹ in Million
		Mr. Subhash Mohan Bhat Chief Financial Officer	Mr. Vighneshwar G Bhat Company Secretary and Compliance Officer	
1.	Gross salary			
	(a) Salary as per provisions contained in the section 17 (1) of the Income tax Act, 1961	10.46	3.40	13.86
	(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	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- As % of Profit	-	-	-
	- Others (Specify)	-	-	-
5.	Others – Contribution to Provident Fund	0.5	0.2	0.7
Total		10.96	3.60	14.56

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)
A. COMPANY					
Penalty					
Punishment		None			
Compounding					
B. DIRECTORS					
Penalty					
Punishment		None			
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment		None			
Compounding					

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 19, 2018

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 energy efficient lamps, control gears, ballast VFDs highly efficient motors and PV cells.
- b. Use of LED Light fixtures in the common areas of residential projects.
- c. Use of external street light fixtures with timers.
- d. Use of lighting software in the design stage of our projects.
- e. Use of motion sensors and occupancy sensors with electronic drivers.
- f. Use of best quality wires, cables, switches and 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. Selection of high efficiency transformers, DG sets and other equipments.
- j. Introduction of auto-correction power factor capacitor panels for common area loads.
- 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. Provision of back-up solar power for common area lighting in residential projects.
- b. At Sobha office, 89% of power is wheeled from Solar power plant.
- c. 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. The capital investment on energy conservation equipments 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 - in-situ 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, fewer customer complaints, 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. Imported Technology

No technology was imported by the Company during the last three financial years.

iii. 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.

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.

Sobha interior and glazing factories will be provided with roof top solar plant in view of utilizing alternate source of energy.

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	₹ 50.28 million
Total income in foreign exchange	Nil

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 19, 2018

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.

Sl No.	Name of Director / KMP	Designation	Ratio of Remuneration to Median Remuneration ¹	% Increase in Remuneration Y-O-Y	Comparison of KMP remuneration against the Company's performance
1	Mr. Ravi PNC Menon	Chairman	248.6	11.1	The revenues increased by 18.96%, the Profit before Tax and Profit after Tax have increased by 25.54% and 38.35% respectively on a standalone basis. On a consolidated basis, the revenues were higher by 24.15%, the Profit before Tax by 23.03% and Profit after Tax by 34.91% as compared to the previous financial year 2016-17.
2	Mr. J C Sharma	Vice Chairman & Managing Director	142.8	21.0	
3	Mr. P Ramakrishnan*	Deputy Managing Director	12.9	0	
4	Dr. S K Gupta	Independent Director	4.4	No Change**	Not Applicable
5	Mr. R V S Rao	Independent Director	4.3	No Change**	
6	Dr. Punita Kumar-Sinha	Independent Director	4.2	No Change	
7	Mr. Anup Shah	Independent Director	4.3	No Change**	The revenues increased by 18.96%, the Profit before Tax and Profit after Tax have increased by 25.54% and 38.35% respectively on a standalone basis. On a consolidated basis, the revenues were higher by 24.15%, the Profit before Tax by 23.03% and Profit after Tax by 34.91% as compared to the previous financial year 2016-17.
8	Mr. Subhash Mohan Bhat	Chief Financial Officer	29.0	7.9%	
9	Mr. Vighneshwar G Bhat	Company Secretary & Compliance Officer	9.5	12.5%	

*Mr. P Ramakrishnan has resigned from the post of Deputy Managing Director with effect from April 07, 2017 and was not in employment of the Company for the entire financial year 2017-18.

**The minor change in ratio is due to difference in receipt of sitting fees.

- ii The median remuneration of employees during the financial year was ₹ 376,410 (Rupees Three Lakhs Seventy Six Thousand Four Hundred and Ten only).

- iii. The percentage increase in the median remuneration of employees in the financial year 2017-18 was 6.01%.
- iv. The number of permanent employees on the rolls of the Company as on March 31, 2018 was 2,857.
- v. The average increase in median remuneration during the financial year 2017-18 was 6.01%. During the same period, the revenues have increased by 18.96%, the Profit before Tax and Profit after Tax have increased by 25.54% and 38.35% respectively on a standalone basis. On a consolidated basis, the revenues were higher by 24.15%, the Profit before Tax by 23.03% and Profit after Tax by 34.91% as compared to the previous financial year 2016-17.
- vi. Average percentile increase in the salaries of employees other than the managerial personnel during 2017-18 was 6.01%. The percentile increase in the managerial remuneration during the same period was 8.44%. The percentile increase in the 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.
- vii. The key parameters for any variable component of remuneration availed by the directors:

The Whole-time Directors are entitled to receive a fixed salary comprising of basic salary, allowances and perquisites. They are also eligible for performance incentives up to a specified percentage or amount as the case may be. The break-up of the remuneration is provided in the Corporate Governance Report forming part of the Annual Report.
- viii. There was no employee whose remuneration was in excess of the remuneration of the highest paid director during the financial year.
- ix. 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
(A) Employed throughout the financial year									
1	Mr. Ravi PNC Menon	37	Chairman	Permanent Employee	93,591,490	B.S.C.E	14	08.06.2004	-
2	Mr. J.C. Sharma	60	Vice Chairman and Managing Director	Permanent Employee	53,755,014	B.Com (Hons), ACA, ACS	36	01.06.2001	Grasim Industries Limited
3	Mr. Jagadish Nangiheni	39	Regional Head – New Delhi	Permanent Employee	12,483,180	B.Tech Civil, PGDM	16	12.11.2009	Greenbox Realty & Highstreet Capital
4	Mr. Varghese P V	55	Chief Executive Officer	Permanent Employee	13,618,862	B.Sc, B.Tech	28	01.04.2006	Sobha Glazing and Metal Works Private Limited
5	Mr. Subhash Mohan Bhat	47	Chief Financial Officer	Permanent Employee	10,927,354	B. Com, ACA, ACS, ICWA	26	16.02.2015	Schneider Electric IT Business India Private Limited
6	Mr. Ajith Lal PG	51	Executive Vice President	Permanent Employee	10,727,078	B Tech Civil	28	01.19.2004	Gulf Erection Company, UAE
(B) Employed for part of the financial year									
1	Mr. P. Ramakrishnan	55	Deputy Managing Director	Permanent Employee	4,865,524	BE, MBA	35	15.03.2007	Enares Infranet Private Limited
(C) Employed for whole or part of the financial year									
					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 ₹ 8,500,000 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.

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



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



**Ravi PNC Menon
Chairman**

**Place: Bangalore
Date: May 19, 2018**

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 : 2017-18
7. Sector that the Company is engaged in: The Company is engaged in the business of construction and real estate development, development and management of commercial premises and related activities.
8. List key products/services that the Company manufactures/ provides:
 - i. Construction of Residential and Commercial projects.
 - ii. Execution of Contractual projects (custom–designed turnkey projects).
 - iii. Manufacturing activities related to interiors, glazing and metal works and concrete products.
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 in NCR, Chennai, Thrissur, Pune, Coimbatore, Cochin, Calicut and Mysore.
10. Markets served by the Company : The Company is in the business of Construction of Residential and Commercial projects, execution of Contractual projects in the territory of India and Manufacturing activities related to interiors, glazing and metal works and concrete products.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid Up Capital : ₹ 948,458,530
2. Total Turnover : ₹ 26,496.88 million (On standalone basis)
3. Total profit after taxes : ₹ 1,939.41 million (On standalone basis)
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit after tax: 6.45% (₹ 124.20 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

Sl. No.	Particulars	Remark
1	Does the Company have any subsidiary company/companies?	Yes, the Company has 5 direct subsidiaries, 1 step down subsidiary and 1 partnership firm.
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, the subsidiaries earning profits support 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 that the Company does business with, participate in its the BR initiatives.

SECTION D: BUSINESS RESPONSIBILITY (BR) INFORMATION

1. Details of Director/Directors responsible for BR

- a) Details of the Director/Directors responsible for the implementation of BR policy/policies:

No Director has been specifically nominated for being responsible for the BR policy/procedure.

The Corporate Social Responsibility (CSR) Committee of the Board comprising of Mr. J C Sharma, Vice Chairman and Managing Director, Mr. Ravi PNC Menon, Chairman of the Company and Mr. Anup Shah, Independent Director, Chairman of the Committee drive the social responsibility initiatives.

- b) Details of the BR head:

S.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

(a) Details of compliance (Reply in Y/N)

Sl. 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 the BR principles?	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 consultations with the relevant stakeholders. As per the Statutory Requirements, 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 adhere to the National Voluntary Guidelines (NVGs) issued by the Ministry of Corporate Affairs.								
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								

Sl. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
6.	Indicate the link for the policy to be viewed online?	Internal policies are available for employees only. For other policies please refer to the link: http://www.sobha.com/investor-relations-downloads-pol.php								
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 investors@sobha.com								
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.								

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

Sl. 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

Sl. No.	Particulars	Remark
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 formulates the CSR Policy and also approves CSR expenditure to be incurred on CSR activities. The Committee ensures that the 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 the Sustainability Report. The report can be accessed from the website of the Company at: http://www.sobha.com/sustainability-reports.php . The Company publishes its Business Responsibility Report on an annual basis. However, in-house magazine <i>Innerv</i> is published on a quarterly basis which captures the welfare initiatives undertaken by the Company.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1:

Sl. No.	Particulars	Remark
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 Company's website at: http://www.sobha.com/pdfs/code-of-conduct.pdf . In addition, the Company has a vigil mechanism which monitors the ethical behaviour of the stakeholders and also alerts 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 e-mail to which the stakeholders may address their queries. 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 Director's Report. As at the end of the financial year there was one query pending which needs to be addressed.

Principle 2:

Sl. No.	Particulars	Remark
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 can consider the following three 'products': (i) Residential/commercial projects developed by the Company for sale. (ii) Projects undertaken on a contractual basis. (iii) Manufacturing related to interiors, glazing and metal works and concrete products. The Company designs its 'products' in a way that they comply with the mandatorily required standards under the requisite laws. The Company and its contractors make all possible efforts to provide a healthy and safe working environment for 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.

Sl. No.	Particulars	Remark
3.	Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs were 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 being in compliance with the Company's Code of Conduct which includes health and safety, environment, ethics and 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 at: http://www.sobha.com/sustainability-reports.php .
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, to the extent possible, the goods are procured from local and small producers. The Company maintains an equitable balance for sourcing its raw materials. SOBHA insists that its vendors constantly upgrade the process of manufacturing and thereby enhance their competencies to match the requisite quality.
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 Director's Report. Additional details can be obtained from the web-link: http://www.sobha.com/pdfs/environment-engineering-initiatives.pdf .

Principle 3:

Sl. No.	Particulars	Remark
1.	Please indicate the Total number of employees.	As on 31 st March 2018, the Company had 2,857 employees.
2.	Please indicate the Total number of employees hired on temporary/contractual/casual basis.	The Company employs 2,857 individuals of which 18 are hired on a contract basis.
3.	Please indicate the Number of permanent women employees.	The Company had 348 permanent women employees as on 31st March 2018.
4.	Please indicate the Number of permanent employees with disabilities	Two employees.
5.	Do you have an employee association that is recognized by management?	There is no employee association in the Company.
6.	What percentage of your permanent employees are members of this recognised 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 does not employ child labour, forced labour or involuntary labour. Further, no complaints were received pertaining to sexual harassment during the financial year 2017-18.
8.	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?	
	• Permanent Employees	1,737 employees (60.80%)
	• Permanent Women Employees	107 employees
	• Casual/Temporary/Contractual Employees	10,986 employees
	• Employees with Disabilities	NIL

Principle 4:

Sl. No.	Particulars	Remark
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 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:

Sl. No.	Particulars	Remark
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?	Company does not have a specific policy on human rights. However, it has a Code of Conduct which regulates practices relating to the non-employment of child labour, assuring safety measures etc. This Code is applicable to the Company, its subsidiaries as well as to the contractors engaged by the Company. The Code is applicable to the employees of the Company, its subsidiaries and contractors engaged by the Company.
2.	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?	No complaints were received by the Company on human rights violations.

Principle 6:

Sl. No.	Particulars	Remark
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 from: http://www.sobha.com/pdfs/environment-engineering-initiatives.pdf .
3.	Does the Company identify and assess potential environmental risks? Y/N	Yes, the Company identifies and assesses potential environmental risks and takes steps as far as possible to minimise the same.
4.	Does the Company has 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.

Sl. No.	Particulars	Remark
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 from the website: http://www.sobha.com/sustainability-reports.php .
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.	No, there are no show cause / legal notices received which are materially important and are pending to be resolved at the end of the financial year.

Principle 7:

Sl. No.	Particulars	Remark
8.	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.
9.	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 works for the advancement of public good along with our industry colleagues. Such work mainly involves creating a framework for sustainable business development for urban areas and inclusive development in this industry.

Principle 8:

Sl. No.	Particulars	Remark
1.	Does the Company has specified programmes /initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.	Yes, such details are given in CSR Report attached to the Director's Report and also in 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 is periodically monitored by the CSR Committee of the Board.

Sl. No.	Particulars	Remark
4.	What is your Company's direct contribution to community development projects Amount in INR and the details of the projects undertaken.	The Company along with subsidiaries spent ₹ 142.90 million towards its CSR initiatives during 2017-18. Details of the projects undertaken are: i. Eradicating hunger, poverty and malnutrition, promoting preventive healthcare and sanitation. ii. Promoting 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. For further details, please refer to the Annual Report on CSR and the CSR Report in the Management Report.
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:

Sl. No.	Particulars	Remark
1.	What No. of customer complaints/consumer cases were pending as on the end of financial year.	23 consumer cases were pending at the end of the financial year 2017-18.
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. The advertisements, agreements, application forms and other relevant documents depicts them as per the requirement of local laws.
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
4.	Did your Company carry out any consumer survey/ consumer satisfaction trends?	Yes

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 19, 2018

CORPORATE GOVERNANCE REPORT

Company's Philosophy

The Company is committed to high standards of corporate governance and believes in compliance with laws and regulations both in letter and spirit. The Company is determined to provide 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 dealings and creating robust policies and practices for key processes. To achieve Corporate Governance that has 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 these is detailed below.

Board of Directors

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

of the Company's business, its objectives and goals and the strategy for their achievement.

The Company meets the requirement of the Listing Regulations in terms of the composition of its Board. 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, the membership of the committees (Audit Committee and the Stakeholders' Relationship Committee) shall not exceed more than 10 committees and / or are acting as Chairman in more than 5 committees in terms of Regulation 26 of Listing Regulations.

The composition of the Board of Directors as on March 31, 2018 is:

Name	Designation	Category	Date of appointment	Directorships*	Committee chairman-ships**	Committee member-ships**
Mr. Ravi PNC Menon	Chairman	Executive	June 08, 2004	15 (1 listed entity)	-	1
Mr. J C Sharma	Vice Chairman & Managing Director	Executive	April 01, 2003	16 (1 listed entity)	-	3
Dr. S K Gupta	Independent Director	Non-Executive	June 28, 2006	2 (all listed entities)	1	3
Mr. R V S Rao	Independent Director	Non-Executive	June 28, 2006	6 (2 listed entities)	3	3
Mr. Anup Shah	Independent Director	Non-Executive	June 28, 2006	3 (1 listed entity)	-	2
Dr. Punita Kumar - Sinha	Independent Director	Non-Executive	October 06, 2014	10 (6 listed entities)	1	9

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

**Includes memberships / chairmanships of only Audit Committee and Stakeholders' Relationship Committee of all listed companies.

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 the 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, has 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 the financial year 2017-18 are:

Date of the Meeting	Total Strength of BoD	No. of Directors Present
May 16, 2017	6	5
August 04, 2017	6	6
November 10, 2017	6	6
February 09, 2018	6	5

The details of attendance of the Directors at the board meetings and the previous Annual General Meeting are:

Director	Board Meetings/Annual General Meeting				
	May 16, 2017	August 04, 2017	November 10, 2017	February 09, 2018	Annual General Meeting August 04, 2017
Mr. Ravi PNC Menon	✓	✓	✓	✓	✓
Mr. J C Sharma	✓	✓	✓	✓	✗
Dr. S K Gupta	✓	✓	✓	✓	✓
Mr. R V S Rao	✓	✓	✓	✓	✓
Mr. Anup Shah	✗	✓	✓	✗	✓
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 various Board and Management Committees.
- Annual operating plans and budgets and any updates.
- Operational performance of the Company, comparison of budget vs. actuals.

- Financial analysis of performance with ratio analysis.
- Quarterly Unaudited and Annual Audited Financial Results of the Company.
- Cash flows with focus on financial obligation, timelines for payment of credit facilities and interest.
- Financial statements and minutes of subsidiary companies.
- Joint venture, collaborations, acquisitions undertaken by the Company.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Quarterly details of foreign exchange exposures and the steps taken by 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 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 service.
- Sale of investments, subsidiaries, assets which are material in nature and not in 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 in human resources / industrial relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Presentations covering the 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 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 Meeting, publication of notice and results, outcome of the meeting etc. The information is also made available to the investors on the Company website, www.sobha.com.

Appointment and re-appointment of Directors

During the year under review, Mr. P Ramakrishnan, Deputy Managing Director resigned effective 7th 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. Ravi PNC Menon, Director designated as Chairman 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. Ravi PNC Menon, Director designated as Chairman, retiring by rotation.

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

Resolutions passed by circulation

During 2017-18, the Board passed one circular resolution:

1. To take note of the resignation of Mr. P Ramakrishnan, Deputy Managing Director.

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 to the Board of Directors is approved by the shareholders and disclosed separately in the Notes to Accounts. During the year under review, Company had two Executive/Whole-time Directors. Remuneration to Whole-time Director(s) consists of fixed salary and / or performance incentive/ Commission on the consolidated profit earned by the Company. The Executive Directors of the Company are not entitled to sitting fees for attending the Board Meetings or the Committee Meetings.

Independent Directors Compensation

The Company has an eminent pool of Independent Directors who, with their expertise and varied

experience contribute to the development of the Company's strategies. 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 relationship 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 the approval of the shareholders. The members of the Company at the 19th Annual General Meeting held on July 11, 2014, had approved the payment of remuneration to Non-Executive Directors at a rate not exceeding 1 percent per annum of the net profits of the Company for a period of five years commencing from April 01, 2014.

The Directors excluding the Executive Directors, who attend the Board Meetings are entitled to 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.

Shareholding of Directors

The shareholding of the Directors of the Company as on 31st March, 2018 is:

Name of the Director	Category	No. of Equity Shares	%
Mr. Ravi PNC Menon	Executive / Whole-time Director	32,950	0.035
Mr. J C Sharma	Executive / Whole-time Director	40,823	0.043
Dr. S K Gupta	Non- Executive Independent Director	-	-
Mr. R V S Rao	Non- Executive Independent Director	15,000	0.016
Mr. Anup Shah	Non- Executive Independent Director	4,300	0.004
Dr. Punita Kumar-Sinha	Non- Executive Independent Director	-	-
Total		93,073	0.098

Committees of the Board of Directors

As required under the Companies Act, 2013 and Listing Regulations and to cater on 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 has constituted the following Committees in terms of the provisions of Companies Act, 2013 and Listing Regulations:

Committees as mandated under the Companies Act, 2013 and Other Committees

Listing Regulations

1. Audit Committee	1. Share Transfer Committee
2. Stakeholders' Relationship Committee	2. Risk Management Committee
3. Nomination, Remuneration and Governance Committee	
4. Corporate Social Responsibility Committee	

Audit Committee

The Audit Committee assists 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 the Companies Act, 2013, the Audit Committee should comprise at least three Directors with Independent Directors forming the majority. As per Regulation 18 of Listing Regulations, the Committee should comprise at least 3 members of which at least two-third should be independent. As on 31st March, 2018 the Audit Committee of the Company has 4 members, out of which, 3 are 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 Listing Regulations.

Terms of reference

- Regular review of accounts, accounting policies, financial and risk management policies, disclosures, etc.
- Review of major accounting entries based on exercise of judgement by a 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 a 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 area 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 the performance and effectiveness of the audit process.
- To look into reasons for substantial defaults in payment 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 the stock exchange's 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 office heading the department, reporting structure coverage and frequency of internal audits.
- Discussions with Internal Auditors on any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of the internal control systems of a material nature and reporting the matter to the Board.
- Approval of the appointment of Chief Financial Officer after assessing the qualifications, experience and background etc. of the candidate.
- The Committee shall look into any related party transactions, that is, transactions of the Company of a material nature, with promoters or the 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 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 considers necessary.

Review of information by the Audit Committee

- Management discussions and analyses of the financial condition and results of operations.
- Financial statements and the draft audit report, including quarterly / half-yearly financial information.
- Reports relating to compliance with laws and to risk management.
- Records of related party transactions and a statement 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 weaknesses in internal control.
- 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. Mr. Vighneshwar G Bhat, Company Secretary and Compliance Officer of the Company, acted as the Secretary to the Committee.

Meetings

The quorum for the Committee meeting 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 2017-18. There was no gap of more than 120 days between two meetings. The dates of the meetings held during the financial year are:

Date of the Meeting	Total Strength of the Committee	No. of Members Present
May 16, 2017	4	4
August 04, 2017	4	3
November 10, 2017	4	4
February 09, 2018	4	3

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

			Audit Committee Meetings			
Name		Category	May 16, 2017	August 04, 2017	November 10, 2017	February 09, 2018
Mr. R V S Rao	Chairman	Non-Executive Independent	✓	✓	✓	✓
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, Chief Financial Officer, Head of the Internal Audit and Statutory Auditors attended all the Audit Committee meetings held during the financial year 2017-18 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 the 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 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. The 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 the 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 meeting shall be any two members present at the meeting.

The Stakeholders' Relationship Committee met four times during the financial year 2017-18:

Date of the Meeting	Total Strength of the Committee	No. of Members Present
May 16, 2017	3	3
August 04, 2017	3	2
November 10, 2017	3	3
February 09, 2018	3	3

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

			Stakeholders' Relationship Committee Meetings			
			May	August	November	February
Name		Category	16, 2017	04, 2017	10, 2017	09, 2018
Dr S.K. Gupta	Chairman	Non-Executive Independent	✓	✓	✓	✓
Mr. Ravi PNC Menon	Member	Executive Chairman	✓	✓	✓	✓
Mr. J C Sharma	Member	Vice Chairman & Managing Director	✓	x	✓	✓

Investor grievances and queries

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

Particulars	Balance as on 01.04.2017	Received during the year	Resolved during the year	Balance as on 31.03.2018
SEBI SCORES Website	-	-	-	-
Registrar of Companies	-	-	-	-
Stock Exchange	-	1	1	-
Non-Receipt / Revalidation of Dividend Warrants	-	65	64	1
Miscellaneous	-	-	-	-
Total	-	66	65	1#

One query was related to non-receipt of dividend which was received on March 31, 2018 and resolved on April 02, 2018.

Nomination, Remuneration and Governance Committee

The Nomination, Remuneration and Governance Committee of the Board of Directors recommends the nomination of Directors, Key Managerial 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 governance related matters of the Company.

Terms of reference

- To identify, review, assess, recommend and lead the process for appointment 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 the Board's committees and make recommendations to the Board or, where appropriate, to the relevant Committee with regard to any adjustments that are deemed necessary.
- To formulate criteria for evaluating 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 the Board's 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 terms of appointment of the Independent Directors, on the basis of the report of their performance evaluation.
- To devise a policy on the Board's 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 his/her 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 the 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 Committee.

Meetings

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

The Nomination, Remuneration and Governance Committee met once during the financial year 2017-18.

Date of the Meeting	Total Strength of the Committee	No. of Members Present
May 16, 2017	4	4

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

			Nomination, Remuneration and Governance Committee Meetings May 16, 2017
Name		Category	
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. Mr. Vighneshwar G Bhat, 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 directors. The policy is available on the website of the Company at <http://www.sobha.com/investor-relations-downloads-pol.php> and also forms a part of the Directors' Report.

The following are the details of remuneration paid/payable to the Directors for the financial year 2017-18.

							(in ₹)
Name	Salary	Perquisites	Contribution to Provident Fund	Commission / Incentive	Sitting Fees	Total	
Mr. Ravi PNC Menon	45,103,638	1,761,678	3,375,000	43,351,174	-	93,591,490	
Mr. J C Sharma	9,764,240	39,600	600,000	43,351,174	-	53,755,014	
Mr. P Ramakrishnan	4,860,424	3,300	1,800	-	-	4,865,524	
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	110,000	1,610,000	
Dr. Punita Kumar-Sinha	-	-	-	1,500,000	80,000	1,580,000	
Total	59,728,302	1,804,578	3,976,800	92,702,348	490,000	158,702,028	

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 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 legislation.

Meetings

The quorum for the Committee meeting shall be any two members present at the meeting. The Committee met four times during the financial year 2017-18.

Date of the Meeting	Total Strength of the Committee	No. of Members Present
May 16, 2017	3	3
August 04, 2017	3	2
November 10, 2017	3	3
February 09, 2018	3	3

The composition and attendance of the members of the Corporate Social Responsibility Committee are:

			Corporate Social Responsibility Committee meetings			
			May	August	November	February
Name		Category	16, 2017	04, 2017	10, 2017	09, 2018
Mr. Anup Shah	Chairman	Non-Executive Independent	✓	✓	✓	✓
Mr. J C Sharma	Member	Vice Chairman & Managing Director	✓	✗	✓	✓
Mr. Ravi PNC Menon	Member	Chairman	✓	✓	✓	✓

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 transfer, split, 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 Certificate in lieu of the Original Share Certificate.
- To issue 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 the Original Share Certificates.

Meetings

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

No requests pertaining to transfer, dematerialisation, re-materialisation, issue of duplicate or split share certificates etc. were received during the financial year 2017-18.

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

Risk Management Committee

The Risk Management Committee of the Board of the 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 that the Company faces including but not limited to credit, market, liquidity and operational risks, exposures in each category, significant concentration within those 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 them 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 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 Committee meeting shall be any two members present at the meeting. The Committee met once during the financial year 2017-18:

Date of the Meeting	Total Strength of the Committee	No. of Members Present
May 16, 2017	3	3

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

Name	Category	Risk Management Committee meetings	
		May 16, 2017	
Mr. Anup Shah	Chairman	Non-Executive Independent	✓
Mr. Ravi PNC Menon	Member	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 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 Six subsidiaries in terms of the Companies Act, 2013 and a Registered Partnership Firm where Company has 100% economic interest.

- Sobha Developers (Pune) Limited
- Sobha Highrise Ventures Private Limited
- Sobha Assets Private Limited
- Sobha Tambaram Developers Limited
- Sobha Nandambakkam Developers Limited
- Sobha Contracting Private Limited (Subsidiary of a subsidiary)

- Sobha City, a Registered Partnership Firm

In terms of Regulation 16 of the Listing Regulations, the Board of Directors 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 the 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 plans 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.

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 2017-18. The Code of Conduct adopted by the Company has been posted on its website.

Confirmation of the Code of Conduct by the 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, 2018, 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.



J C Sharma

Vice Chairman & Managing Director

Place: Bangalore

Date: May 19, 2018

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 all 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 and directors 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 adequately insulates 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 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 Director 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 Ongoing

Updates on the affairs of the Company including operational and financial details are provided to the Independent Directors on a quarterly basis. Further, immediate updates on significant issues, if any, are provided to all the Directors immediately upon the occurrence of such an event. Periodical presentations are made to the Independent Directors on the

strategies and business plans of the Company. 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 given 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 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 authority relating to the above.

Management Discussion and Analysis Report

The Management Discussion and Analysis Report titled as '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.
- Human Resources.
- Outlook.

Corporate Governance Compliance Certificate

The Corporate Governance Compliance Certificate for the year ended 31st March 2018 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 31st March 2018 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

During the financial year 2017-2018, the details of the fees paid to the Statutory Auditors of the Company are as follows:

	(₹ in Million)
Audit fees [includes fees for limited reviews]	7.53
Out of pocket expenses	0.61
Total	8.14

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 the Non-Executive Chairman are not applicable as the Chairman of the Board is an Executive Chairman.

B. Shareholders' Rights

The half-yearly declaration of financial performance together with the summary of significant events in the last six months are not individually provided to the shareholders. However, information on financial and business performance is provided in the 'Investors section' of the Company's website, 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 2017-18 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
2016-2017	August 04, 2017 at 4.00 PM	The Gateway Hotel Residency Road Bangalore, 66, Residency Road, Bangalore – 560 025.	Nil
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.

Extraordinary General Meeting

No Extraordinary General Meeting was held during the financial years 2015-16, 2016-17 and 2017-18.

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	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 www.sobha.com . The 'Investors section' provides up-to-date information to shareholders on matters such as the shareholding pattern, outcome of Board and General meetings, stock performance, unclaimed equity shares, unclaimed dividend and investor presentations.
Financial results	The quarterly, half-yearly and annual financial results are published in an English newspaper (<i>Business Standard or Business Line or the Financial Express</i>) and a regional language newspaper (<i>Samyuktha Karnataka or Praja Vani</i>).
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, the Management Discussion and Analysis Report and the Corporate Governance Report form part of the Company's Annual Report and is 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, investors@sobha.com 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 ₹ 7.00 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:

Financial year	Rate of dividend (%)	Dividend per equity share of ₹ 10 each
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
2016-17**	25.00	2.50

*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.

** A buy-back of 1,458,823 equity shares @ ₹ 425 per share amounting to ₹ 62.00 crore was carried out during the financial year 2017-18.

Other information

Listing and custodial fees	The Company 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 BSE Limited (BSE). The non-convertible debentures of the Company are listed on BSE.
Reconciliation of the 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), the Central Depository Services (India) Limited (CDSL) and physically with the shareholders and the total issued and listed capital. The reports were forwarded to the stock exchanges where the shares of the Company are listed, within the prescribed timeline.
Outstanding GDRs / ADRs / Warrants / Convertible Instruments and their impact on equity	As on March 31, 2018 the Company did not have any outstanding GDRs / ADRs / Warrants / Convertible Instruments.
Plant location of the Divisions	Interiors Division: - Plot No.9, JBLR Industrial Area, Hennagara (Post), Anekal Taluk, Bommasandra, Bangalore – 562 106. - Plot No. E-514, RIICO Industrial Area, Chopanki, Tehsil Bhiwadi, District Alwar, Rajasthan – 301 019. Glazing Division: - Plot No.10, JBLR Industrial Area, Hennagara (Post), Anekal Taluk, Bommasandra, Bangalore – 562 106. - Plot No.G6, SIPCOT Industrial Park, Irungulam Village, Sriperumbudur Taluk, Kancheepuram District, Chennai – 602 105. - Plot No. 127, Sector-56, HSIIDC, Kundli Industrial Area, District Sonapat, Haryana. Concrete Products Division: - Plot No # 329, Bommasandra Jigani Link Road, Industrial Area, Jigani, Anekal Taluk, Bangalore – 560 105. - Sector 106, 108 and 109, Babupur Village, Near New Palam Vihar, Gurgaon – 122 017. - Survey No: 828 / 829 / 832, Pune - Ahmednagar Road, Sanaswadi Post, Shirur Taluk, Pune - 412 208.

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 No	High ₹	Low ₹	Average ₹	Volume No
April-17	416.60	340.95	382.08	14,105,458	423.30	340.70	383.17	6,565,360
May-17	450.00	363.70	401.73	9,741,239	449.05	364.30	401.93	1,391,458
June-17	401.25	358.70	383.15	3,160,425	401.30	360.00	382.96	383,511
July-17	414.80	366.05	398.12	5,246,719	415.00	371.45	397.14	580,113
August-17	409.90	345.00	385.37	7,576,681	410.00	344.50	385.42	1,203,833
September-17	431.40	380.00	400.96	3,141,987	430.90	380.00	400.89	323,488
October-17	554.70	386.20	466.54	13,360,224	553.10	386.10	466.36	1,314,401
November-17	638.00	465.00	525.09	13,555,356	636.45	464.15	524.50	1,384,948
December-17	647.00	536.75	594.15	13,223,739	647.15	535.00	593.31	1,341,192
January-18	694.90	530.25	588.02	16,080,718	687.00	530.60	587.19	3,294,254
February-18	579.95	481.30	554.99	4,915,725	590.00	483.10	554.50	354,479
March-18	565.75	458.10	520.60	5,824,454	565.20	458.10	520.47	1,604,326

The share price performance of the Company vis-à-vis the broad - based indices during the financial year 2017-18 forms part of the Annual Report.

Shareholding pattern**Distribution of shareholding as on March 31, 2018**

Range of equity shares held	No. of shareholders	%	Number of shares	%
1 – 500	52,690	97.91	1,931,802	2.04
501 – 1000	533	0.99	405,226	0.43
1001 – 2000	228	0.42	337,923	0.36
2001 – 3000	70	0.13	179,343	0.19
3001 – 4000	39	0.07	138,095	0.14
4001 – 5000	19	0.04	86,489	0.09
5001 – 10000	54	0.10	384,871	0.40
10001 and above	180	0.34	91,382,104	96.35
Total	53,813	100.00	94,845,853	100.00

The shareholding pattern of the Company and details of the top-10 shareholders as on March 31, 2018 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 07, 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*	97,245	10	617	Cash	Preferential allotment-pre IPO placement to Bennett, Coleman & Co. Limited	63,518,685	635,186,850
October 28, 2006**	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***	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****	25,162,135	10	209.40	Cash	Qualified Institutional Placement	98,063,868	980,638,680
July 21, 2016 [§]	1,759,192	10	330.00	Cash	Buyback	96,304,676	963,046,760
October 12, 2017 [^]	1,458,823	10	425.00	Cash	Buyback	94,845,853	948,458,530

* 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.

^ 1,458,823 equity shares of ₹ 10 each were bought back from the shareholders at a price of ₹ 425 per share.

Shares held in Physical and dematerialised form

As on March 31, 2018, 99.99 per cent 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	34,927	93,412,104	98.49
CDSL	18,876	1,433,641	1.50
Physical	10	108	0.01
Total	53,813	94,845,853	100

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 the financial year 2017-18, the Company was required to transfer to the Investor Education and Protection Fund, the balance in the unpaid dividend account of the dividend declared in the Annual General Meeting held on June 11, 2010. Accordingly, the Company transferred an amount of ₹ 234,623 (Rupees two lakh thirty-four thousand six hundred and twenty-three 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 had not claimed the dividend continuously for the previous seven years were sent to their registered addresses. The said details were also uploaded on the website of the Ministry of Corporate Affairs.

The following table provides 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, 2018 (₹)	Due date for transfer to IEPF Fund
2010-11	June 30, 2011	August 02, 2018	197,406.00	September 01, 2018
2011-12	June 30, 2012	August 04, 2019	257,005.00	September 03, 2019
2012-13	July 05, 2013	August 03, 2020	308,560.00	September 02, 2020
2013-14	July 11, 2014	August 09, 2021	272,643.00	September 08, 2021
2014-15	July 15, 2015	August 19, 2022	369,124.00	September 18, 2022
2015-16	August 03, 2016	September 04, 2023	94,824.00	October 03, 2023
2016-17	August 04, 2017	September 06, 2024	110,605.00	October 05, 2024

Members can claim the unpaid dividend from the Company before transfer to the Investor Education and Protection Fund (IEPF). 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 e-mail to 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, 2017	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, 2018
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 e-mail to investors@sobha.com.

Pursuant to the notification issued by the Ministry of Corporate Affairs, 2,470 equity shares pertaining to 175 equity shareholders who have not claimed the dividend for a continuous period of seven years were transferred to the designated demat account of 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: Tuesday, August 7, 2018 Time: 3.30 PM Venue: The Gateway Hotel Residency Road Bangalore, 66, Residency Road, Bangalore - 560025.
Financial Year	The financial year of the Company starts from 1 st April of every year and ends on 31 st March of the succeeding year.
Book Closure	The date of book closure is July 27, 2018.
Dividend payment date	If approved by the shareholders in the ensuing Annual General Meeting, the dividend will be paid on or before September 3, 2018.
Declaration of Financial Results for financial year 2017-18	- For quarter ending June 30, 2017–August 04, 2017. - For quarter ending September 30, 2017 – November 10, 2017. - For quarter ending December 31, 2017 – February 09, 2018. - For year ending March 31, 2018 – May 19, 2018.

Correspondence details of various authorities

The 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 - 400 051. Tel: 1800 266 7575 Website: www.sebi.gov.in www.scores.gov.in
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: www.nseindia.com
BSE Limited	BSE Limited Floor 25, P.J Towers, Dalal Street, Mumbai – 400 001. Tel: +91 22 2272 1233/4 Website: www.bseindia.com
National Securities Depository Limited	National Securities Depository Limited 4 th Floor, "A" Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013. Tel: +91 22 2499 4200 Website: www.nsdl.co.in
Central Depository Services (India) Limited	Central Depository Services (India) Limited 17 th floor, P J Towers, Dalal Street, Fort, Mumbai – 400 001. Tel: +91 2272 8658 +91 2272 8645 Website: www.cdslindia.com
Debenture Trustee	Catalyst Trusteeship Limited GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune - 411 038 Tel: +91 20 2528 0081 Fax : +91 20 2528 0275
R&T Agents	Link Intime India Private Limited C-101, 247 Park, L B S Marg, Vikhroli West, Mumbai-400 083. Tele phone Number: 022-4918 6000. Fax Number: 022-4918 6060 Email: rnt.helpdesk@linkintime.co.in

Share transfer system

Share transfers will 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 nominations 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 a 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 provides remote e-voting facility to the 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 the Annual General Meeting.

Website disclosures

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

Address for correspondence**For 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
E-mail: vighneshwar.bhat@sobha.com
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
E-mail: subhash.bhat@sobha.com
investors@sobha.com

Markets and Operating Environment

Macroeconomic Overview

As per the Central Statistics Organisation (CSO) and the International Monetary Fund (IMF), India has emerged as the fastest growing major economy in the world. It is expected to become the fifth largest economy in 2018, overtaking Britain and France. This shows India's growing financial influence on the back of reforms and schemes initiated by the government. The recent upgrade of India's rating by credit rating agency, Moody's in recognition of the reforms agenda pursued by the government is a major boost for investor confidence. Further, after short term disruptions caused by major reforms such as the Goods and Services Tax (GST) and demonetisation, the economy is on the rebound and is likely to achieve higher growth targets. The country's growth is estimated to be 7.5 per cent during this fiscal.

Sector overview

While the overall economic outlook has been steadily improving, the real estate sector has had its own challenges. It was impacted adversely in FY16-17 due to the sudden announcement of demonetisation of high value currencies. Thereafter, throughout 2017, several historic reforms were rolled out at the macro as well as sector levels including the Credit Linked Subsidy Scheme (CLSS) under PMAY; extension of income tax benefits to apartments of a carpet area of up to 60 sq. metres, amendments to the Real Estate Investment Trusts (REITs), Real Estate (Regulation and Development) Act, 2016 (RERA) and the Goods and Services Tax (GST). Affordable housing received a huge impetus in the form of infrastructure status in last year's Union Budget. Today, it is one of the most lucrative segments in the housing market. With prices stabilising over the last few years and home loan interest rates at a decade low, buying a home has become much more attractive.

In recent years, the real estate sector has exhibited a trend towards greater transparency and becoming more organised. This has contributed to the development of reliable indicators of value and organised investments in the sector by domestic and international financial institutions. As a result,

availability of finance for real estate developers is improving.

Further, the growth in the residential real estate market in India has been largely driven by disposable incomes, a rapidly growing middle class, low interest rates on housing loans, fiscal incentives and the growing number of nuclear families. Assisted by the increasing penetration of housing finance and favourable tax incentives, the residential sector is expected to continue to demonstrate robust growth over the coming years.

Outlook for our Markets

A. Real Estate

In a tough environment, SOBHA has been able to achieve a new sales volume, backed by good operational performance across all categories. This reflects the confidence that buyers have in brand SOBHA. The Company's superior execution capability is its core strength.

The growth momentum reflected in 2017-18 should continue going forward. SOBHA is also working out various new opportunities. A step in this direction is its foray into Gujarat's residential market with Gujarat International Finance Tec-City (GIFT City). SOBHA has witnessed a steady growth in the residential space across all product categories supported by equally strong growth in its Contracts and Manufacturing verticals. The Company's margins have remained stable despite operating in a challenging environment. This was primarily due to its ability to deliver projects on the strength of its unique backward integration model. During the year, the Company also transitioned to an era where both RERA and GST were implemented. SOBHA believes that these are structural reforms which will pave way for a sustained growth, particularly for our sector and strengthen the economy as we move forward.

Since inception, SOBHA has developed about 92.53 million sq. feet of area. The Company has a real estate presence in 9 cities (Bangalore, Gurugram, Chennai, Pune, Coimbatore, Thrissur, Calicut, Cochin and Mysore). Overall, SOBHA has a footprint in 26 cities in 13 states across India. While consolidating its current market, the Company is also continuously exploring new markets across India.

Bangalore

Approximately 70 per cent of SOBHA's sales volume is contributed by this market. During 2017-18, the Company launched 2 new projects - SOBHA HRC Pristine at Jakkur, North Bangalore and SOBHA Forest Edge on Kanakkapura Road, measuring a total developable area of 1.91 million sq. feet with 1.25 million sq. feet of super built-up area respectively.

SOBHA HRC-Pristine is located at Jakkur and is in close proximity to the Kempegowda International Airport, IT hubs, world-class hospitals, international schools and leisure avenues. This luxury project is exclusively designed and has 381 apartments in 2,3 and 4 BHK units and 14 exclusive Row Houses, spread across ~8.5 acres of land.

SOBHA Forest Edge has exclusively designed 217 3-bed luxury apartments facing the adjacent forest piece and strategically located off Kanakapurua Main Road. This is a rare combination of lush greenery and good social infrastructure. The project is spread across a 3.6 acre land parcel. This residential enclave is well-connected to Bangalore's industrial, IT and commercial hubs via the Namma Metro Green Line, NICE Road, the Peripheral Ring Road and the Bangalore-Mysore Expressway.

During the year under review, the Company completed construction of 2.68 million sq. feet of total developable area and 2.05 million sq. feet of super built-up area. Overall, it delivered 32.71 million sq. feet of total developable area and 25.35 million sq. feet of super built-up area.

Presently, the Company has ongoing projects aggregating to 23.83 million sq. feet of total developable area and 16.15 million sq. feet of super built-up area.

Gurugram – NCR

During 2017-18, the Company completed and handed over the first phase of the International City-Villa development aggregating 0.98 million sq. feet of developable area and 0.67 million sq. feet of super built-up area. Overall, it has delivered 1.48 million sq. feet of developable area and 1.01 million sq. feet of super built-up area in the Gurugram region.

During this fiscal, the Company also released its second phase of the 'SOBHA City' project in Gurugram, consisting of 3 towers with a saleable area of 0.46 million sq. feet. The total saleable area of the project is 3.24 million sq. feet, consisting of 22 towers. SOBHA City is one of the single largest group housing projects in Gurugram.

Presently, the Company has ongoing projects aggregating 11.01 million sq. feet of total developable area and 6.56 million sq. feet of super built-up area, which will be developed and delivered in phases.

Chennai

During 2017-18, the Company launched 'SOBHA Gardenia' at Vengaivasal, Modambakkam, Chennai with a total developable area of 0.30 million sq. feet and 0.19 million sq. feet of super built-up area.

SOBHA Gardenia, is SOBHA's fifth project in the Chennai region. It has 79 lifestyle villas, encompassing 2, 2.5, 3, 3.5 and 4 BHK units spread over 6.85 acres. Located close to about 800 acres of the Nanmangalam Reserve Forest and several lakes, SOBHA Gardenia is away from the hustle, traffic and pollution of the city. It accommodates all the necessities of a good life as it is close to the city so one can enjoy great connectivity without any compromises. The external amenities include a state-of-the-art tennis court, children's play area, an outdoor gym and a jogging track. The project will have designer landscaping, tree-lined avenues and experience-centric features like a reflexology pathway and a sensory garden. Each villa will have a dedicated space for organic farming and will be built on freehold land.

Presently, the Company has ongoing projects aggregating to 1.00 million sq. feet of total developable area and 0.70 million sq. feet of super built-up area in the region.

Overall, the Company has delivered 1.68 million sq. feet of developable area and 1.31 million sq. feet of super built-up area in the Chennai region.

Calicut

SOBHA started operating in Calicut in 2013-14 with its first project 'SOBHA Bela Encosta', a super luxury villa development.

Presently, the Company has an ongoing projects aggregating to 1.08 million sq. feet of total developable area and 0.72 million sq. feet of super built-up area.

Kochi

During 2017-18, the Company saw an uptick in the sales momentum for its ongoing project 'Marina One' at Marine Drive. It opened up 2 more towers for sale during the year. As at end of March 2018, the Company had released 4 towers of the Marina One project for sale with a total saleable area of 1.22 million sq. feet.

Marina One is spread across 16.7 acres of land, with 1,141 proposed units, measuring in the range of 2018 sq. feet to 3,710 sq. feet, 3 and 4 bedroom super luxury apartments tastefully designed for an elite lifestyle. Marina One's homes are individual in style and arrangement. The homes are either waterfront properties or they overlook the magnificent city; they are designed to fill the demand from discerning buyers and investors looking for premium waterfront homes by the Arabian Sea.

Presently, the Company has an ongoing project aggregating to 3.91 million sq. feet of total developable area and 3.21 million sq. feet of super built-up area. The project is a 50 per cent co-ownership with Puravankara Projects Limited.

Thrissur

During 2017-18, the Company launched 'SOBHA Silver Estate' at Pottore, measuring a total developable area of 0.31 million sq. feet and 0.18 million sq. feet of super built-up area. SOBHA Silver Estate is an exclusive gated villa community with excellent infrastructure and vast open spaces. It is located in a pristine environment and is only a short driving distance from the heart of the Thrissur city. The project is spread across 7 acres amidst lush greenery and has 59 luxurious 3 and 4 BHK villas.

During the year, the Company also completed and handed over the 'SOBHA Jade' project measuring a total developable area of 0.63 million sq. feet and 0.51 million sq. feet of super built-up area. As at end of March 2018, the Company had delivered 2.90 million sq. feet of developable area and 2.34 million sq. feet of super built-up area within the SOBHA City township development.

Presently, the Company has an ongoing projects aggregating to 0.60 million sq. feet of total developable area and 0.42 million sq. feet of super built-up area.

Coimbatore

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

During 2017-18, the Company completed and handed over part of its 'SOBHA West Hill' villa development project consisting of 21 villas, measuring 0.18 million sq. feet of developable area and 0.10 million sq. feet of super built-up area.

So far, the Company has delivered 3.73 million sq. feet of total developable area and 3.07 million sq. feet of super built-up area. Presently, it has 2 ongoing projects aggregating 0.47 million sq. feet of developable area and 0.37 million sq. feet of super built-up area.

Pune

During 2017-18, the Company completed and handed over the 'SOBHA Orion' project measuring a total developable area of 0.17 million sq. feet and 0.13 million sq. feet of super built-up area. Overall, it has delivered 1.19 million sq. feet of total developable area and 0.88 million sq. feet of super built-up area.

Mysore

SOBHA started operations in Mysore in 2011-12 with its plotted development project SOBHA Garden. During 2017-18, the Company completed and handed over the plotted development project SOBHA Retreat measuring 0.62 million sq. feet of developable area and 0.32 million sq. feet of saleable plot area.

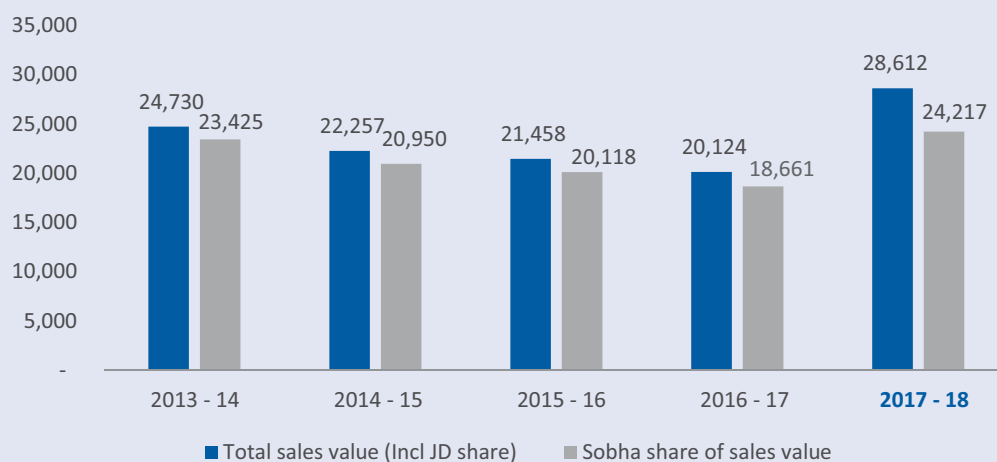
Overall, it has delivered 1.33 million sq. feet of developable area and 0.67 million sq. feet of super built-up area.

SALES PERFORMANCE

The Company has registered 3.63 million sq. feet of new sales volume, with a total sale value including joint development share at ₹ 28.61 billion at an average price realisation of ₹ 7,892 per sq. feet. SOBHA's share of sales value was at ₹ 24.22 billion at an average price realisation of ₹ 6,680 per sq. feet. Despite a challenging environment, the Company achieved its highest ever sales value.

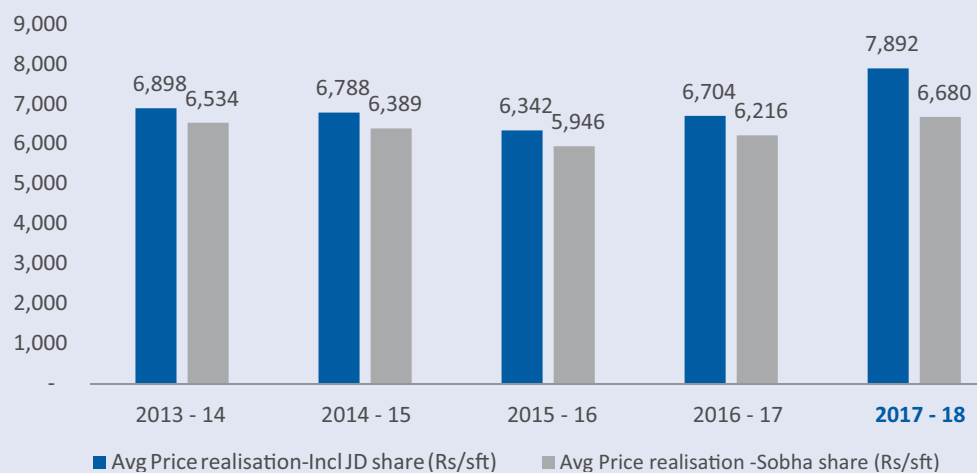
Sales Value

(₹ Mns)



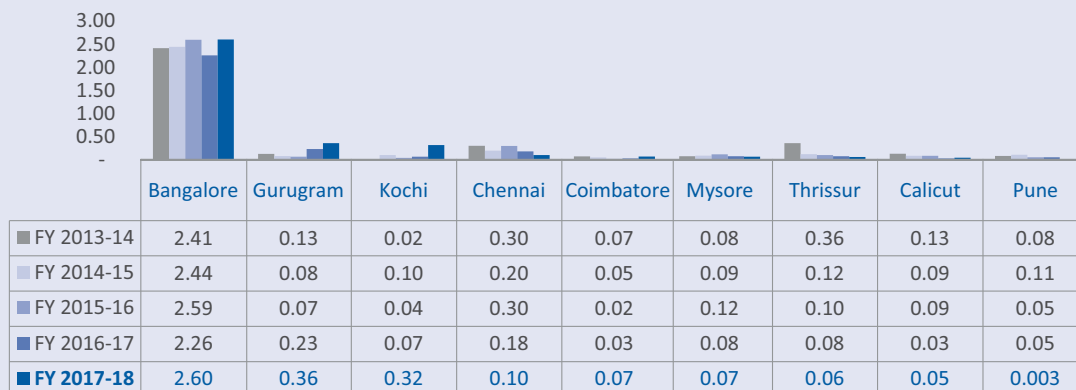
Average Price realisation

(₹/sft)



New Sales

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



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

B. Commercial

As on date, the Company has one commercial mall in its business vertical, 'SOBHA City Mall' in Thrissur. This commenced its operations in December 2015. It has a total developable area of 0.44 million sq. feet with a total leasable area of 0.32 million sq. feet. SOBHA had initially sold 0.61 million sq. feet. So far, it has leased out more than 90 per cent of the area to various reputed brands.

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

C. Contractual

Fiscal 2017-18 was a milestone year for SOBHA's Contracts vertical. The Company achieved the highest ever collections during the year from this vertical. It also bagged 2 major contractual orders from LuLu Group and Biocon, valued at approximately ₹ 6.10 billion. The unbilled order value as at end of March 2018 stood approximately at ₹ 17.40 billion.

During 2017-18, the Company completed 3.22 million sq. feet of contractual work. During the year, SOBHA's Contracts team completed one of its iconic projects LuLu Cyber Tower-2 for the LuLu Group at Cyber City-Info Park, Kakanad, Kochi. The total built-up area of the project is 1.50 million sq. feet with a total contracts value of ₹ 2.90 billion. In this project, the external glazing and façade work was uniquely designed and executed with the 'double walled tree structure'. It consist of unitised glazing, tree structure, semi-unitised glazing, aero foil louver, kalzip cladding and spider glazing work.

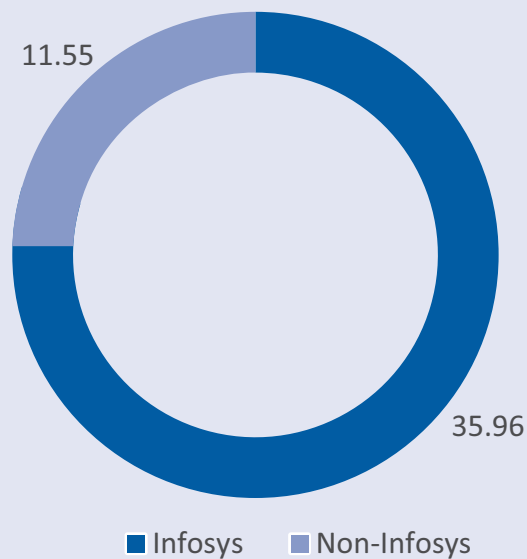
Overall, the vertical has delivered 47.51 million sq. feet of contractual work, out of which 35.96 million sq. feet of area has been executed for SOBHA's single largest client Infosys. It has 6.35 million sq. feet of area under execution in 8 cities across India.

While SOBHA values this long-standing relationship, there is an emphasis on diversifying its client base thus, reducing the Company's risk-portfolio. The share of contractual orders from non-Infosys clients stood at about 52 percent at end of March 2018. SOBHA's corporate clients include the LuLu Group, Biocon, Dell, Bosch, Syngene, Taj Hotels, HCL, ITC Hotels, Huawei Technologies, Manipal Group and others.

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

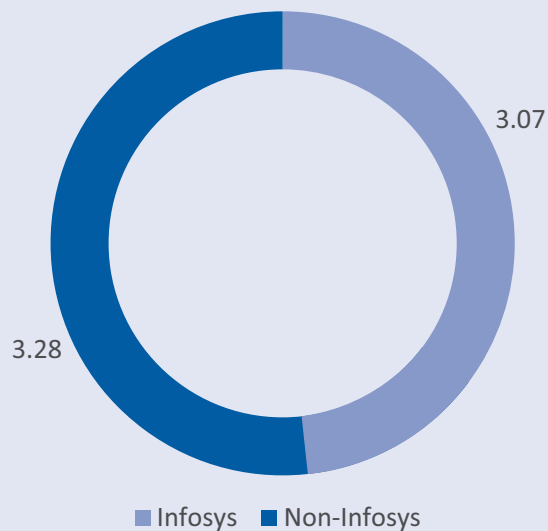
Completed Projects

(In Million Sq.ft)



Ongoing Projects

(In Million Sq.ft)



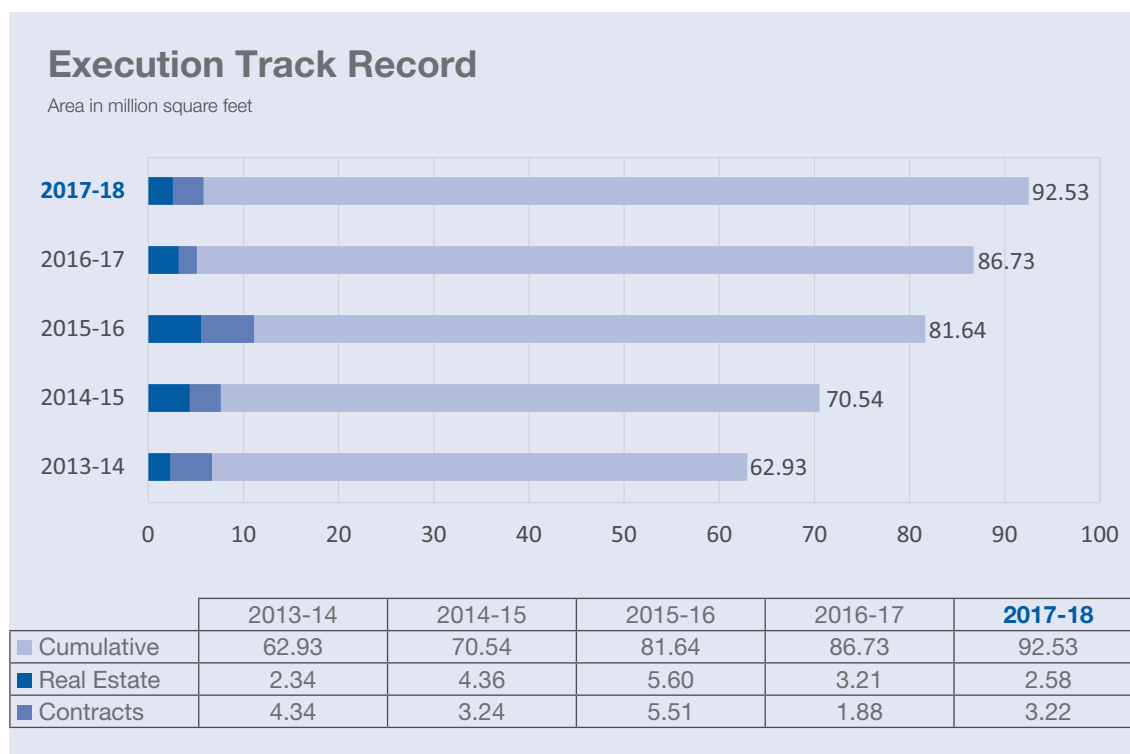
As the Company predominantly operates on a cost plus margin basis, it seeks to expand its contractual operations while preserving its margins.

PROJECTS AND WORK DONE

International quality homes delivered with precision in a timely manner to meet customer satisfaction have enabled SOBHA to set new benchmarks in the real estate sector. This has helped SOBHA garner customer loyalty. This continued during FY 2017-18 too when the Company completed and handed over 5.80 million sq. feet of area.

I. Overall Execution

Overall, SOBHA has completed 92.53 million sq. feet of area since it started operations in 1995. The Company has steadily launched new real estate projects and executed new contractual projects wherein significant project level investments have been made on a regular basis. These ongoing projects are excluded from the purview of overall execution. On an average, a real estate project takes around 3 to 4.5 years to complete.



II. Completed Projects

In FY 2017-18, the Company has completed 5.80 million sq. feet of developable area and 4.95 million sq. feet of super built-up area both in the Real Estate and Contractual verticals.

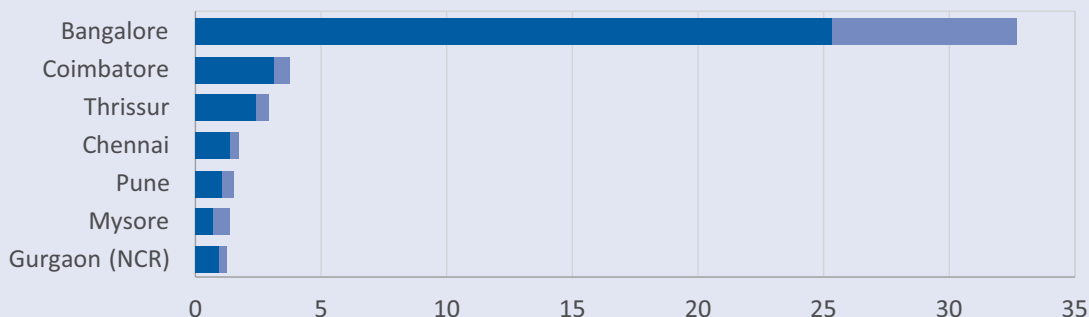
a. Real Estate

During the year, SOBHA completed 2.58 million sq. feet of developable area and 1.73 million sq. feet of super built-up area. As of end of March 2018, the Company had completed 9 towers measuring 1.15 million sq. feet of area in the SOBHA Dream Acres project. The remaining phases of development are progressing ahead of schedule. The construction of this project is being carried out using the pre-cast technology.

Since its inception, the Company has completed real estate projects measuring 45.02 million sq. feet of developable area and 34.63 million sq. feet of super built-up area.

Real Estate Completed - Location Wise Breakup

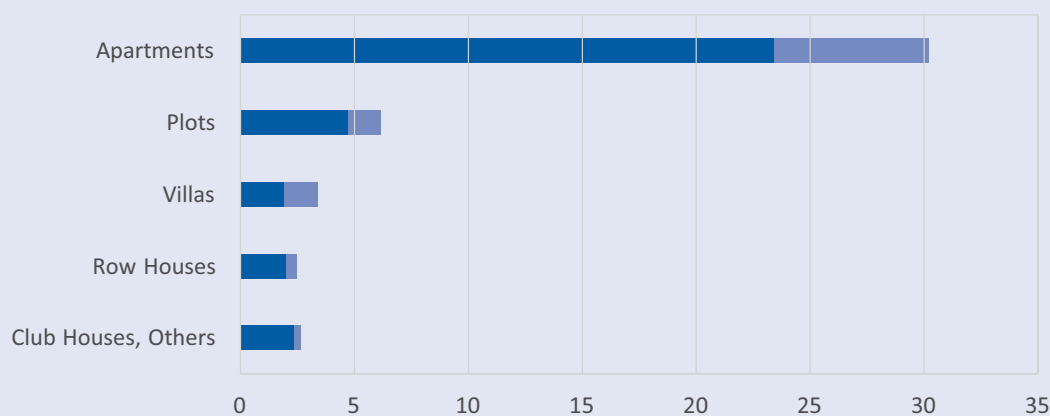
Area in million square feet



	Bangalore	Coimbatore	Thrissur	Chennai	Pune	Mysore	Gurgaon (NCR)
Developed area	32.71	3.73	2.90	1.68	1.19	1.33	1.48
Super Built-up area	25.35	3.07	2.34	1.31	0.88	0.67	1.01

Real Estate Completed - Product Mix

Area in million square feet



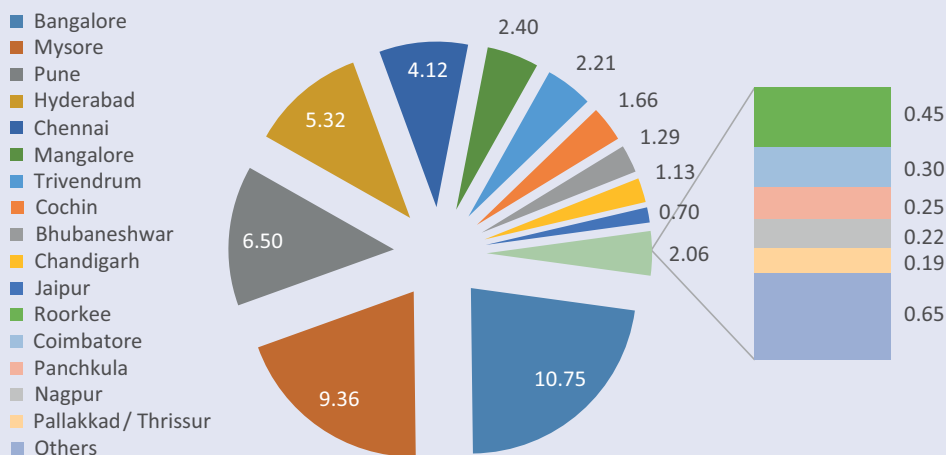
	Apartments	Plots	Villas	Row Houses	Club House, Others etc
Developed area	30.25	6.19	3.42	2.50	2.66
Super Built-up area	23.43	4.82	1.95	2.04	2.39

b. Contractual

During FY 2017-18, the Company has completed 3.22 million sq. feet area spread across 7 cities. Since the start of its operations, SOBHA has completed 47.51 million sq. feet of area for various clients in 26 cities across India. The Company has executed over 35 million sq. feet of area for its single and largest client Infosys.

Contracts Completed

Developed Area in million square feet



Note: Others include Durgapur, NOIDA, Salem, Baddi, Indore, Gurgaon, Kolkata, Ooty, Calicut and Mumbai.

III. Ongoing Projects

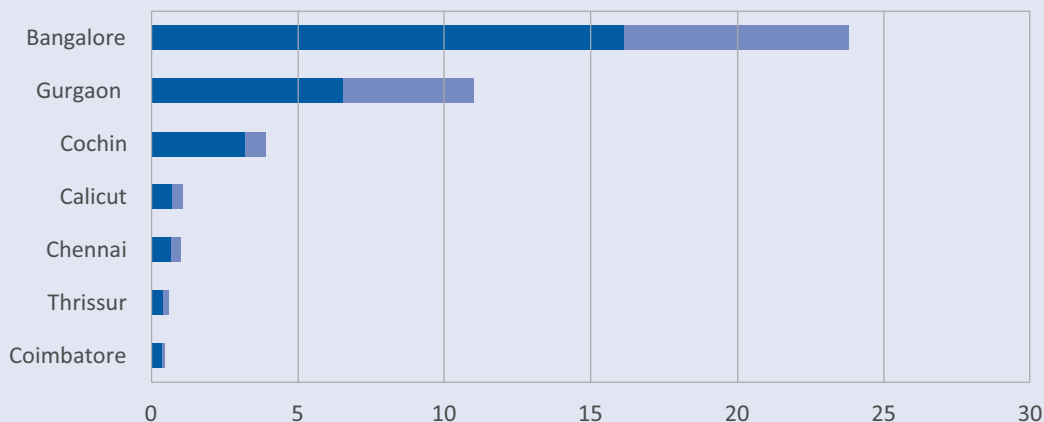
The Company is currently executing 48.25 million sq. feet of developable area and 34.48 million sq. feet of super built-up area.

a. Real Estate

SOBHA currently has ongoing real estate projects aggregating 41.90 million sq. feet of developable area and 28.13 million sq. feet of super built-up area spread across 7 cities.

Real Estate Ongoing - Location Wise Breakup

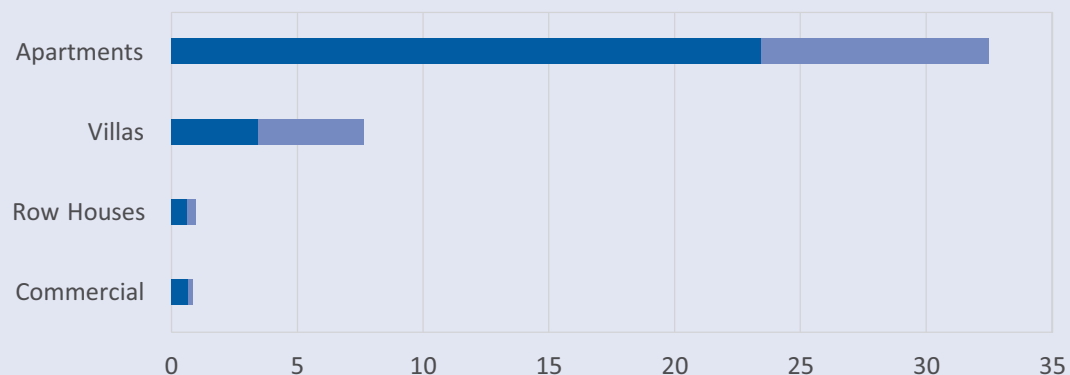
Area in million square feet



	Bangalore	Gurgaon	Cochin	Calicut	Chennai	Thrissur	Coimbatore
Developable area	23.83	11.01	3.91	1.08	1.00	0.60	0.47
Saleable Area	16.15	6.56	3.21	0.72	0.70	0.42	0.37

Real Estate Ongoing - Product Mix

Area in million square feet



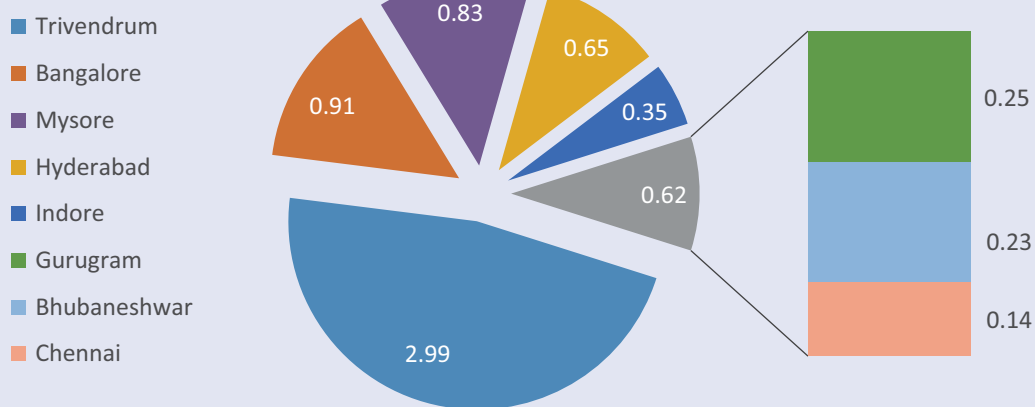
	Apartments	Villas	Row Houses	Commercial
■ Developable area	32.46	7.65	0.95	0.84
■ Saleable Area	23.41	3.44	0.61	0.67

b. Contractual

SOBHA has ongoing contractual projects aggregating 6.35 million sq. feet spread across 8 cities.

Contracts Ongoing Projects

Developable Area in million square feet



Environment, Health and Safety

SOBHA is committed to environmentally responsible business practices, including use of clean technologies and resource conservation. These practices keep our communities healthy while also supporting our long-term business success. It is our firm belief that all our employees must work in safe settings and in an environment which is healthy. A healthy environment means good working conditions in an atmosphere which is both productive and safe for the people working in it.

Environment

SOBHA strives to continuously improve the environmental performance of its construction and development activities and its real estate operations. It strictly follows all the environmental and occupational health and safety laws and regulations across all its projects. Over the years, at SOBHA, there has been a significant shift towards the development/construction of more environmentally sustainable buildings. SOBHA regularly identifies explicit targets for improving its environmental sustainability performance, specifically its commitment to minimising emissions and increasing the use of renewable resources. This is true not only of our construction activities but also at our manufacturing facilities where every attempt is made to keep the carbon footprint low by following the best industry practices.

SOBHA is an ISO 9001, ISO 14001 and OHSAS 18001 certified Company for its quality, safety and environment management systems respectively.

To develop an environmentally sustainable model, the Company installed a pre-cast unit for its SOBHA Dream Acres project. It provides pre-cast elements for construction instead of block work or bricks which are conventionally used for constructing residential apartments. The pre-cast elements are fast to make, are less labour consuming, lead to very minimal wastage, eliminate plastering and are construction friendly. Hence, they allow construction with minimum resources and reduce the wastage substantially.

Further attempts are being made to install solar panels to generate and use solar power for lighting common areas and solar water heaters to the maximum extent feasible in all SOBHA projects.

Rainwater Harvesting

SOBHA is very stringent in adopting rainwater harvesting in all its projects. The process involves harvesting rainwater in two phases: through collection tanks for roof-based runoffs and through recharge pits for land-based runoffs. Provisions are also made to treat and re-use the terrace runoff thus reducing the need to procure water from external sources or extracting groundwater during rainy days. The land-based runoff is made to pass through percolation pits which help in enhancing the depleting groundwater table.

Sewage Treatment Plants

SOBHA uses a specially designed Sewage Treatment Plant (STP) to treat the waste water generated in buildings. This treated water is used for secondary uses and the sewage generated is treated and supplied for secondary purposes such as flushing toilets, watering the landscape areas, cleaning the common area and at construction sites for dust suppression. All this also helps reduce fresh water consumption.

STP uses a hybrid technology – the Activated Sludge Process (ASP) followed by the Ultra Filtration (UF) technology for enhancing the quality of the final treated sewage to conform to applicable Pollution Control Board standards. The Company has regular educational programmes for its construction workers on the Do's and Dont's of using of natural resources. The Company also constructs dedicated STPs for camps where the construction workers stay.

Organic Waste Converters

SOBHA has successfully installed Organic Waste Converters across all its projects in India. The Company mandatorily uses solid waste management plants during the operational phase of all its projects. The integrated solid waste management system operates on the 4R principles - Reduce, Re-use, Recycle and Recover. These are basic components

of waste. Waste is segregated at the household level as biodegradable/ inorganic waste and collected in separate bins. Organic waste is converted into compost using Organic Waste Converters. 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.

Organic waste generated in and around the projects during the construction stage is diverted to nearby piggery farms while the inorganic waste is handed over to authorised waste recyclers.

All these efforts help SOBHA in restoring eco-sanitation wherever it works.

Health and Safety

To create a good safety culture, an organisation needs a concrete plan. A health and safety program is an organized, written action plan to identify and control hazards, define safety responsibilities and respond to emergencies that result in the prevention of accidents and occupational diseases.

At SOBHA, having a safe work environment is extremely important for its employers, employees, supervisors and managers, and Health and Safety (H&S) representatives. SOBHA believes that a business that incorporates safe work practices in its daily work routine can realise savings in human and financial costs.

SOBHA's safety team conducts regular training to ensure that every worker at a construction site

follows the Company's safety culture to create a safe working environment.

During 2017-18, the following activities were undertaken for health and safety:

- Special test for height phobia - Vertigo test introduced and made mandatory for all workers working at a height.
- An anti-swing device for Suspended Rope Platform (SRP) introduced.
- Grinding machine for grinding/ chamfering the threading of screws used for shaft bracket fixing (instead of cut-off machine) introduced.
- Improvisation of labour colony standards as per National Building Code (NBC) & Building and Other Constructions Work Act, 1996 (BOCWA).
- Additional welfare facilities for the workforce like Reverse Osmosis (RO) units at labour colonies and sites introduced.
- Stringent checking of the quality of drinking water by increasing the testing through different laboratories and monitoring this process.
- Special training on statutory requirements like construction acts/ rules, EHS aspects, NBC & BOCWA for all staff members at all projects sites across the country started.
- Refined the screening process for increasing the maximum age limit from 45 to 50 years for hiring. This is checked / verified through Aadhar cards.

Corporate Social Responsibility

All activities under Corporate Social Responsibility (CSR) at SOBHA stem out of genuine concern for the sustainable social development of the rural communities. The Company's CSR activities are undertaken under the aegis of 'Sri Kurumba Educational and Charitable Trust' which has been working in the Vadakkenchery, Kizhakkenchery and Kannambra grama panchayats in Palakkad districts in Kerala.

Broadly, SOBHA's CSR activities cover the following areas:

- Providing education and vocational training.
- Providing healthcare facilities.
- Looking after the aged, the elderly and those in need.

Providing Education and Vocational Training

The SOBHA Academy

The SOBHA Academy was set up in 2007 to reach out to young minds so that they could benefit from education. Targeted at children specifically from the weaker sections, all applications that come to the SOBHA Academy are scrutinised to ensure that only deserving children have access to the free and quality education. Selected students undergo a medical fitness test and the final selection of students is done through an open draw. Every year, 90 girls are also admitted to LKG through a draw. The Academy, which follows the CBSE curriculum, meets the selected students' academic needs and all costs like fees and books, transportation, food and healthcare. During this fiscal, the Academy had 1,066 students in the *Vadakkenchery*, *Kizhakkenchery* and *Kannambra* panchayats on the rolls from LKG to Class 11.

With a focus on the girl child, the Academy also provides free boarding and lodging to girls studying in Classes 10, 11 and 12. These girls are assisted by tutors to help them in the learning process. This

also helps these students become self-reliant in their routines.

Residential lives of students are an integral part of the Academy, as SOBHA believes that their experience of living in a hostel forms a significant part of their learning process. It believes that this experience helps students to become an integral part of the communities to which they belong as this life teaches them how to live and learn together.

Over the years, students passing out of the Academy have been excelling in their studies. While all the students from the first batch passed their CBSE Class 10 examination, 14 students scored 'A1' in all the subjects. Twenty-five students scored 90 per cent and above marks. All the students have scored above 70%.

The students have participated in the events like CBSE Sahodaya Kalotsav 2017, Palakkad District Sahodaya Athletic Meet 2017-18, Kerala State Central Schools Sports Meet 2018, National Children's Theatre Festival – 2017 and bagged many trophies/awards.

SOBHA Icon- Higher Secondary Programme

The SOBHA Icon Higher Secondary course is a two-year full time regular, 6-day college enrolment oriented programme which caters to a batch of 60 students each in Science and Commerce. It is conducted at the SOBHA Icon Campus at Moolamkode and is registered with the Kerala State Open School for certification through the Directorate of Higher Secondary Education, Government of Kerala.

In the 2017-18, Kerala Higher Secondary Board examinations, all but one of the 51 students passed with distinction, where 90 percent of the students scored over 95 percent; 34 students scored 'A pluses' in all subjects with the top score being 99 percent. All students have been enrolled in colleges based on merit.

Achievements

- SOBHA Icon students qualified in International Competitions and Assessment for Schools (ICAS) 2017 organised by the University of New South Wales, Australia.
- Over a dozen students of the 2017 batch were selected for INSPIRE and PRATHIBHA Scholarship by DEST, Government of India and the Kerala Government respectively.
- One student each passed the JEE(Mains) and NATA 2018 examinations.

SOBHA Icon- High School Support Initiative

This initiative provides learning opportunities to deserving high school students from the Kizhakkenchery Government School. There are 90 students, 30 each in Classes 8, 9 and 10, who are provided coaching support every day. On holidays, they get full time support. Of the 29 students who wrote the Kerala SSLC exam 2017, 7 secured 'A Pluses' in all subjects. All the students are now enrolled in higher secondary courses. In Class 8, 14 Icons received the National Merit cum Means Scholarships 2017, which is a creditable achievement.

SOBHA Icon –UG Support Initiative

To encourage students to perform better in the Icon Higher Secondary course, the Trust has been extending financial assistance to Icons to pursue UG courses since 2015. As of now, nearly 64 students are receiving this support. To ensure students' commitment to their studies, the scholarship has been continued beyond semester 2 and is linked to scoring a minimum of 80 per cent marks or equivalent grades. Students' progress is monitored closely to ensure that the initiative meets its goals.

Anganwadis

The Trust donated 5 cents of land for anganwadis at Vazhuvacode, Anjumoorthimangalam and Vadakkenchery for the benefit of small children.

Providing Healthcare Facilities

SOBHA Healthcare

SOBHA Healthcare is SOBHA's flagship CSR activity. Started in 2007, it provides free and easy access to primary healthcare. SOBHA Healthcare fills an important space as a high quality primary healthcare centre in an extremely backward area, which offers state-of-the-art healthcare resources, facilities and services to the villagers free of cost. The services include free consultation diagnostics, treatment and medicines at SOBHA's CSR panchayats. More than 2 lakh patients have been treated so far under this initiative. This year the SOBHA Healthcare Centre set up two additional departments for cardiology and gynecology; it already has the dental and ophthalmology departments.

The Centre also has state-of-the-art equipment including patient monitoring systems, cardiac and pulse oxymetry, centralised oxygen, suction provision, 3 channel ECG, digital ultra sound scanning system with cardiac ECHO, 300 ma X-Ray with CR, laboratory with automatic haematology and bio-chemistry analysers, a minor operation theatre, pharmacy, physiotherapy and ophthalmology departments with automatic digital equipment, dental department with an ultra-modern planmeca RVG unit, intra oral camera, fibre optic twin beam micro motors and six inpatient and four day care beds with remote operated patient cots.

The following beneficiaries availed free healthcare facilities under SOBHA Healthcare's programmes:

- Residents of SOBHA Hermitage.
- Students of SOBHA Academy and SOBHA Icon who are screened once 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; they are also provided appropriate treatment.
- Families below the poverty line in the three selected panchayats of Vadakkenchery,

Kizhakkenchery and Kannambra who have been given identity cards.

14,460 outpatients were treated during 2017-18 under the SOBHA Healthcare programmes.

Hygiene and Cleanliness

- The Trust has been providing free sanitary napkins to girl students, staff and young mothers for over a decade now.
- Students and staff members maintain hygiene and cleanliness not only within the premises, but also in their homes.
- Well water is used for drinking after purification. Water quality is tested every three months.
- The Trust trains the housekeeping staff and also helps upgrade their skills regularly. There is a mechanised laundry powered by steam for proper washing clothes of the residents and female staff members at SOBHA Hermitage.
- The kitchen serving free food (3 times in a day) for students, residents of SOBHA Hermitage and other staff members has a certificate from the Food Safety Standards Authority of India (FSSAI).

Looking after the aged, the elderly and those in need

SOBHA Hermitage

SOBHA Hermitage was set up with the specific aim of providing shelter and assistance to elderly from weaker sections of society. It has now become a home for senior citizens and young widows and their children. Besides providing residents a roof over their head, SOBHA Hermitage also makes sure that they are provided all necessary amenities so that they can lead comfortable life. All residents at SOBHA Hermitage have independent rooms. There is also a library and a common television room, a gym and also internet access. The Hermitage also provides round-the-clock medical facilities, if needed; these are provided by paramedical staff. There is also a doctor on call during non-working hours. The Hermitage has an in-house clinic.

A high point of living in the Hermitage are cultural and social activities like celebrating birthdays of residents.

SOBHA Young Mothers' Rehabilitation Programme

The Hermitage has a comprehensive rehabilitation package for young mothers (widows) which covers special arrangements for their living, safety, security and welfare free of cost. The widowed mothers and their children live together and mothers are encouraged to continue their education. Many of these young women have completed their graduation while others are in the process of completing. All the young mothers are employed at the SOBHA Academy, giving them a chance to save what they earn. Their children are studying at the SOBHA Academy, where they obtain quality education. These children are also taught music and dance at the Hermitage and separate apartments are being constructed for them. These mothers can move to the apartments when their children grow older. There were 18 mothers and their 27 children living at the Hermitage.

To ensure that these young widows are remarried and lead meaningful life, the Trust successfully identified suitable men and got 7 out of the 18 young mothers remarried.

SOBHA Rural Women's Empowerment

This initiative is helping 44 widowed mothers and their 87 children from the Vadakkenchery and Kizhakkenchery panchayats by providing them with a basic monthly living allowance, clothing, medical and other personal accessories. The Trust meets the children's educational expenses to give them adequate opportunities to come up in life.

SOBHA Social Wedding Programme

Social weddings are a practical response to the serious social problem faced by numerous women whose families are too poor to get them married. Till date the Trust has carried out 570 social weddings thus helping these girls and their families escape the clutches of dowry and other social evils. Each

year the Trust helps approximately 40 women to get married. The Trust also provides basic resources to the newly married couples to help them begin their wedded lives. Besides the trust also gives them pre-marriage counselling. Trust also monitors the couples' post marriage lives periodically and provide help, if it is needed.

SOBHA Community Centre

The SOBHA Community Centre plays as host to various community mobilisation programmes, including medical camps, orientation and training classes and social weddings. The Centre has a dining hall that has a seating capacity of 300, where several poor people are fed twice a day free of cost.

Three centralized kitchens are being run for school children, who are served breakfast, lunch and evening snacks on school days. All the kitchens are operated as per the guidelines laid down by the Food Safety and Standards Authority of India (FSSAI).

SOBHA Green Initiatives

SOBHA's green initiatives cover a range of activities under its CSR project areas including:

- The entire campus was constructed with minimum carbon footprint and without making much change to the natural surroundings. It has large-scale rain harvesting methods and processes. More than 3,000 herbs and plants

have been planted while preserving the existing flora and fauna.

- The Trust has very large waste management plants put in place to process the waste generated.
- All CSR project campuses are plastic free, no-smoking and non-alcoholic areas.
- There is a fully equipped sewage treatment plant with a capacity of 90,000 litres; the treated water is used for gardening.
- There are compost units to handle vegetable and food waste; the manure is used in the vegetable garden.
- 40 kg capacity waste incinerator.
- 12 lakh litres rainwater storage facilities to collect rainwater during the monsoon and percolation tanks for rainwater recharging.

Other Causes

The Trust was active in providing relief to flood-hit families in Vadakkenchery and Kizhakkenchery panchayats. The families were provided assistance for the reconstruction of their damaged houses. It also provides assistance for other projects such as maintaining a community pond, sponsoring students who get admissions to engineering and medical graduate courses but have no financial means to pursue their studies at this level.

Research and Development

Known for its impeccable quality and standards, SOBHA spends enormous resources and time on research and innovation. Utmost importance is given to research and development as well as quality improvement across all levels so that its products meet international standards and provide customers best value for money.

Today Research and Development (R&D) has become a significant part of SOBHA's core business process. The Company constantly encourages its employees and vendors to adopt latest available technologies and innovate new ideas to improve the existing processes.

The Company uses the in-house virtual application and Idea Space to encourage employees to submit their ideas for process improvement and simplification of the process mechanism. These ideas are divided using four broad parameters: quality, feasibility, safety and customer orientation. The ideas which are most suitable for improving SOBHA's business practices are implemented across its projects.

During the year, the technology and innovation based initiatives at SOBHA were classified into two segments:

1. Central innovations
2. Divisional innovations

1. Central Innovations

Central innovations are R&D innovations that impact activities across projects and divisions. Some of the initiatives taken under this category during FY 2017-18 are:

Gypsum plastering

The process of gypsum plastering was standardised for ceilings across all SOBHA's projects. This technique helps improve current

practices as it provides smooth and better finishing to the ceilings.

Training videos

Training videos on quality were shown to employees at all levels in the Sales Division to improve its understanding and knowledge about SOBHA's quality standards and USP.

2. Divisional Innovations

Divisional innovations are R&D activities for improving the internal processes in various divisions in the Company. Important initiatives undertaken by various departments during FY 2017-18 include:

The Concrete Products Division

Waste recycling

The Concrete Products Division implemented 100 percent waste recycling system which does not generate any industrial or manufacturing waste. This not only improves the system's overall carbon footprint but also helps the environment. If this had not been done, the waste generated would have been disposed-off affecting the ecosystem.

In addition, pre-mixed plaster made using only crushed materials was also introduced during the year. This reduces dependence on the use of river sand. As is widely known, unabated use of river sand leads to irreversible environmental damage.

The Concrete Products Division also started using green materials like ground granulated blast furnace slag and fly ash to reduce the carbon footprint and contribute in a limited way to the preservation of precious resources.

Employees

Our people are our greatest asset

Profitable growth can be achieved, sustained and accelerated only in an organisation which focuses on empowering and engaging its employees in the best possible way.

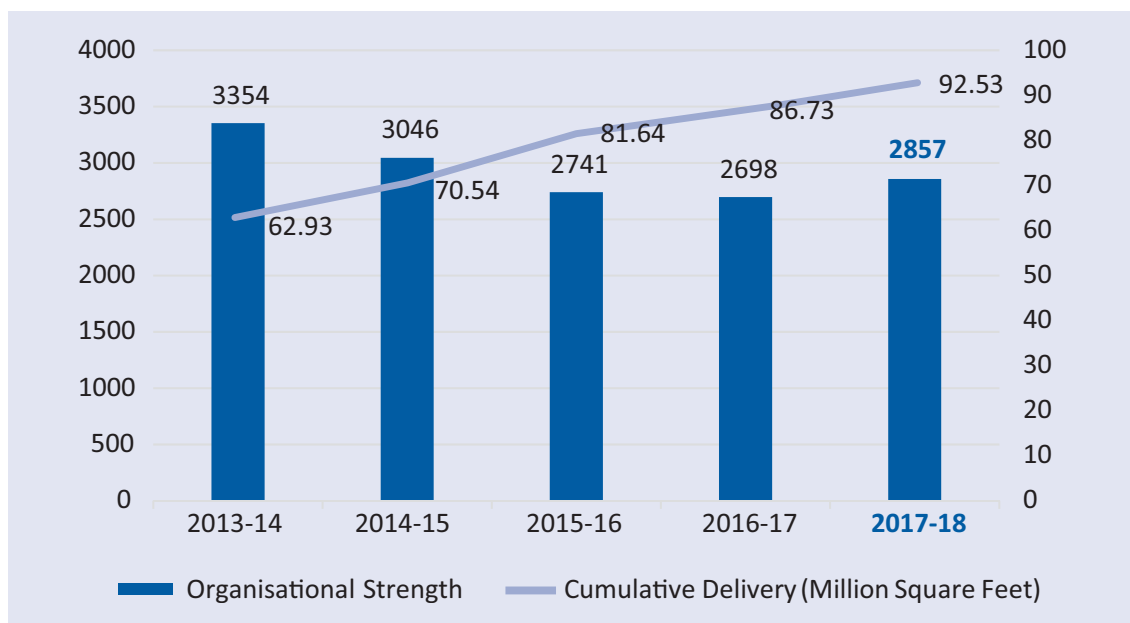
Employee engagement not only includes total satisfaction but also inspirational motivation. It requires meeting a complex blend of employee needs. At SOBHA, there is a strong focus on employee development plans where employees are encouraged to discover their purpose and articulate their aspirations. A lot of emphasis is also placed on creating an employee life-cycle. This involves an employee's autonomy, impact, growth and connection with the organisation.

The Company strongly believes in enhancing the value of its people. Since the current talent scenario

is dominated by many challenges and disruptive factors, we are managing our people talent in such a way that we deliver on our promise to our customers and other stakeholders. The focus is also on continuously attracting and nurturing talent to have in place robust future leaders. Steps are taken to make sure that the employees' career aspirations are met through their professional growth. Employee welfare and happiness are key focus areas and the Company believes that nurturing a high performance environment is an imperative.

Organisational strength of SOBHA as on 31st March 2018 was 2,857 employees as against 2,698 as on 31st March, 2017.

A comparative table depicting the employee strength as against the cumulative delivery is given below:



Training and Development

Employee training and development are essential for the success of any organisation. It is important to ensure that employees' skills, abilities and knowledge levels are regularly updated to cater to the needs of their employment profiles. Continuous training also enhances performance, prepares employees

to take on greater responsibilities, helps in planning succession, addressing changes in technology, industry and the regulatory environment and provides more opportunities.

At SOBHA, the organisational training and development plan includes in-house and external workshops/seminars as per the need.

The trainings provided to the employees have helped boost in productivity, increase employee satisfaction, foster organisational learning culture, create safe workplace, upgrade technology, improve leadership and management skills, improve quality, productivity and thereby optimising ROI.

Training at SOBHA is broadly divided into Technical, Behavioural and Adhoc (mainly for sales team).

Technical Training

To equip employees to be the best in class, the focus is on training technical staff at different levels. During FY 2017-18, 322 programmes were conducted in which 2,839 employees were trained. These training sessions were held in Bangalore, Thrissur, Chennai, Calicut, NCR, Mysore and other locations where SOBHA has projects.

Behavioural Training

At SOBHA, we believe that behavioural training can empower employees to leverage their positive skills. Hence, the training is designed to enhance assertiveness, ability to handle conflicts, creating win-win situations, accommodating changes and flexibility and following a dynamic approach. Since behavioural training polishes skills and develops talent, it is helpful in contributing to the overall development of an individual.

Behavioural training at SOBHA covers a range of subjects including team building, time management and developing motivational, leadership and interpersonal skills.

During 2017-18, 101 planned behavioural training programmes were conducted for employees at different levels in which 1,120 employees were trained.

In addition, 259 Adhoc behavioural and technical training programmes were also conducted during the year, which were attended by 1,548 employees at different levels.

Other Trainings

This included 73 training programmes for the sales team while 15 department centric training programmes were also conducted during the year; these were attended by 943 employees.

In total, the Training Division conducted 770 training programmes covering 6,450 employees during the year.

Training, a continuous exercise

SOBHA's training wing, SOBHA Academy, conducts training on a regular basis. The Company assesses employee performance on a regular basis to identify employees and provide them requisite training for enhancing their skills.

Other Activities

The Company observed events such as Earth Day, World Plumbing Day and Earth Hour to create awareness on their importance amongst employees. The Company also celebrated festivals and organised 'SOBHA Utsav,' an annual cultural programme in which employees showcased their talent and creativity.

Employee Communiqués

SOBHA publishes an in-house magazine 'Innervé' to communicate news and developments to its employees. The magazine carries articles and interviews of senior management, trends in the real estate sector and company news.

Risk Management Report

The Risk management began over the past several years and has developed as a discipline in majority of organisations. Risk management function is gaining the status of significant contributor in the efficiency and effectiveness of an organization. It is one of the critical issues that should be undertaken to ensure the best performance in an organization, projects or its work. However, it is pertinent to note that risk management will not remove all risk from the organization but reduce the negative impact of such risks. Risk management is a continuous process and an important part of business management.

SOBHA is exposed to variety of risks like strategic, technology, commercial and business, financial, legal and regulatory that impact its performance.

To help address these risks, the Company's existing Risk Management Framework provides for risk reviews at various levels based on its structure and matrix. The Company also does a periodic assessment of risks and their potential impact related to business growth and market position.

Like other organisations, some of the risks that SOBHA faces are within its control while there are others which are beyond its control. Hence, having a risk management policy is significant. The types of risks faced by SOBHA can broadly be classified into:

1. Those which are beyond the control of the Company (external risks).
2. Those which are within the control of the Company (internal risks).

Risks which are beyond the control of the Company include:

Disasters:

These are divided into:

- (i) Natural disasters
- (ii) Man-made disasters

Natural disasters include earthquakes, fire, droughts and floods.

Man-made disasters include acts of terrorism and enemy action.

Risk Control Strategy and Measures

The Company has an adequate insurance cover for managing disaster-related risks. It also takes suitable measures to reduce the impact of man-made disasters. Further, the structural design of its buildings conforms to applicable construction standards in the various regions where it operates.

Sector related risks

Land related risks

Land is a primary input for a construction company. Unavailability or shortage of appropriate land parcels can lead to an increase in costs. Any increase in land prices triggers a hike in the price of the product mix, which may in turn lead to an adverse impact on the Company's performance. The risk does not end with an appropriate land parcel but also extends to getting approvals by various local authorities. On the other hand, a drop in land prices may erode the book value carrying the cost of the land, which may affect the Company's profitability.

Land title risks

Some of the key risks in the Indian real estate sector are property related disputes, lack of underlying land titles and poor documentation; these are also slowing down the growth of the real estate sector.

Sales and market risks

Customer satisfaction is a key issue in the success of any real estate company. The real estate business is sentiment driven and many a times the decision to purchase a house can be deferred based on sentiments.

Recession in the economy may cause potential buyers to remain risk averse and market spending to turn cautious. Such a situation can lead to a decrease in the sale or product price. Further, a sectorial recession, which hits a particular segment, may also lead to customers not being able to get housing

loans, thus impacting the Company's market. These factors can decrease revenue generation from some or all of the Company's residential businesses and adversely affect its business and future growth.

Macroeconomic risks

Inflation, interest rates and foreign exchange rate risks are important macroeconomic risks. These are subject to a number of factors primary among which are those that have to do with the government, monetary and tax policies, domestic/international economic and political conditions and other factors beyond the Company's control. Changes in interest rate may increase the Company's cost of borrowing and cost of housing loans, which may impact its sales and profitability.

Regulatory risks

The Company is subject to extensive local, state and central 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.

Legal risks

The Company is involved in certain legal proceedings related to the land that it owns and also claims in relation to taxation matters. Any adverse decision may have a significant effect on the Company's business, prospects and financials.

Political risks

Changes in government policy, social and civil unrest and political developments in or affecting India can also 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 downturn and uncertainties in the economy

Risks related to the economy are beyond the Company's control. A recession in the economy can lead to a reduction in sales or market rates for

residential projects. Prospective customers may not be able to obtain housing finance. In extreme cases of an economic downturn, the Company may also run the risk of customer insolvencies though the registration of property is done only on receipt of all the dues from a customer. These factors can decrease revenue generation from some or all of the Company's residential businesses, adversely affecting its business and future growth.

Uncertainties in the country's economic systems, global economic conditions, a change in the demographic profile of the country or inflation also have a bearing on the functioning of any company operating in the real estate sector. A downturn in the economy may see increased levels of unemployment and a decline in income levels. This may impact a company's operations.

Risks which are within Company's control include

Customer risks

At SOBHA, a substantial portion of the revenue from the real estate operations is generated from the Bangalore market, which is the base of SOBHA's operations. A decline in the Bangalore real estate market, new competition or a shift in customer preferences may have an adverse effect on its business and operating results.

The contractual vertical is contributing considerable revenue to the Company. Contractual revenue largely depends on orders received from corporate entities for their construction requirements. A major portion of the revenue from contractual projects are generated from a couple of clients operating in the information technology/bio-technology sectors. If these clients either reduce or stop providing contractual projects to SOBHA or if there is a slowdown in the IT sector, this could adversely affect its business.

Borrowing risks

The real estate sector is capital intensive and requires significant expenditure for land acquisition and development. SOBHA is subject to the risks normally associated with debt financing and it may be required to dedicate a portion of its cash flows towards repayment of its debt commitments. This

may reduce the availability of funds for other business purposes such as working capital expenditure and financing of acquisitions and investments. It may not be possible to generate adequate cash flows 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 ratings.

Liquidity risks

Investments in the real estate sector are relatively illiquid. SOBHA may not be able to liquidate its assets promptly in response to economic, real estate market or other conditions. It may even be required to substantially reduce the price to ensure a quick sale.

Project implementation risks

Real estate projects are subject to a number of implementation risks such as regulatory delays, construction delays, material shortages, cost overruns, migratory labour and unavailability of skilled labour, accidents and quality control. SOBHA's operations may be unfavourably impacted if these risks are not effectively managed.

Input cost risks

Fluctuating input costs are a risk inherent to the real estate business. SOBHA's operations are subject to budget over-runs due to a number of factors like an increase in construction costs, repair and maintenance costs, sub-contracted service costs and labour costs. Increased operating expenses may affect profit margins, as the price of a property sold cannot be altered. Correspondingly, if the selling price of unsold properties is increased, demand may be adversely affected.

Supply chain risks

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

Personnel risks

Like any other company, SOBHA's performance to a large extent depends on the abilities of its employees. Employee attrition could have an adverse impact on its business. SOBHA's performance could also be affected if it is unable to identify, attract and retain key employees like engineers and architects.

IT and system risks

SOBHA uses the Enterprise Resource Planning system RConstruct for integrating its core and back-end activities like architecture, engineering, projects and costing. A breakdown of existing IT systems or a delay in their implementation could disrupt its ability to track, record and analyse the work in progress; this can also result in the loss of valuable data.

Competition risks

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

Diversification and investment risks

Expansion into new geographies exposes SOBHA to risks such as a low level of familiarity with the development of properties in that area and attracting potential customers in a new market. Competitors may be better known in these markets and might enjoy better relationships with landowners and joint venture partners. They could have early access to information regarding attractive land parcels and be better placed to acquire such land.

Potential impairment of intangible assets like goodwill arising out of acquisitions can also place an additional financial burden on the Company. Investments usually have a gestation period spanning several years. Associated risks include those related to obtaining requisite regulatory approvals for projects. Changing government policies may also impose restrictions on investments.

Manpower risks

The real estate industry is highly dependent on manpower and its ability to retain it. Attrition of key skilled employees could have an adverse impact on the Company's business.

Risk Containment Strategy and Measures

SOBHA's uncompromised high-value international standard products for quality conscious and discerning customers have gained it loyal customers. This is evident from the resilience shown by the Company during the recent reforms by the central government. The Company has established its strength to adjust to any scenario through seamless transformation to the new regulatory regime supported by demonetisation of high value currencies, GST, RERA etc. A majority of its customers are not dependent on external financing and are able to self-finance their purchases. The Company's dedicated and robust in-house sales and marketing team, which is entrusted with the task of generating enquiries for its products and translating them into sales is aggressive in its work. This reduces reliance on external agents and brokers.

SOBHA has a dedicated Customer Relationship Management (CRM) Department which exclusively handles customers, resolves their queries, 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 ensuring smooth and hassle-free transactions to the satisfaction of customers.

SOBHA has been steadily expanding its geographical presence (endorsed by new ventures such as Gift City in Gujarat) when it comes to the real estate domain. This diversification has reduced its dependence on a single market, Bangalore, which at one point accounted for all the Company's sales. Bangalore now contributes around 70 per cent of new sales.

There has also been a conscious effort to enlarge SOBHA's client base when it comes to contractual projects. Enlarging the client base to include a big pool of corporates and institutions ensures

that dependence on any one particular client has been reduced. Out of the projects currently under progress, the share of contractual orders received from other clients has increased.

Effective methodologies are in place for managing the land portfolio. Extensive diligence is carried out with the help of external counsel before acquiring land or entering into partnerships for joint ventures or joint development.

SOBHA believes in never compromising the quality of its products. Well-governed and designed processes at project sites ensure that project-level implementation risks are minimised. SOBHA has an in-house Quality, Safety and Technology Department to address quality issues of the end product.

The Company's long-standing association with its vendors for purchase of key materials is one of the vital reasons for its success. The Company is supported by the backward integration business model wherein key inputs for the final product are manufactured in-house, reducing dependence on external suppliers.

The employee attrition rate in SOBHA is comparatively low. With a view to containing attrition risks and retaining personnel, employee friendly policies are in place to keep them motivated.

SOBHA owns the intellectual property associated with the ERP system and has an in-house IT Department, which caters to the development and maintenance of IT systems, the ERP Framework and associated IT-related issues.

The Company's performance during the recent environment in the real estate sector shows that it is on track in its operations. The outlook for long-term demand for real estate in India is stable and positive. The emergence of tier-II and tier-III cities, urbanisation, large-scale employment generation in cities and a nuclear family set-up among other opportunities will contribute to a substantial increase in demand for real estate and corporate space in the future.

SOBHA also has a strong in-house Legal Department. The Company also engages experts to mitigate legal and regulatory risks. It is an active member of trade

associations like CREDAI and is involved in making joint representations to the government and regulators on common issues faced by the sector.

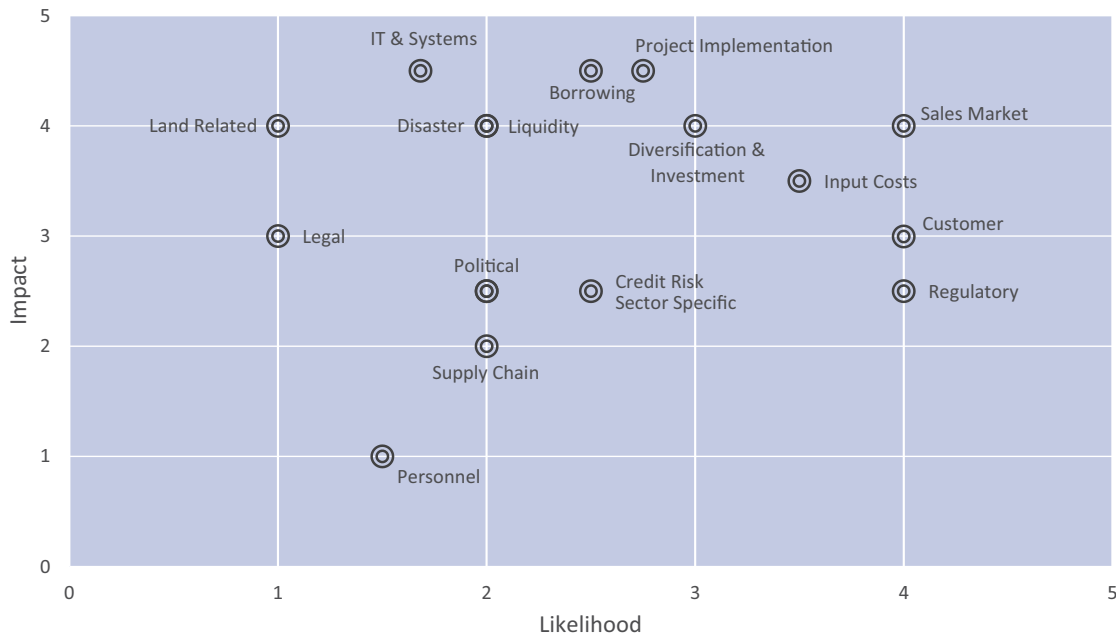
SOBHA'S foray into new geographies is based on a thorough analysis of the prevailing market conditions and regulatory environment. Several contractual projects have been successfully executed in the cities that it plans to enter and therefore, there is a good understanding of the local factors at play. 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 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	✓	✓	✓	✓	-	-	✓	-	✓	-	✓	

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



The Audit Committee reviews and advises the management on the risks that the Company faces, the exposure in each category and on the acceptable and appropriate levels of these exposures. It also monitors the steps taken by the management to control such exposures and ensures that the overall risk exposure is within the Company's risk capacity and risk appetite. The Company has also constituted a Risk Management Committee which supports the Audit Committee in discharging its risk management functions. The Board of Directors is also apprised of the risks faced by the Company, and of the adequate and timely risk management measures taken to mitigate them.

Operational and Financial Analysis

Financial year 2017-18 was a memorable year for the structural changes at both the macro and micro levels. While overcoming the impact of sudden demonetisation, the real estate sector also faced transitional challenges due to the roll out of landmark reforms like the Real Estate (Regulation and Development) Act, 2016 (RERA) and Goods and Services Tax (GST) during the year. This resulted in an uncertain and difficult environment that saw negligible new launches and slow sales. However, as the sector embraced the changes brought by these reforms and settled down in the post RERA and GST period, the market sentiment appears to be showing signs of improvement. This has been appropriately supported by reduced interest rates on home loans, controlled inflation and necessary impetus by the government to affordable housing through the Affordable Housing Fund, lower GST rates, increased tenure of loans under the Credit Linked Subsidy Scheme (CLSS) of the Pradhan Mantri Awas Yojana (PMAY) and extended income tax benefits to apartments of carpet area of 60 sq. m.

The upturn in the sector is also evident in the overall economic outlook of the country. According to the Credit Rating Information Services of India's (CRISIL) report, 'India Outlook 2018: The Fours of Growth' the country's growth is pegged at 7.5 per cent this fiscal. This clearly indicates the revival of the Indian economy. Additionally, the real estate and construction sectors together are expected to create over 15 million jobs by 2022. However, despite these positive developments, the challenges for such a large economy are expected to continue in the near future.

Overall, SOBHA witnessed healthy growth during the year which reflects its ability to withstand adversities and continuing to excel, delivering international quality products in a timely manner leading to customer satisfaction. The Company's operational and financial performance and cash flows were good.

In this backdrop, we present our financial and operational performance for FY 2017-18.

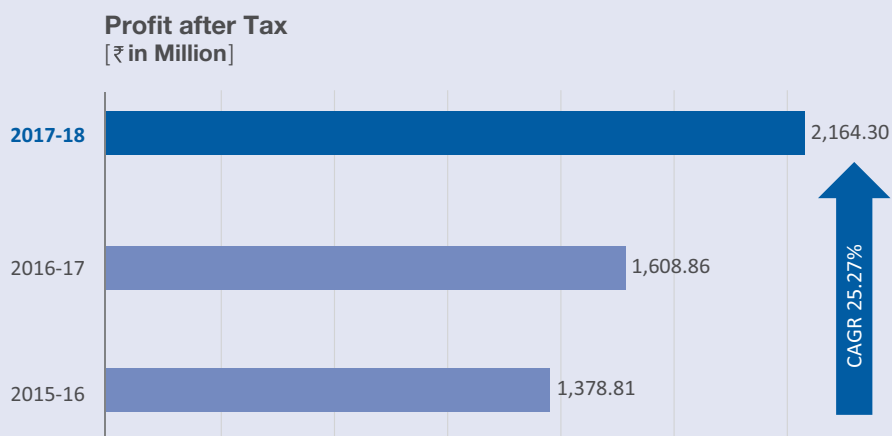
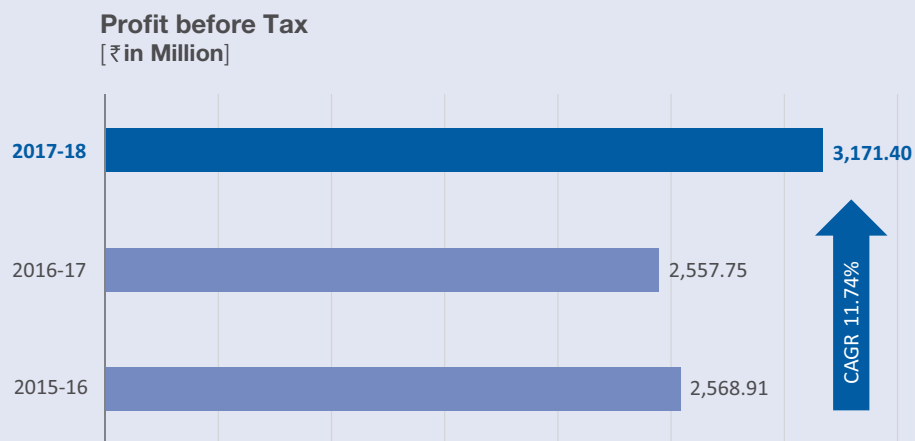
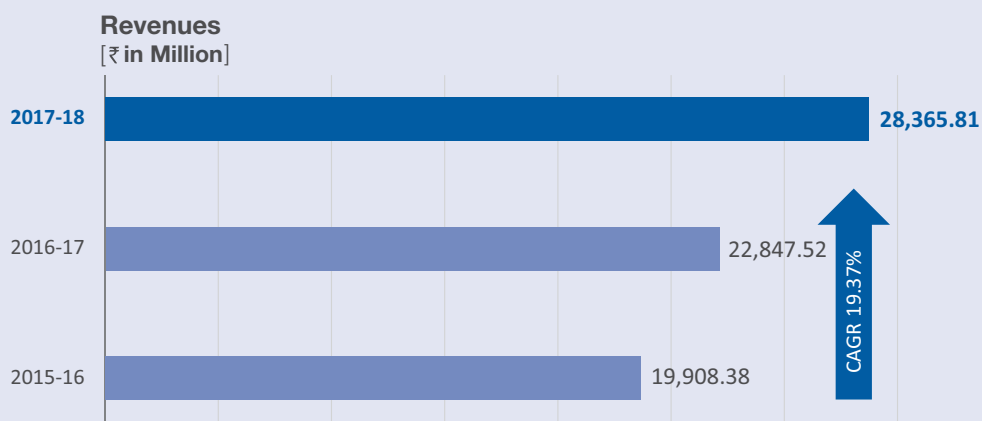
Following are the key consolidated financial takeaways from Fiscal 2017-18:

- Registered a turnover of ₹ 28.37 billion.
- ₹ 20.01 billion of revenues from real estate operations.
- ₹ 7.86 billion of revenues from contracts and manufacturing operations and ₹ 0.50 billion of revenue from Other Income.
- PBT of ₹ 3.17 billion.
- PAT of ₹ 2.16 billion.
- Collections of ₹ 30.08 billion.
- Net operational cash flows at ₹ 3.75 billion after meeting Interest and Tax expenses.
- Total sales value of ₹ 28.61 billion including share of JD partner and Sobha Share of ₹ 24.22 billion.
- Price realization of ₹ 7,892 per square feet including share of JD partners and Sobha Share of ₹ 6,680 per square feet.
- Debt Equity ratio as on March 31, 2018 at 0.79.
- Credit rating – ICRA (A+) (Stable).

On operational parameters, the Company:

- Has developed 92.53 million sq. feet of total area since inception.
- Execution of 48.25 million sq. feet of total area in progress.
- Executed over 35 million sq. feet in cumulative for our single largest contractual customer - infosys.
- Execution presence of real estate and contractual projects in 26 cities across 13 states in India.

- Completed total developable area of 5.80 million sq. feet in the real estate and contracts domain in 2017-18.



New Sales

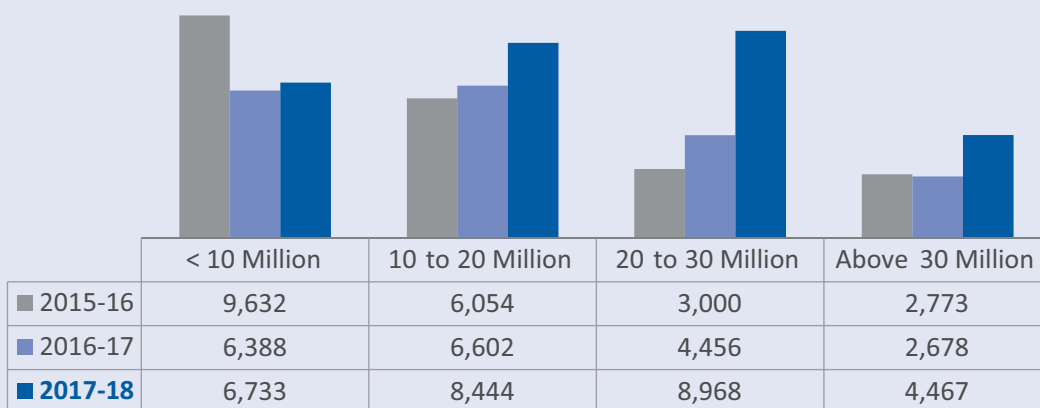
It is to be noted that SOBHA's performance for the FY 2017-18 has been consistent and exceptional. It exhibits Company's strong foundation backed by robust processes, enabling it to overcome transitional challenges posed by REPA and GST smoothly. The new sales value achieved during 2017-18 has been the best ever, with growth across regions and product categories.

During the financial year, the Company registered new sales volume of 3.63 million Square Feet and total valued at ₹ 28.61 billion, at an average price realization of ₹ 7,892 Per Square Feet (Sobha Share of Sale value at ₹ 24.22 billion at an average price realization of ₹ 6,680 Per Square Feet).

The classification of new sales in terms of price band is:

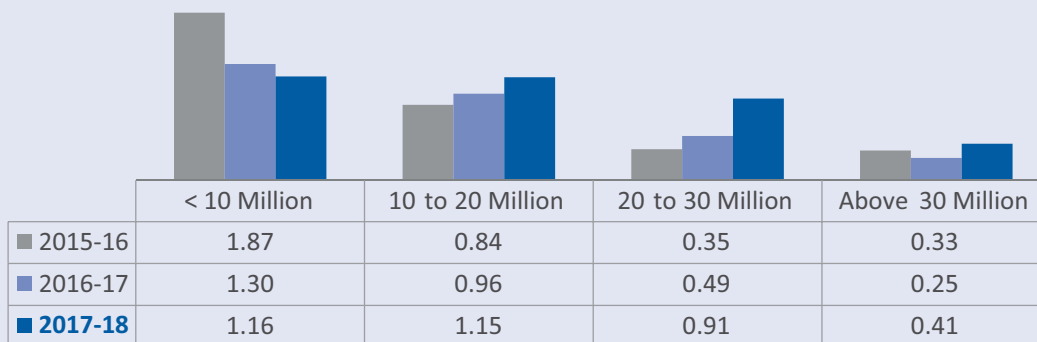
Sales Value in terms of Price Band

[₹ million]



SBA Sold in terms of Price Band

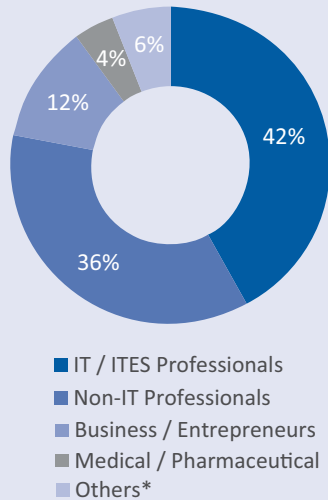
[in million square feet]



Our Customers

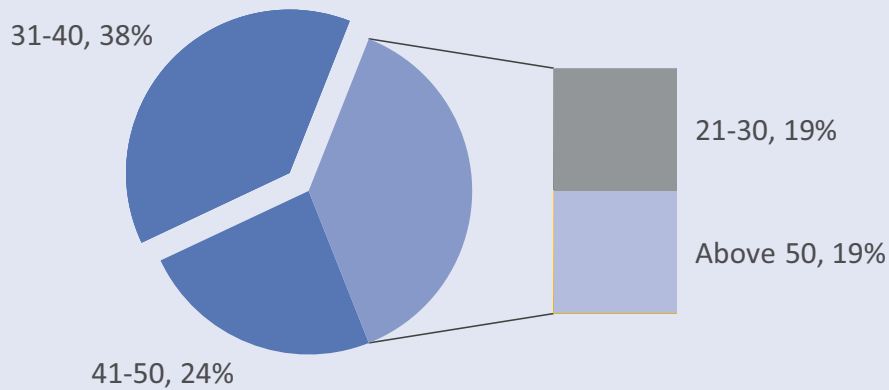
The product-mix offered by the Company was well accepted by its customers. The Company, on an ongoing basis, does an analysis of its customer base. This shows that its customer profile has a healthy mix, comprising IT/ITES professionals, non-IT professionals, entrepreneurs and professionals. About 78 per cent of our customers fall in the salaried category (includes 42 per cent from IT/ITES and 36 percent from non-IT industries). In addition, 12 per cent of our customers fall in the business and entrepreneur category.

Profession Profile



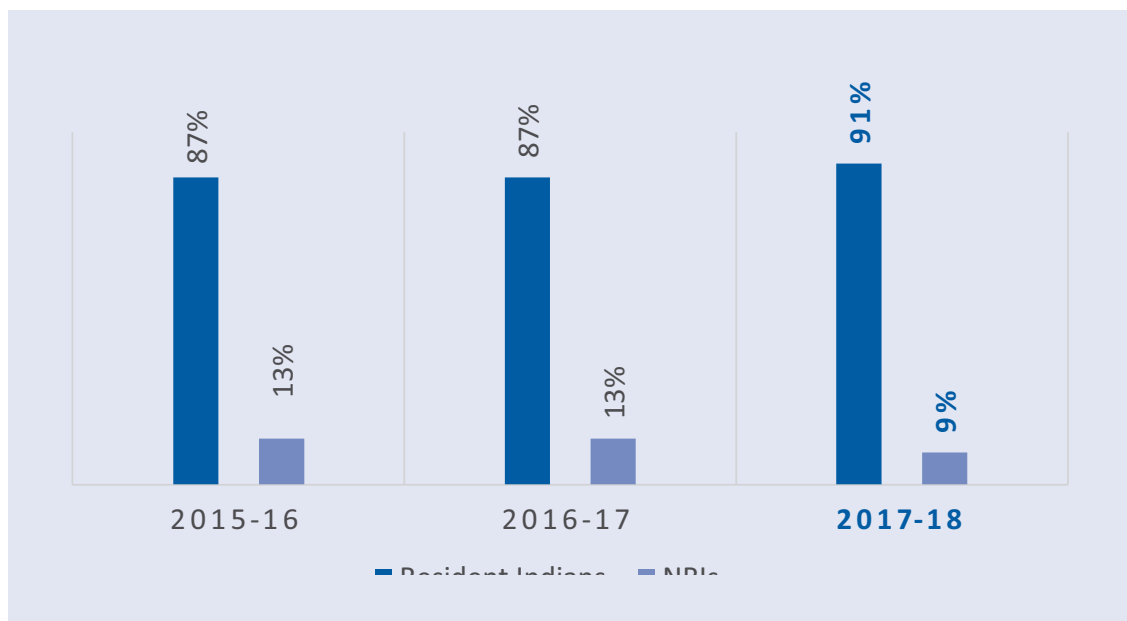
* Others include agriculturists, government employees etc. THIS * IS NOT MARKED ANYWHERE IN THE TEXT

Age Profile



SOBHA operates a representative office in Dubai and a branch office in Singapore to market its products among the NRI/NR community. However, resident Indians continue to dominate the overall customer profile.

A comparative position of the customer base is:



Real Estate

Customer centricity is the core of SOBHA's business strategy in addition to the Company's ability to consistently deliver quality products in the real estate space. The Company's real estate operations are currently spread across 9 cities.

The consolidated performance of the Real Estate vertical is:

Particulars	₹ in Million		
	2017-18	2016-17	2015-16
Revenue	20,006	14,884	13,361
Share of Revenue (%)	70.53	65.14	67.11

The CAGR of the revenue for the Real Estate vertical for the last two years is 22.37 per cent. The share of real estate revenue to overall revenue was maintained at almost the same level in this Fiscal as in the previous year.

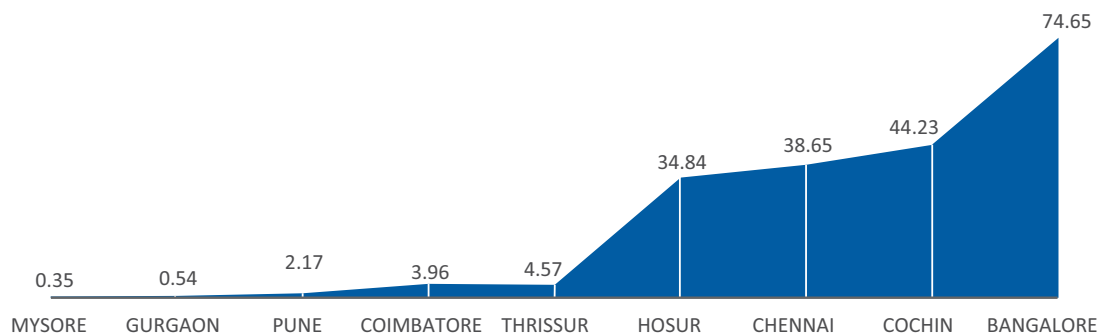
Land Portfolio

Land Portfolio is the 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 2,472 acres wherein the Company holds an economic interest in 2,384 acres. The majority of the land portfolio has already been paid for. An amount of ₹ 692 million is payable as a part of its commitments to acquire the economic interest. The overall cost per square feet of the land portfolio is ₹ 239.

The location wise distribution of the land portfolio is:

Sobha Share of Developable Area

(in million square feet)



Project Launches

During the year, the Company has launched the following real estate projects –

- Sobha HRC Pristine in Bangalore with a total saleable area of 0.80 million square feet.
- Sobha Forest Edge in Bangalore with a total saleable area of 0.45 million square feet.
- Sobha Silver Estate in Thrissur with a total saleable area of 0.18 million square feet.
- Sobha Gardenia in Chennai with a total saleable area of 0.18 million square feet.

Contracting

The year 2017-18 was one of the record year of performance for the contracting and manufacturing divisions. This division clocked the highest ever collections during 2017-18. Revenue from this vertical contributed around 28 percent to the Company's top-line. During 2017-18, the Company bagged two major contractual orders from a couple of clients with aggregating order value of approximately ₹ 6.10 billion. 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. About 6.35 million square feet of contractual orders are under progress and unbilled contractual orders of approximately ₹ 17.40 billion are pending to be executed as at March 31, 2018, which is one of the highest order book of the company so far. The contractual operations will continue to be a source of steady revenue for the Company.

Performance of the Contracts vertical:

Particulars	₹ in Million		
	2017-18	2016-17	2015-16
Revenue	4,535.95	4,404.63	3,902.06
Share of Revenue (%)	15.99	19.28	19.60

The CAGR of revenue from the Contracts vertical over the past 3 years is 7.82 per cent.

Manufacturing

SOBHA is a backward integrated Company, which has the capabilities, skills and resources to deliver a project from conceptualisation to completion. Backward integration support coupled with quality products and services required for the construction and development of a project meet our desired quality and agreed delivery schedule.

It also ensures that the products are superior in quality and the Company has 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. feet) state-of-the-art manufacturing unit, with future expansion capability up to 11,148 sq. m (120,000 sq. feet) space facility. The factory is equipped with advanced machines like the CNC profile cutting machine, TIG welding machines, ACP routing machine 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 panel, SS cladding, architectural metal works and pre-engineered buildings.

Interiors Division

The Company's Interiors and Furnishing division has two highly mechanised factories with a total floor area of 2,55,000 sq. feet located at Bommasandra, Bangalore. The division is equipped with machinery imported from Spain, Italy and Germany. The Company also has an Interiors division in Alwar. 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 and tables and loose furniture like chairs, sofas, cots and modular kitchens.

The Concrete Products Division

The Company has a fully automated Concrete Product division which uses remote controlling systems. The manufacturing facility in Bangalore is spread over 32,000 sq. m (8 acres). It manufactures concrete products of international quality. The unit has imported technologies from Germany (Masa Plant) and England. In addition, the Company has also opened Concrete Products divisions in Gurugram 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 million landscaping products.

Performance of the Manufacturing vertical:

	₹ in Million				
Sales	2017-18	2016-17	2015-16	2014-15	2013-14
Glazing and Metal Works Division	1,963.90	1,486.06	1,115.08	1,215.07	1,239.24
Interiors Division	1,011.69	930.11	922.68	801.71	580.81
Concrete Products Division	352.37	270.00	264.55	229.28	184.90
Total	3,327.96	2,686.17	2,302.31	2,246.06	2,004.94
Share of Revenue (%)	11.73%	11.76%	11.56%	9.15%	9.18%

The CAGR of revenues from the Manufacturing vertical over the past 5 years is 13.51 per cent.

Cash Flows

The consolidated cash flow summary for FY 2017-18 under the direct cash flow method is:

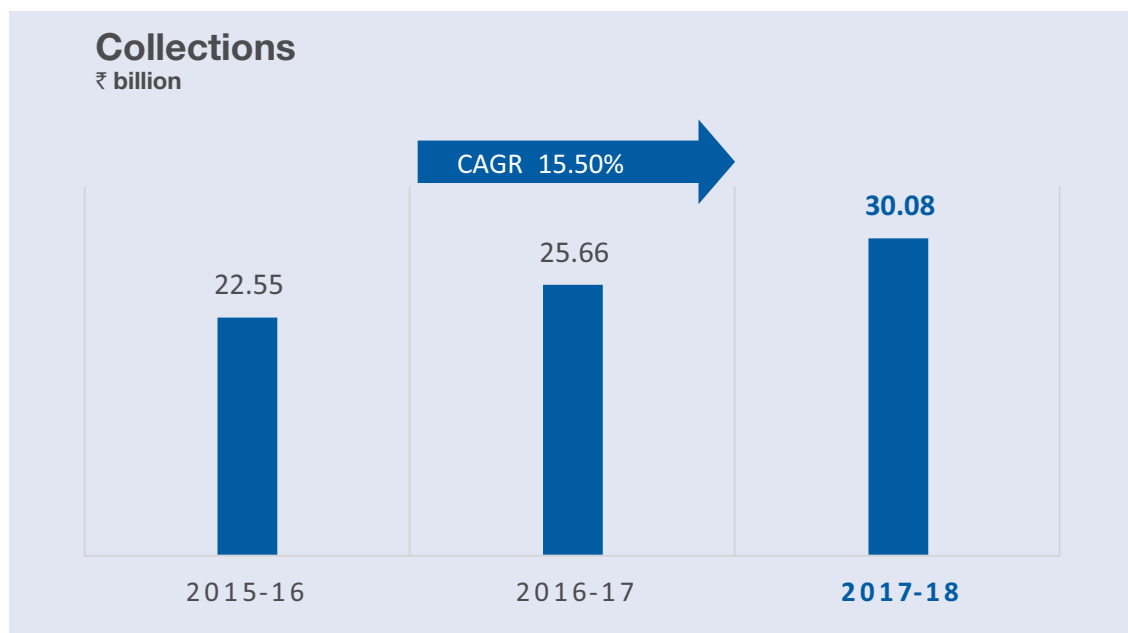
₹ in Million	
Particulars	2017-18
Operational Cash inflow	30,082
Operational Cash outflow	22,840
Net Operational Cash inflow	7,242
Financial Out Flow (Interest and Taxes)	3,496
Net Operational Cash inflow after Financial outflow	3,746

The Company has collected ₹ 30.08 Billion during the year from real estate, contractual and manufacturing activities. This is highest ever collections of the company. After expending on construction expenses for real estate, contractual, manufacturing activities, overheads, etc. the net operating cash inflows were ₹ 7,242 million.

Out of the above, the Company has utilised ₹2,675 million towards payment of interest and ₹ 821 million for income taxes. This leads to a surplus of ₹ 3,746 million.

The Company has spent ₹ 3,605 million towards land payments during the year. In addition to this, the Company incurred ₹ 348 million towards capex expenditure, ₹ 136 million towards CSR contribution and ₹ 911 million for dividend (including dividend tax) and buyback payments.

The Cash Flow Statement prepared as per the indirect method forms part of the Financial Statement.

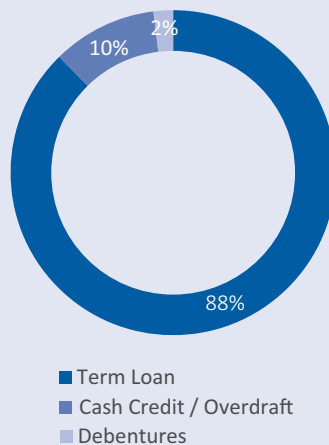


Debt

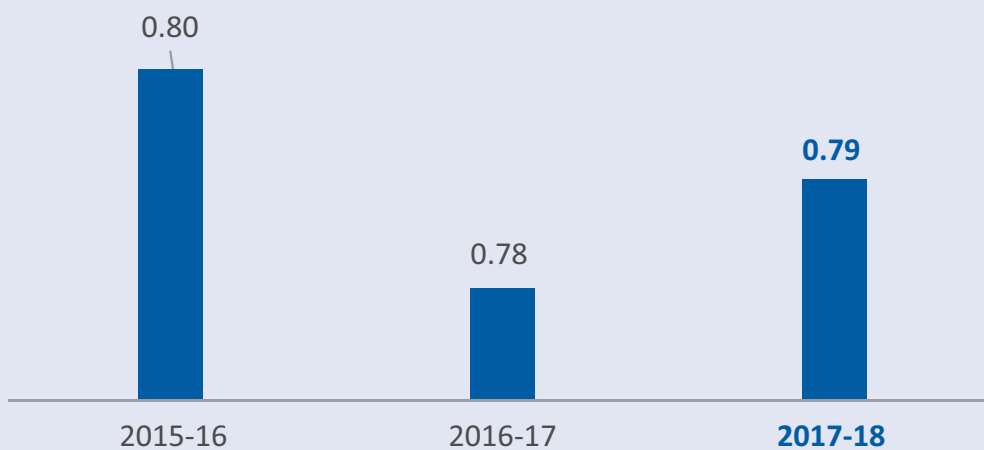
The Company's resource composition is mixed with low-cost debt and relatively higher cost equity. Debt financing is used for executing various projects - residential, commercial and contractual - and for financing the acquisition of land parcels for future development.

As on March 31, 2018, the gross debt of the Company was ₹ 21,991 million as compared to ₹ 20,736 Million in the previous year. The increase in debt is primarily on account of pursuing investment opportunities in Kochi and Bangalore. The debt-equity ratio stood at 0.79 at the close of the financial year.

Composition of Borrowings

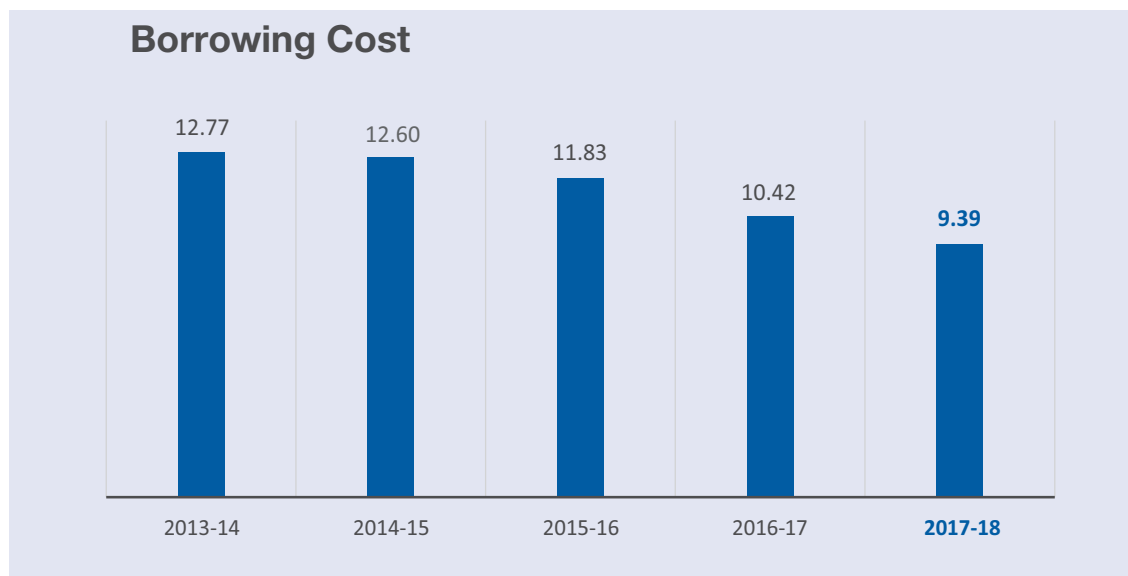


Debt Equity



Borrowing Costs

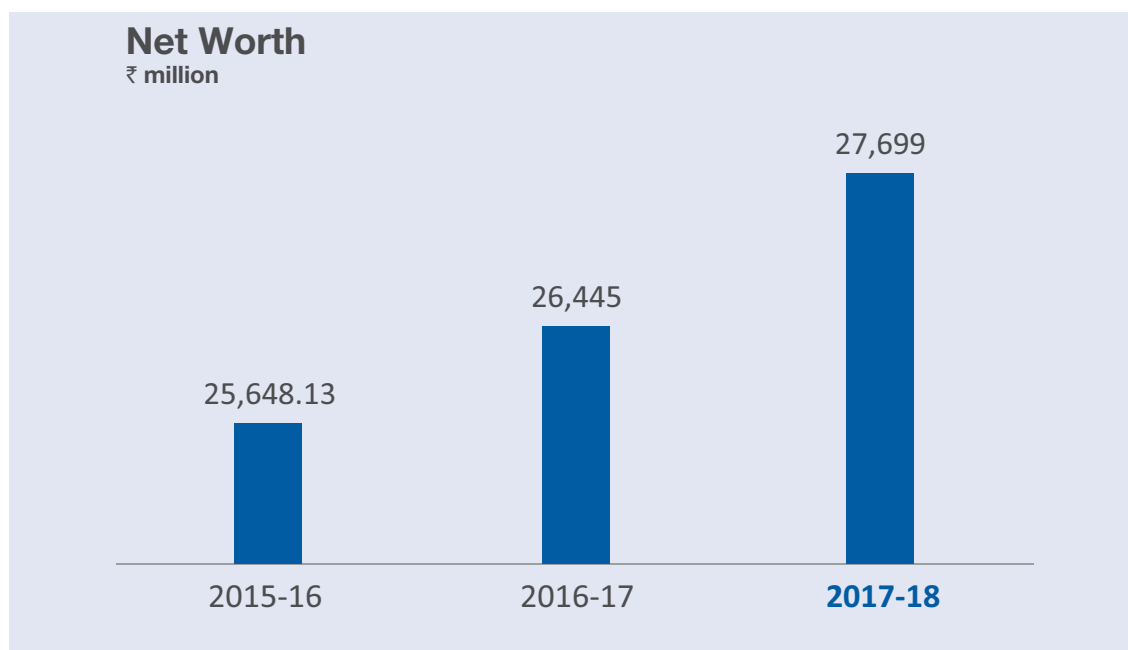
The Company has consistently brought down its average borrowing cost for the last five years. Since 2015, cumulatively it has been brought down by 320 bps of the average cost of borrowing. As end of March 2018, the average borrowing cost stood at 9.39 per cent, which is the lowest for the Company.



During the year the Company's borrowings were rated by ICRA as A+ (Stable) as against A (Stable) in the previous year.

Net Worth

The net worth of the Company on a consolidated basis as on March 31, 2018 was ₹ 27,699 million.



The compounded annual rate of growth in net worth over the past three financial years is @ 3.92 percent.

Fixed Assets

During the financial year 2017-18, the gross addition to Fixed Assets was ₹ 139.29 million. About 3.41% of gross block addition was on account of investment in scaffolding items of 32.72% and on account of additions to Plant and Machinery 32.36%.

Current Assets

During the financial year 2017-18, the Current Assets increased by ₹ 659.04 million as compared to the previous year. This is mainly on account of increase in other current assets and trade receivable.

Current Liabilities

During the financial year 2017-18, the Current Liabilities increased by ₹ 432.63 million. This is on account of increase in short term borrowings and other current financial liabilities.

Dividends

The Company follows a 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% of its profits.

The Board of Directors has recommended a dividend of ₹ 7 per equity share for the year.

The Board of Directors has formulated a Policy on Dividend distribution, which can be accessed from the website of the Company at: <http://www.sobha.com/investor-relations-downloads-pol.php>.

**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 19, 2018

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 financial year ended 31 March 2018 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 financial year ended 31 March 2018;
 - (2) significant changes in accounting policies during the financial year ended 31 March 2018 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
Date: 19 May 2018

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 Audit of the Standalone Indian Accounting Standards ("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 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS 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 state of affairs, profit (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company

or to cease operations, or has no realistic alternative but to do so.

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 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS 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 the 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 are also responsible to conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention

in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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 aforesaid 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 31 March 2018, its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Other Matters

- a) Corresponding figures for the year ended 31 March 2017 have been audited by another auditor who expressed an unmodified opinion dated 16 May 2017 on the standalone Ind AS financial statements of the Company for the year ended 31 March 2017.
- b) We draw attention to Note 2.2 (a) of the standalone Ind AS financial Statements, which states that the Company is in the process of consulting relevant bodies / committee dealing with clarifying matters relating to Ind AS for presentation of revenues and corresponding costs for Joint Development Agreements.

Our conclusion is not modified in respect of these matters.

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 in terms of Section 143(11) of the Act, we give in "Annexure A" 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 purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, 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 Indian Accounting Standards prescribed under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - 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 38 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; and
- iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not

pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited standalone Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

Supreet Sachdev

Partner

Membership number: 205385

Bangalore

19 May 2018

Annexure A to the Independent Auditor's Report

The Annexure A referred to in our report to the members of Sobha Limited ('the Company') for the year ended 31 March 2018. We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of 3 years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified during the year. No material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material.

- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to information and explanation given to us, the company has complied with the provisions of sections 185 and 186 of the Act, with the respect of the loan given, investment made, guarantees and security given.
- (v) The Company has not accepted any deposits from the public within the meaning the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules of Central government for the maintenance of cost records under the section 148(1) of companies Act, 2013 in respect of the construction of buildings/structure and the other related activities, and we are of the opinion that prima facie, the specified accounts and records have been maintained. We have however not done a detailed examination.
- (vii) (a) According to the information and explanations given to us and on the basis

of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, cess and any other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of including provident fund, employees state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, cess and any other material statutory dues were in arrears, as at 31 March 2018, for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are dues of income Tax or sales Tax or service Tax or duty of customs or duty of excise or value added tax which have not been deposited by the Company on account of disputes except for the following.

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	2.05	2002-05	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	27.62	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	2012-13	High Court
Kerala Sales Tax Act	Basis of charge of sales tax	11.71	2012-13	DC - (Appeals) Thiruvananthapuram
Kerala Sales Tax Act	Basis of charge of sales tax	29.66	2013-14	DC - (Appeals) Thiruvananthapuram
Kerala Sales Tax Act	Basis of charge of sales tax	23.52	2011-12	DC - (Appeals) Thiruvananthapuram
Haryana Sales Tax Act	Basis of charge of sales tax	1.28	2011-12	Commissioner Appeal Gurgaon
Tamil Nadu Value Added Tax Act	Basis of charge of sales tax	5.79	2011-14	Assistant Commissioner (CT)
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
The Maharashtra Value Added Tax Act	Basis of charge of sales tax	3.93	2013-14	Commissioner of Central Tax
The Maharashtra Value Added Tax Act	Basis of charge of sales tax	0.38	2011-12	Commissioner of Central Tax
The Kolkata Value Added Tax Act	Basis of charge of sales tax	1.00	2009-10	West Bengal commercial taxes appellate
Income Tax Act	Disallowances	1.69	2007-11	Assistant Commissioner of Income Tax
Income Tax Act	Disallowances	153.21	2005-07	High Court
Income Tax Act	Disallowances	23.07	2006-14	Commissioner of Income tax (Appeal) and ITAT
Finance Act, 1994 (Service Tax Provisions)	Disallowances	2.66	2002-07	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994 (Service Tax Provisions)	Service tax demand	372.85	2006-12	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994 (Service Tax Provisions)	Service tax demand	48.17	2008-16	Commissioner of Central Tax, GST Commissionerate
Finance Act, 1994 (Service Tax Provisions)	Service tax demand	5.32	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)
Excise duty	Excise duty demand	6.00	2013-15	Central Excise and Service Tax Appellate Tribunal
Excise duty	Excise duty demand	4.39	2013-15	Assistant Commissioner Central Excise
Customs Act, 1962	Differential tax treatment	1.27	2010-11	Central Excise and Service Tax Appellate Tribunal

*Net of Rs.506.96 million, paid under protest.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution, banks or debenture holder. The Company did not have any outstanding loans or borrowing from Government.
- (ix) According to the information and explanations given to us and based on examination of the records of the Company, the term loans obtained during the year were applied for the purpose for which they were obtained. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) According to the information and explanations given to us, no material fraud on the Company by its officers and employees or fraud by the Company has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him.
- (xv) According to the information and explanation given to us and in our opinion the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

Supreet Sachdev

Partner

Membership number: 205385

Bangalore

19 May 2018

Annexure - B to the Independent Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Sobha Limited ("the Company") as of 31 March 2018 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, 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 ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (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 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

Supreet Sachdev

Partner

Membership number: 205385

Bangalore

19 May 2018

Sobha Limited

Standalone Balance Sheet

		in ₹ million	
		As at	As at
	Note	31 March 2018	31 March 2017
Assets			
Non-current assets			
Property, plant and equipment	4	2,791.28	3,166.26
Capital work-in-progress	4	-	6.22
Investment property under construction	5	1,344.93	792.84
Intangible assets	6	1.18	1.92
Financial assets			
Investments	8	3,962.53	3,907.97
Trade receivables	9	134.55	143.33
Other non-current financial assets	10	389.29	521.81
Other non-current assets	11	4,294.38	4,201.57
		12,918.14	12,741.92
Current assets			
Inventories	7	46,730.35	48,551.84
Financial assets			
Trade receivables	9	2,917.22	1,952.67
Cash and cash equivalents	12	804.89	934.70
Bank balance other than cash and cash equivalents	13	104.45	227.27
Other current financial assets	10	8,297.50	8,342.53
Other current assets	11	16,450.35	14,636.71
		75,304.76	74,645.72
Total assets		88,222.90	87,387.64
Equity and liabilities			
Equity			
Equity share capital	14	948.46	963.05
Other equity	15	25,222.46	24,182.63
Total equity		26,170.92	25,145.68
Non-current liabilities			
Financial liabilities			
Borrowings	17	2,788.28	3,679.33
Other non-current financial liabilities	18	1.52	1.52
Provisions	19	183.10	161.37
Deferred tax liabilities (net)	20	2,478.38	2,231.67
		5,451.28	6,073.89
Current liabilities			
Financial liabilities			
Borrowings	17	19,571.59	17,715.82
Trade payables	21	6,991.67	7,716.61
Other current financial liabilities	18	4,215.18	3,545.89
Other current liabilities	22	25,337.22	26,700.71
Liabilities for current tax (net)	20	361.81	378.16
Provisions	19	123.23	110.88
		56,600.70	56,168.07
Total liabilities		62,051.98	62,241.96
Total equity and liabilities		88,222.90	87,387.64

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 **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Supreet Sachdev
Partner
Membership No.: 205385

Place: Bengaluru, India
Date: 19 May 2018

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: 19 May 2018

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

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Sobha Limited

Standalone statement of profit and loss

			in ₹ million
		For the year ended 31 March 2018	For the year ended 31 March 2017
Income	Note		
Revenue from operations	23	26,014.50	21,920.38
Finance income	25	323.50	325.45
Other income	24	158.88	27.89
Total income		26,496.88	22,273.72
Expenses			
Land purchase cost		153.20	7,129.36
Cost of raw materials and components consumed	26	2,540.17	1,980.42
Purchase of project materials		6,478.42	5,462.05
(Increase)/decrease in inventories	27	(3.56)	(7,526.82)
Excise duty on sale of goods		39.67	170.85
Subcontractor and other charges		6,466.54	5,848.49
Employee benefits expense	28	1,984.85	1,779.35
Finance cost	32	1,948.35	1,478.62
Depreciation and amortization expense	29	503.95	599.88
Other expenses	30	3,561.12	3,101.97
Total expenses		23,672.71	20,024.17
Profit before tax		2,824.17	2,249.55
Tax expenses			
Current tax	20	638.05	866.45
Deferred tax charge/(credit)	20	246.71	(19.04)
Income tax expense		884.76	847.41
Profit for the year		1,939.41	1,402.14
Other comprehensive income			
Item that will not be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/(losses) on defined benefit plan		(4.40)	2.04
Income tax effect		-	(0.71)
Other comprehensive income for the year, net of tax		(4.40)	1.33
Total comprehensive income for the year		1,935.01	1,403.47
Earnings per equity share [nominal value of ₹ 10 (31 March 2017 - ₹ 10)]			
Basic and diluted (amount in ₹)	36	20.28	14.47

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 **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Supreet Sachdev
Partner
Membership No.: 205385

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: 19 May 2018

Place: Bengaluru, India
Date: 19 May 2018

Sobha Limited

Standalone statement of changes in equity

a. Equity share capital

	No of shares in million	Amount in ₹ million
Equity shares of ₹ 10 each issued, subscribed and fully paid		
Balance as at 1 April 2016	98.06	980.64
Less : Buy back of equity shares (Refer note 15 and 16)	(1.76)	(17.59)
Balance as at 31 March 2017	96.30	963.05
Balance as at 1 April 2017	96.30	963.05
Less : Buy back of equity shares (Refer note 15 and 16)	(1.46)	(14.59)
Balance as at 31 March 2018	94.84	948.46

b. Other equity

	Attributable to owners of the Company					in ₹ million
	Reserves and Surplus					
	Capital redemption reserve	Securities premium account	Debt redemption reserve	General reserve	Retained earnings	Total
As at 1 April 2016	87.29	10,497.27	117.14	2,447.36	10,426.56	23,573.78
Profit for the year	-	-	-	-	1,402.14	1,402.14
Other comprehensive income (net of tax)	-	-	-	-	-	1.33
Total comprehensive income	87.29	10,497.27	117.14	2,447.36	11,828.70	24,977.25
Transfer to other reserves						
Capital redemption reserve	17.59	-	-	-	(17.59)	-
Debt redemption reserve	-	-	311.54	-	(311.54)	-
General reserve	-	-	-	140.21	(140.21)	-
Total transfer to other reserves	17.59	-	311.54	140.21	(469.34)	-
Transaction with owners, recorded directly in equity						
Distribution to owners						
Dividend (including dividend distribution tax)	-	-	-	-	(231.68)	(231.68)
Premium on buy back of equity shares	-	(562.94)	-	-	-	(562.94)
Total distribution to owners	-	(562.94)	-	-	(231.68)	(794.62)
As at 31 March 2017	104.88	9,934.33	428.68	2,587.57	11,127.68	24,182.63

Sobha Limited

Standalone statement of changes in equity

	Attributable to owners of the Company					in ₹ million
	Reserves and Surplus					Total
	Capital redemption reserve	Securities premium account	Debenture redemption reserve	General reserve	Retained earnings	Items of OCI Other items of OCI
As at 1 April 2017	104.88	9,934.33	428.68	2,587.57	11,127.68	(0.51)
Profit for the year	-	-	-	-	1,939.41	-
Other comprehensive income (net of tax)	-	-	-	-	-	(4.40)
Total comprehensive income	104.88	9,934.33	428.68	2,587.57	13,067.09	(4.91)
Transfer to other reserves						
Capital redemption reserve (refer note 15)	14.59	-	-	-	(14.59)	-
Debenture redemption reserve	-	-	225.99	-	(225.99)	-
Debentures redeemed during the period	-	-	(175.00)	175.00	-	-
General reserve	-	-	-	193.99	(193.99)	-
Total transfer to other reserves	14.59	-	50.99	368.99	(434.57)	-
Transaction with owners, recorded directly in equity						
Distribution to owners						
Dividend (including dividend distribution tax) refer note 15	-	-	-	-	(289.77)	-
Premium on buy back of equity shares	-	(605.41)	-	-	-	(605.41)
Total distribution to owners	-	(605.41)	-	-	(289.77)	-
As at 31 March 2018	119.47	9,328.92	479.67	2,956.56	12,342.75	(4.91)

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 **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Supreet Sachdev
Partner
Membership No.: 205385

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: 19 May 2018

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

Vigneshwar G Bhat
Company Secretary and Compliance Officer

Sobha Limited
Standalone statement of cash flows

	in ₹ million	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Cash flows from operating activities		
Profit before tax	2,824.17	2,249.55
Adjustments to reconcile profit before tax to net cash flows from operating activities:		
Depreciation and amortisation expense	503.95	599.88
(Gain)/loss on sale of property, plant and equipment	(8.64)	0.18
Finance income (including fair value change in financial instruments)	(323.50)	(325.45)
Finance costs (including fair value change in financial instruments)	1,750.54	1,314.93
Allowance for credit loss	99.66	2.36
Bad debts written off	4.47	-
Share of (profit)/ loss from investment in partnership firm	(125.38)	108.97
<i>Working capital adjustments:</i>		
(Increase)/decrease in trade receivables	(1,058.23)	605.37
Increase in inventories	(1,799.97)	(7,865.90)
(Increase)/decrease in other financial assets	158.35	(1,818.27)
(Increase)/decrease in other assets	(1,159.75)	2,269.07
Increase in trade payables and other financial liabilities	175.29	5,408.97
Increase in provisions	34.08	14.72
Increase in other non-financial liabilities	2,257.97	1,530.53
Cash generated from operating activities	3,333.01	4,094.91
Income tax paid (net of refund)	(654.40)	(574.66)
Net cash flows from operating activities (A)	2,678.61	3,520.25
Cash flows from investing activities		
Purchase of property, plant and equipment	(631.03)	(316.24)
Proceeds from sale of property, plant and equipment	11.60	0.25
Amount contributed to partnership current account	70.82	(299.09)
Investment in Sobha Highrise Ventures Private Limited	-	(346.78)
Proceeds from redemption of debentures	-	198.50
(Investments in)/redemption of bank deposits (having original maturity of more than three months) - net	142.02	(85.44)
Interest received	323.50	333.74
Net cash flows used in investing activities (B)	(83.63)	(515.06)

Sobha Limited

Standalone statement of cash flows

	in ₹ million	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Cash flows from financing activities		
Proceeds from long-term borrowings	-	300.00
Repayment of long-term borrowings	(1,124.16)	(1,832.61)
Proceeds from short-term borrowings	16,984.15	13,262.22
Repayment of short-term borrowings	(15,100.10)	(11,477.93)
Buy back of equity shares	(620.00)	(580.53)
Interest paid	(2,574.99)	(2,594.39)
Dividends paid on equity shares	(240.68)	(192.87)
Tax on dividend paid	(49.01)	(39.21)
Net cash flows used in financing activities (C)	(2,724.79)	(3,155.32)
Net decrease in cash and cash equivalents	(129.81)	(150.13)
Cash and cash equivalents at the beginning of the year (refer note 12)	934.70	1,084.83
Cash and cash equivalents at the end of the year (refer note 12)	804.89	934.70

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 **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

for and on behalf of the Board of Directors of

Sobha Limited

Supreet Sachdev

Partner

Membership No.: 205385

Ravi PNC Menon

Chairman

DIN: 02070036

J.C. Sharma

Vice Chairman and Managing Director

DIN: 01191608

Subhash Bhat

Chief Financial Officer

Vighneshwar G Bhat

Company Secretary and Compliance Officer

Place: Bengaluru, India

Date: 19 May 2018

Place: Bengaluru, India

Date: 19 May 2018

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

1 Corporate information

Sobha Limited ('Company' or 'SL') was incorporated on 7 August 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 Companies Act, 1956. The registered office is located at Bangalore. The Company's 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 19 May 2018.

2 Significant accounting policies

2.1 Basis of preparation

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

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)

The standalone financial statements are presented in ₹ and all values are rounded to the nearest millions, except when otherwise indicated.

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. These taxes are 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 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.

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

There is diversity in real estate industry's practice of presenting gross revenues and corresponding gross costs in such transactions. Over the period of the contract, there is no impact on profits arising from the above accounting treatment. Due to the diversity in practice for presentation of the above, the Company is in the process of consulting with the relevant bodies / committee dealing with clarifying matters relating to Ind AS.

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 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

Property, plant and 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 statement of profit and loss as incurred.

Subsequent expenditure related to an item of property, plant and equipment is

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

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 derecognised 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 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.

c) 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.

d) 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 of the Act, except where specified.

Particulars	Useful lives estimated by the management (in years)
Property, plant and equipment	
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 31 March 2018

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. This estimate of useful life is 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.

e) Impairment of non-financial assets

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

f) 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.

g) Fair value measurement

The Company measures financial instruments 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 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 prices (unadjusted) in active markets for identical assets or liabilities
- ▶ Level 2 — inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- ▶ Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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.

h) 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.

Classification and subsequent measurement

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

- amortised cost
- fair value through other comprehensive income (FVTOCI) - debt investment
- fair value through other comprehensive income (FVTOCI) - equity investment
- fair value through profit or loss (FVTPL)

Financial assets at amortised cost

A 'financial asset' is measured at the amortised cost if both the following conditions are met and is not designated as FVTPL:

- 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.

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

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 statement profit and loss. The losses arising from impairment are recognised in the statement profit and loss. This category generally applies to trade and other receivables.

Debt instrument at Fair Value Through Other Comprehensive Income(FVTOCI)

A 'Debt instrument' is classified as at the FVTOCI if both of the following criteria are met and is not designated as FVTPL:

- a) the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, 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.

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).

Financial assets at Fair Value Through Profit or Loss (FVTPL)

FVTPL is a residual category for financial assets. Any financial assets, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. financial assets

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 financial asset, 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 financial asset as at FVTPL.

Equity investments in subsidiaries and joint ventures

The Company has availed the option available in Ind AS 27 *separate financial statements* to carry its investment in subsidiaries and joint ventures at cost. Impairment recognized, if any, is reduced from the carrying value.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised 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.

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

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

All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Classification, subsequent measurement and gains and losses

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

losses are recognised in the statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

Derecognition

A financial liability is derecognised 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 and loss.

i) Borrowing costs

Borrowing costs are interest and other costs incurred in connection with borrowings of funds. 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.

j) 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.

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

k) Employee benefits

i. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the statement of profit and loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

ii. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future

contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income (OCI). The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

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 12 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.

I) 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.

Sobha Limited**Notes to the standalone financial statements for the year ended 31 March 2018****m) 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.

n) 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 and buy back.

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.

o) Income taxes

Income tax expense comprises of current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

Current income tax

Current income tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred income tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- ▶ temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- ▶ temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realised.

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, 1961. 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.

p) 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.

q) 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

Sobha Limited**Notes to the standalone financial statements for the year ended 31 March 2018**

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 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.

r) 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.

s) Leases**Where the Company is lessee**

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

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 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.

t) **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.

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

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.

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

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

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 31 March 2018

4 Property, plant and equipment

	Freehold land	Factory buildings	Other buildings	Plant and machinery	Scaffolding items	Furniture and fixtures	Vehicles	Computers	Office equipments	Total	in ₹ million Capital work in progress
Cost											
As at 1 April 2016	81.90	637.72	1,111.52	1,349.97	873.61	39.48	10.84	35.52	10.34	4,150.90	6.43
Additions during the year	-	3.88	3.24	17.72	3.95	0.17	0.12	14.44	1.30	44.82	-
Deletions during the year	-	-	-	(127.99)	-	-	(0.98)	(0.25)	-	(129.22)	(0.21)
As at 31 March 2017	81.90	641.60	1,114.76	1,239.70	877.56	39.65	9.98	49.71	11.64	4,066.50	6.22
Additions during the year	-	-	17.81	45.07	45.57	1.89	0.10	25.44	2.78	138.66	-
Deletions during the year	-	-	-	(3.68)	(21.12)	(5.45)	(0.49)	(4.91)	(0.17)	(35.82)	(6.22)
As at 31 March 2018	81.90	641.60	1,132.57	1,281.09	902.01	36.09	9.59	70.24	14.25	4,169.34	-
Accumulated Depreciation											
As at 1 April 2016	-	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	596.70	-
Deletions during the year	-	-	-	(127.57)	-	-	(0.97)	(0.25)	-	(128.79)	-
As at 31 March 2017	-	116.33	120.05	230.44	370.84	17.92	5.24	31.78	7.64	900.24	-
Charge for the year	-	61.97	51.78	174.99	189.91	4.22	0.64	16.71	2.37	502.58	-
Deletions during the year	-	-	-	(1.05)	(16.07)	(3.36)	-	(4.12)	(0.16)	(24.76)	-
As at 31 March 2018	-	178.30	171.83	404.38	544.68	18.78	5.88	44.37	9.84	1,378.06	-
Carrying amount											
As at 31 March 2018	81.90	463.30	960.74	876.71	357.33	17.31	3.71	25.87	4.41	2,791.28	-
As at 31 March 2017	81.90	525.27	994.71	1,009.26	506.72	21.73	4.74	17.93	4.00	3,166.26	6.22

Note:

a) Capitalised borrowing costs

The amount of borrowing costs capitalised during the year ended 31 March 2018 was ₹ 49.47 million (31 March 2017 - ₹ 84.45 million). The rate used to determine the amount of borrowing costs eligible for capitalisation was 9.25%, which is the effective interest rate of the specific borrowing.

b) Property, plant and equipment

Property, plant and equipment with a carrying amount of ₹ 1,655.74 million (31 March 2017 - ₹ 5,038.36 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 31 March 2018

5 Investment property under construction

	Investment property under construction	Total
in ₹ million		
Balance as at 1 April 2016	447.87	447.87
- Additions during the year	344.97	344.97
- Capitalised during the year	-	-
Balance as at 31 March 2017	792.84	792.84
- Additions during the year	552.09	552.09
- Capitalised during the year	-	-
Balance as at 31 March 2018	1,344.93	1,344.93

6 Intangible assets

	Software	Intellectual property rights	Total
in ₹ million			
Cost			
Balance as at 1 April 2016	13.94	0.05	13.99
Additions during the year	0.44	-	0.44
Balance as at 31 March 2017	14.38	0.05	14.43
Additions during the year	0.63	-	0.63
Balance as at 31 March 2018	15.01	0.05	15.06
Amortization and impairment			
Balance as at 1 April 2016	9.31	0.05	9.36
Charge for the year	3.15	-	3.15
Balance as at 31 March 2017	12.46	0.05	12.51
Charge for the year	1.37	-	1.37
Balance as at 31 March 2018	13.83	0.05	13.88
Carrying amount			
As at 31 March 2018	1.18	-	1.18
As at 31 March 2017	1.92	-	1.92

7 Inventories (valued at lower of cost and net realizable value)

	As at 31 March 2018	As at 31 March 2017
in ₹ million		
Raw materials and components	450.98	388.67
Building materials	92.96	126.09
Land stock *	8,518.03	8,908.07
Work-in-progress *	36,152.33	37,587.13
Stock in trade - flats *	1,472.35	1,480.08
Finished goods	43.70	61.80
	46,730.35	48,551.84

* Carrying amount of inventories pledged as securities against borrowings as at 31 March 2018 - ₹ 13,868.10 million (31 March 2017 - ₹ 12,028.24 million)

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

8 Investments

	in ₹ million	
	As at 31 March 2018	As at 31 March 2017
Non-current investments:		
Investments carried at cost		
Trade investments (valued at amortised cost unless stated otherwise)		
Unquoted equity shares		
Investment in subsidiaries		
199,999 (31 March 2017 - 199,999) Class A equity shares of ₹10 each fully paid-up in Sobha Highrise Ventures Private Limited	2.00	2.00
10,200,000 (31 March 2017 - 10,200,000) Class C equity shares of ₹ 33.90 each fully paid-up in Sobha Highrise Ventures Private Limited	345.78	345.78
2,500,000 (31 March 2017 - 2,500,000) Class D equity shares of ₹ 10 each fully paid-up in Sobha Highrise Ventures Private Limited	25.00	25.00
526,320 (31 March 2017 - 526,320) equity shares of ₹ 1 each fully paid-up in Sobha Developers (Pune) Limited	986.41	986.41
50,000 (31 March 2017 - 50,000) equity shares of ₹ 10 each fully paid-up in Sobha Nandambakkam Developers Limited	13.74	13.74
50,002 (31 March 2017 - 50,002) equity shares of ₹ 10 each fully paid-up in Sobha Tambaram Developers Limited	2.24	2.24
10,000 (31 March 2017 - 10,000) equity shares of ₹ 10 each fully paid-up in Sobha Assets Private Limited	0.10	0.10
Unquoted preference instruments (in the nature of equity)		
<i>Investment in subsidiary</i>		
7,700,000 (31 March 2017 - 7,700,000) compulsorily convertible preference shares of ₹ 10 each fully paid-up in Sobha Highrise Ventures Private Limited	77.00	77.00
Investment in the capital of partnership firm (Subsidiary)		
99% (31 March 2017 - 99%) share in the profits of partnership firm:		
Sobha City - Capital account	399.99	399.99
Sobha City - Current account	857.57	1,927.53
Consideration paid for additional share in capital and profit of the partnership firm	128.00	128.00
Investment in the capital of partnership firm (Joint Venture)		
50% (with effect from 16 September 2017) share in the profits of partnership firm:		
Kondhwa Projects LLP - Current account	1,124.52	-
Total investments carried at cost	3,962.55	3,907.79

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

	in ₹ million	
	As at 31 March 2018	As at 31 March 2017
Investments carried at fair value through profit and loss		
Unquoted equity securities		
<i>Investment in equity instruments</i>		
2,680,000 (31 March 2017 - 2,680,000) equity shares of ₹ 10 each fully paid-up in Sobha Renaissance and Information Technology Private Limited	26.80	26.80
Less: Impairment in value of investments	(26.70)	(26.70)
Total investments carried at fair value through profit and loss	0.10	0.10
Investments at amortized cost		
<i>Government and trust securities (unquoted)</i>		
National savings certificates	0.08	0.08
Total investments carried at amortised cost	0.08	0.08
Total investments	3,962.53	3,907.97
Aggregate amount of unquoted investments	3,962.53	3,907.97
Aggregate amount of impairment in value of investments	26.70	26.70

Details of investments in partnership firms

Investment in Sobha City

Name of Partner	Share of partner in profits (%)	
	31 March 2018	31 March 2017
Sobha Limited	99	99
Tree Hill Estates Private Limited	-	-
Sobha Developers (Pune) Limited	1	1
Total capital of the firm (₹ million)	400.00	400.00

9 Trade receivables

	in ₹ million			
	Current		Non-Current	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Trade receivables				
Unsecured, considered good	2,917.22	1,952.67	134.65	143.33
Unsecured, considered doubtful	29.11	-	92.78	22.33
	2,946.33	1,952.67	227.43	165.66
Less: Allowances for credit loss	(29.11)	-	(92.88)	(22.33)
	2,917.22	1,952.67	134.55	143.33
Net trade receivables	2,917.22	1,952.67	134.55	143.33

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

10 Other financial assets

	in ₹ million			
	Current		Non-Current	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Unsecured, considered good				
Refundable deposit towards joint development agreement	4,470.33	4,082.63	6.35	99.22
Security deposits	79.74	35.43	222.06	242.51
Unbilled revenue	3,747.43	4,224.47	-	-
Non-current bank balances (refer note 13)	-	-	160.88	180.08
	8,297.50	8,342.53	389.29	521.81

11 Other assets

	in ₹ million			
	Current		Non-Current	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Unsecured, considered good				
Capital advances	-	-	9.95	0.71
Land advances *	13,322.88	12,073.04	4,027.87	3,916.95
Advances recoverable in cash or kind	2,063.56	1,635.45	78.15	83.59
Prepaid expenses	113.15	57.92	178.41	200.32
Balances with statutory/ government authorities	950.76	645.89	-	-
Other receivables	-	224.41	-	-
	16,450.35	14,636.71	4,294.38	4,201.57

* 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 or companies in which Directors are interested

	in ₹ million			
	Current		Non-Current	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Advances recoverable in cash or kind				
Dues from Sobha Projects & Trade Private Limited, in which the Company's director is a director and a member	426.44	519.00	-	-
Dues from Sobha Assets Private Limited, in which the Company's director is a director	-	-	81.44	78.44
Dues from Sobha Contracting LLC (Dubai), in which the Company's director is a director	-	-	-	5.15

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

12 Cash and cash equivalents

	in ₹ million	
	Current	
	As at 31 March 2018	As at 31 March 2017
Cash on hand*	6.24	4.94
Cheques/ drafts on hand	182.53	97.49
Balances with banks:		
– On current accounts	616.12	832.27
	804.89	934.70

*Disclosure for Specified Bank Notes

Disclosure of details of Specified Bank Notes (SBN) held and transacted during the period 8 November 2016 to 30 December 2016 has been provided in the table below:

	in ₹ million		
Particulars	SBN's	Other denomination notes*	Total
Closing cash in hand as on 8 November 2016	4.75	2.32	7.07
(+) Cash withdrawal	-	10.3	10.3
(+) 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 30 December 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 8 November 2016. These are general receipts and payments of other denomination notes.

13 Bank balance other than cash and cash equivalents

	in ₹ million	
	Current	
	As at 31 March 2018	As at 31 March 2017
Bank balance other than cash and cash equivalents		
– On unclaimed dividend account	1.84	1.76
– Margin money deposit	102.61	225.51
	104.45	227.27

Margin money deposits given as security

Margin money deposits with a carrying amount of ₹ 51.10 million (31 March 2017 - ₹ 55.74 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 standalone financial statements for the year ended 31 March 2018

14 Equity Share Capital

	in ₹ million	
	As at 31 March 2018	As at 31 March 2017
Authorised shares		
150,000,000 (31 March 2017 - 150,000,000) equity shares of ₹ 10 each	1,500.00	1,500.00
5,000,000 (31 March 2017 - 5,000,000) 7% redeemable preference shares of ₹ 100 each	500.00	500.00
Issued, subscribed and fully paid-up shares		
94,845,853 (31 March 2017 - 96,304,676) equity shares of ₹ 10 each fully paid up	948.46	963.05
Total issued, subscribed and fully paid-up share capital	948.46	963.05

(a) Reconciliation of the shares outstanding at the end of the reporting year

	31 March 2018		31 March 2017	
	No of shares	₹ million	No of shares	₹ million
<i>Equity shares</i>				
At the beginning of the year	96,304,676	963.05	98,063,868	980.64
Issued during the year	-	-	-	-
Shares bought back during the year (refer note 15)	(1,458,823)	(14.59)	(1,759,192)	(17.59)
Outstanding at the end of the year	94,845,853	948.46	96,304,676	963.05

(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 March 2018		31 March 2017	
	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	35.63	37.56%	40.35	41.89%
Mr. P.N.C. Menon	12.06	12.72%	17.58	18.26%
Mr. P.N.C. Menon (Inclusive of joint holding with Mrs. Sobha Menon)	5.29	5.58%	-	-
Nordea 1 Sicav - Emerging Stars Equity Fund	5.21	5.49%	4.40	4.57%
Schroder International Selection Fund Emerging Asia	4.77	5.03%	-	-
Platinum Asia Fund	-	-	6.77	7.03%

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 standalone financial statements for the year ended 31 March 2018

15 Other equity

	in ₹ million	
	As at 31 March 2018	As at 31 March 2017
Capital redemption reserve		
Balance at the beginning of the year	104.88	87.29
Add: Amount transferred from surplus balance in the statement of profit and loss		
- On account of buy back of equity shares [Refer note (a) below]	14.59	17.59
Closing balance	119.47	104.88
Debenture redemption reserve [Refer note (b) below]		
Balance at the beginning of the year	428.68	117.14
Add: Amount transferred from surplus balance in the statement of profit and loss	225.99	311.54
Less: Redeemed during the period (transfer to general reserve)	(175.00)	-
Closing balance	479.67	428.68
Securities premium account		
Balance at the beginning of the year	9,934.33	10,497.27
Less: Premium on buy back of equity shares [Refer note (a) below]	(605.41)	(562.94)
Closing balance	9,328.92	9,934.33
General reserve		
Balance at the beginning of the year	2,587.57	2,447.36
Add: Transfer from statement of profit and loss	193.99	140.21
Add: Transfer from debenture redemption reserve	175.00	-
Closing balance	2,956.56	2,587.57
Surplus in the statement of profit and loss		
Balance at the beginning of the year	11,127.18	10,424.72
Profit for the year	1,939.41	1,402.14
<i>Other comprehensive income</i>		
Re-measurement gains/ (losses) on defined benefit plans, net of taxes	(4.40)	1.33
Less: Appropriations		
Dividend (including dividend distribution tax) refer note 16	(289.77)	(231.68)
Transfer to debenture redemption reserve	(225.99)	(311.54)
Transfer to capital redemption reserve [Refer note (a) below]	(14.59)	(17.59)
Transfer to general reserve	(193.99)	(140.21)
Net surplus in the statement of profit and loss	12,337.84	11,127.17
Total other equity	25,222.46	24,182.63

- (a) During the year ended 31 March 2018, the Company has effected the buyback of 1,458,823 (31 March 2017 - ₹ 1,759,192) fully paid up equity shares of the Company of face value of ₹ 10 each at a price of ₹ 425 (31 March 2017 - ₹ 330) per equity share on proportionate basis, aggregating to ₹ 620 (31 March 2017 - ₹ 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 ₹ 225.99 million (31 March 2017 - ₹ 311.54 million).

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

16 Distribution made and proposed

	31 March 2018	31 March 2017
in ₹ million		
Cash dividend on equity shares proposed and paid		
Final dividend for the year ended 31 March 2017- ₹ 2.5 per share (31 March 2016- ₹ 2 per share)	240.76	192.47
Dividend distribution tax on final dividend	49.01	39.21
	289.77	231.68
Proposed dividend on Equity shares		
Final dividend for the year ended 31 March 2018- ₹ 7 per share (31 March 2017- ₹ 2.5 per share)	663.92	240.76
Dividend distribution tax on proposed dividend	135.16	49.29
	799.08	290.05

17 Borrowings

	As at 31 March 2018	As at 31 March 2017
in ₹ million		
Non-current borrowings		
Secured debentures		
25,500 (31 March 2017 - 32,500) redeemable non-convertible debentures of ₹ 0.10 million each	2,516.91	3,183.62
Secured loans		
Term loans from banks	496.18	673.21
Term loans from financial institutions	-	246.65
Equipment loans	0.19	0.19
	496.37	920.05
Amount disclosed under the head "other current financial liabilities" (refer note 18)	(225.00)	(424.34)
Net amount	271.37	495.71
Total non-current Borrowings	2,788.28	3,679.33
Current Borrowings		
Secured loans		
Term loans from banks*	13,813.36	10,764.17
Term loans from financial institutions*	2,756.52	4,036.99
Cash credit from banks	3,001.71	2,060.63
	19,571.59	16,861.79
Unsecured loans		
Term loans from financial institutions		
Loan and advances from related parties repayable on demand (refer note 33)	-	744.00
Term loans from banks *	-	110.03
Net amount	-	854.03
Total current Borrowings	19,571.59	17,715.82

* Term loan from banks and financial institutions represents amount repayable within the operating cycle. Amount payable within twelve months ₹ 10,648.09 million (31 March 2017 - ₹ 4,416.34 million)

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

Terms and repayment schedule

(i) Secured debentures

Particulars	Effective interest rate	Year of maturity	in ₹ million	
			Carrying amount as at	
			31 March 2018	31 March 2017
Debentures	11%-13%	2018-2020	2,516.91	3,183.62

(ii) Secured loans

Particulars	Effective interest rate	Year of maturity	in ₹ million	
			Carrying amount as at	
			31 March 2018	31 March 2017
Term loans from banks	9%-11%	2020	247.82	373.21
Term loans from banks	9%-11%	2020	248.36	300.00
Term loans from financial institutions	10%-12%	2018	-	15.32
Term loans from financial institutions	10%-12%	2017	-	231.33
Equipment loan	13%-15%	2019	0.19	0.19

Current Borrowings

(i) Secured loans

Particulars	Effective interest rate	Year of maturity	in ₹ million	
			Carrying amount as at	
			31 March 2018	31 March 2017
Term loans from banks	10%-12%	2018	-	942.05
Term loans from banks	10%-12%	2018	-	1,147.97
Term loans from banks	9%-11%	2018	-	616.11
Term loans from banks	9%-11%	2018	379.66	379.35
Term loans from banks	9%-11%	2017	-	249.44
Term loans from banks	8%-10%	2019	2,946.05	2,486.74
Term loans from banks	9%-11%	2019	797.37	737.29
Term loans from banks	10%-12%	2017	-	388.75
Term loans from banks	9%-11%	2019	348.38	346.55
Term loans from banks	9%-11%	2020	198.61	198.14
Term loans from banks	9%-11%	2020	549.60	599.86
Term loans from banks	9%-11%	2022	1,181.99	1,175.29
Term loans from banks	10%-12%	2018	-	997.54
Term loans from banks	9%-11%	2018	595.23	497.86
Term loans from banks	9%-11%	2019	498.68	1.23
Term loans from banks	9%-11%	2018	750.00	-
Term loans from banks	9%-11%	2021	997.17	-
Term loans from banks	9%-11%	2020	992.26	-
Term loans from banks	9%-11%	2022	680.09	-
Term loans from banks	7%-9%	2019	1,000.00	-
Commercial Paper from bank	8%-10%	2018	946.78	-
Term loans from banks	8%-10%	2020	371.49	-
Term loans from banks	8%-10%	2020	580.00	-
Term loans from financial institutions	10%-12%	2017	-	345.39
Term loans from financial institutions	10%-12%	2017	-	285.38
Term loans from financial institutions	10%-12%	2017	-	660.94
Term loans from financial institutions	10%-12%	2017	-	417.75
Term loans from financial institutions	9%-11%	2019	522.56	937.59
Term loans from financial institutions	9%-11%	2021	141.57	150.00
Term loans from financial institutions	9%-11%	2020	226.30	250.00

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

Particulars	Effective interest rate	Year of maturity	in ₹ million	
			Carrying amount as at	
			31 March 2018	31 March 2017
Term loans from financial institutions	9%-11%	2021	996.48	500.00
Term loans from financial institutions	9%-11%	2019	869.62	489.94
Cash credit	8%-10%	On demand	1,697.83	1,328.79
Cash credit	9%-11%	On demand	9.99	20.89
Cash credit	9%-11%	On demand	18.85	7.76
Cash credit	9%-11%	On demand	4.89	17.82
Cash credit	9%-11%	On demand	131.79	-
Cash credit	9%-11%	On demand	955.45	-
Cash credit	9%-11%	On demand	5.23	3.70
Cash credit	9%-11%	On demand	21.71	0.27
Cash credit	9%-11%	On demand	2.43	1.22
Cash credit	9%-11%	On demand	153.55	680.18

(ii) Unsecured loans

Particulars	Effective interest rate	Year of maturity	in ₹ million	
			Carrying amount as at	
			31 March 2018	31 March 2017
Term loans from banks	11%-12%	2017	-	110.03
Loan and advances from related parties	10%-12%	2017	-	744.00

(iii) Details of collateral securities offered by related companies in respect of loans availed by the Company

Nature of loan	Name of the Company	Year of maturity	in ₹ million	
			Carrying amount as at	
			31 March 2018	31 March 2017
Term loans	Rusoh Marina Properties Private Limited	2017		110.03
	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	Sobha Glazing & Metal Works Private Limited	2017	-	360.71
Term loans	Sobha Glazing & Metal Works Private Limited	2021	1,519.04	1,668.92

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

18 Other financial liabilities

	in ₹ million	
	As at 31 March 2018	As at 31 March 2017
Non-current		
Land cost payable	1.52	1.52
Total non-current other financial liabilities	1.52	1.52
Current		
Current maturities of long-term borrowings (refer note 17)	225.00	424.34
Letter of credit payable	1,283.13	949.36
Bank overdraft from scheduled banks	33.07	31.82
Interest accrued but not due on borrowings	166.69	209.71
Unclaimed dividend*	1.84	1.76
Others		
Non-trade payable	268.87	210.47
Security deposit towards maintenance services	1,132.83	1,076.38
Payable to related parties (refer note 33)	112.72	102.41
Payable for purchase of property, plant and equipments	19.94	6.05
Revenue share payable	971.09	533.59
Total current other financial liabilities	4,215.18	3,545.89

*Investor Protection and Education Fund is credited for unclaimed dividends when due.

19 Provisions

	in ₹ million			
	Current		Non-current	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Provision for employee benefits				
Provision for gratuity (refer note 35)	58.40	51.37	107.20	85.47
Provision for compensated absences	64.83	59.51	-	-
	123.23	110.88	107.20	85.47
Others				
Other provisions	-	-	75.90	75.90
	-	-	75.90	75.90
	123.23	110.88	183.10	161.37

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

20 Income taxes

The major components of income tax expense for the years ended 31 March 2018 and 31 March 2017 are:

A. Amounts charged to statement of profit and loss

Particulars	in ₹ million	
	31 March 2018	31 March 2017
Current income tax:		
Current income tax charge	638.05	866.45
Deferred tax:		
Relating to origination and reversal of temporary differences	246.71	(19.04)
Income tax expense reported in the statement of profit and loss	844.76	847.41

Tax expenses (net) for the year ended 31 March 2018 includes taxes of ₹ 39.35 million (31 March 2017 - ₹ Nil million) relating to earlier years.

B. Income tax recognised in other comprehensive income

Particulars	in ₹ million	
	31 March 2018	31 March 2017
Net loss/(gain) on remeasurements of defined benefit plans	-	0.71
Income tax charge to other comprehensive income	-	0.71

C. Reconciliation of effective tax rate

Particulars	in ₹ million	
	31 March 2018	31 March 2017
Accounting profit before income tax	2,824.17	2,249.55
Tax on accounting profit at statutory income tax rate 34.608% (31 March 2017: 34.608%)	977.39	778.52
Adjustments in respect of current income tax of previous years	39.35	-
<i>Non-deductible expenses for tax purposes:</i>		
Disallowance u/s 80G	36.06	25.29
Others	2.99	5.89
Non taxable income for tax purposes:		
Tax impact on Profit/ (loss) from partnership firm	43.39	37.71
MAT Credit Entitlement	(214.42)	-
At the effective income tax rate of 38.92% (31 March 2017: 37.67%)	884.76	847.41
Tax expense reported in the Statement of profit and loss	884.76	847.41

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

D. Deferred tax

Deferred tax assets and liabilities relates to the following

	in ₹ million				
	Balance as at 1 April 2016	Recognised in profit and loss during 2016-17	Balance as at 31 March 2017	Recognised in profit and loss during 2017-18	Balance as at 31 March 2018
Interest U/S 36(1)(iii)-interest inventorised/capitalised in the books but claimed as expense in tax	(2,557.29)	(161.46)	(2,718.75)	(436.39)	(3,155.14)
Property, plant and equipment	61.49	28.76	90.25	19.84	110.09
Provision for leave salary	21.19	(0.33)	20.86	1.80	22.66
Provision for gratuity	-	-	-	20.41	20.41
Provision for exgratia	-	-	-	15.36	15.36
Provision for doubtful debts	7.68	0.01	7.69	36.47	44.16
Difference of finance lease depreciation and interest as per books and rent allowed as per IT Act	0.02	(0.02)	-	-	-
Deferred tax adjustment for opening Ind AS adjustments	133.37	-	133.37	(133.37)	-
Deferred tax adjustment for periods Ind AS adjustments	83.54	151.37	234.91	229.17	464.08
Deferred tax expense/(income)	-	18.33	-	(246.71)	-
Net deferred tax assets/(liabilities)	(2,250.00)	-	(2,231.67)	-	(2,478.38)

Reconciliation of deferred tax liabilities (net)

	in ₹ million	
	31 March 2018	31 March 2017
Balance at the beginning of the year	2,231.67	2,250.00
Tax income/(expense) during the period recognised in profit or loss	246.71	(19.04)
Tax income/(expense) during the period recognised in OCI	-	0.71
Closing balance	2,478.38	2,231.67

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 31 March 2018 and 31 March 2017, 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.

E) Liabilities for current tax (net)

	in ₹ million	
Particulars	31 March 2018	31 March 2017
Current income tax:		
Opening	378.16	149.33
Add: Additions during the year	638.05	866.45
Less: MAT credit adjustment	-	(62.96)
Less: Payments during the year	(654.40)	(574.66)
	361.81	378.16

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

21 Trade payables

	in ₹ million	
	As at 31 March 2018	As at 31 March 2017
Trade payables		
Land cost payable	800.00	3,080.96
Others	6,191.67	4,635.65
	6,991.67	7,716.61

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

	in ₹ million	
	As at 31 March 2018	As at 31 March 2017
Current liabilities		
Advance from customers	12,047.61	9,519.04
Liability under JDA (Net of unbilled revenue)	13,241.43	16,862.89
VAT payable	-	235.53
Withholding taxes payable	40.74	39.82
Others	7.44	43.43
	25,337.22	26,700.71

Breakup of financial liabilities carried at amortised cost

	in ₹ million	
	As at 31 March 2018	As at 31 March 2017
Borrowings (refer note 17)	22,359.87	21,395.15
Other financial liabilities (refer note 18)	4,216.70	3,547.41
Trade payables (refer note 21)	6,991.67	7,716.61
Total financial liabilities carried at amortised cost	33,568.24	32,659.17

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.

	in ₹ million			
	31 March 2018		31 March 2017	
	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months
Inventories (refer note 7)	2,764.67	43,965.68	3,114.16	45,437.68
Refundable deposit towards joint development agreement (refer note 9)	812.08	3,664.60	535.32	3,646.53
Land advances (refer note 11)	372.98	16,977.78	707.95	15,282.04
Unbilled revenue (refer note 10)	3,747.43	-	4,224.47	-
Borrowings (refer note 17)	10,873.09	11,486.78	4,840.68	16,554.47
Advance from customers (refer note 22)	1,379.50	10,668.11	109.55	9,409.49
Liability under JDA (net of unbilled revenue) (refer note 22)	29.84	13,211.59	42.22	16,820.67

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

23 Revenue from operations

	For the year ended 31 March 2018	in ₹ million For the year ended 31 March 2017
Sale of products/ finished goods (including excise duty)		
Income from property development	17,723.15	12,240.65
Income from sale of land and development rights	12.50	1,078.60
Income from glazing works	1,963.90	1,490.67
Income from interior works	1,011.69	933.86
Income from concrete blocks	352.37	270.00
Sale of services		
Income from contractual activity - Subsidiaries	245.37	1,580.67
Income from contractual activity - Others	4,535.95	4,404.63
Other operating revenue		
Share in profits/ (loss) of partnership firm investments (post tax)	125.38	(108.97)
Scrap sales	44.19	30.27
	26,014.50	21,920.38

Sale of products/ finished goods includes excise duty collected from customers of ₹ 39.67 million (31 March 2017- ₹ 170.85 million). Sale of products/ finished goods net of excise duty is ₹ 21,023.94 million (31 March 2017- ₹ 15,842.93 million).

Excise duty on (Increase)/decrease in inventory of finished goods amounting to ₹ Nil million (31 March 2017 - ₹ 1.51 million) has been considered as (income)/expense in note 30 of financial statements.

24 Other income

	For the year ended 31 March 2018	in ₹ million For the year ended 31 March 2017
Other non-operating income (net of expenses directly attributable to such income)	148.50	27.89
Foreign exchange gain, net	1.74	-
Profit on sale of property, plant and equipment	8.64	-
	158.88	27.89

25 Finance income

	For the year ended 31 March 2018	in ₹ million For the year ended 31 March 2017
Interest income on		
Bank deposits	24.17	31.52
Long term investments	-	11.58
Unwinding of discount on deposits	299.33	282.35
	323.50	325.45

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

26 Cost of raw material and components consumed

	in ₹ million	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Inventory at the beginning of the year		
Raw materials	388.67	275.05
Add: Purchases	2,602.48	2,094.04
Less: Inventory at the end of the year	450.98	388.67
	2,540.17	1,980.42

27 (Increase)/decrease in inventories

	in ₹ million	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Inventories at the end of the year		
Building materials	92.97	126.09
Land stock	8,518.03	8,908.07
Work-in-progress	36,152.33	37,587.13
Stock in trade - flats	1,472.35	1,480.08
Finished goods	43.70	61.80
	46,279.38	48,163.17
Inventories at the beginning of the year		
Building materials	126.09	56.33
Land stock	8,908.07	7,400.21
Work-in-progress	37,587.13	32,250.32
Stock in trade - flats	1,480.08	881.30
Finished goods	61.80	48.19
	48,163.17	40,636.35
Less: Transferred to Capital work-in-progress/tangible assets/advances	1,887.35	-
	46,275.82	40,636.35
	(3.56)	(7,526.82)

28 Employee benefits expense

	in ₹ million	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Salaries, wages and bonus	1,793.49	1,624.59
Contribution to provident and other funds	61.45	52.23
Gratuity expense (refer note 35)	38.28	25.03
Compensated absence	27.09	23.37
Staff welfare expenses	64.54	54.13
	1,984.85	1,779.35

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

29 Depreciation and amortization expense

	For the year ended 31 March 2018	in ₹ million For the year ended 31 March 2017
Depreciation of property, plant and equipments	502.58	596.73
Amortization of intangible assets	1.37	3.15
	503.95	599.88

30 Other expenses

	For the year ended 31 March 2018	in ₹ million For the year ended 31 March 2017
Excise duty on (increase)/ decrease in inventory	-	(1.51)
License fees and plan approval charges	209.89	334.94
Power and fuel	504.70	406.03
Water charges	39.53	70.69
Freight and forwarding charges	171.64	108.22
Rent	265.98	289.41
Rates and taxes	170.91	110.18
Insurance	50.34	39.88
Property maintenance expenses	95.15	50.31
Repairs and maintenance		
Plant and machinery	31.34	30.93
Others	44.02	44.32
Advertising and sales promotion	798.88	602.25
Brokerage and discounts	103.57	76.64
Donation	125.20	143.42
Travelling and conveyance	243.48	248.26
Printing and stationery	36.37	-
Legal and professional fees	202.01	201.71
Directors' commission and sitting fees	5.74	8.10
Payment to auditor (Refer details below)*	8.14	12.89
Foreign exchange loss, (net)	-	0.56
Allowance for credit loss	99.66	2.36
Bad debts written off	4.47	-
Loss on sale of property, plant and equipments, (net)	-	0.18
Miscellaneous expenses	350.10	322.20
	3,561.12	3,101.97

* Payment to auditor

	For the year ended 31 March 2018	in ₹ million For the year ended 31 March 2017
As auditor:		
Audit fee [including for Limited review ₹ 2.83 million (31 March 2017 - ₹ 4.90 million)]	7.53	11.60
In other capacity:		
Other services	-	0.50
Reimbursement of expenses	0.61	0.79
	8.14	12.89

Sobha Limited**Notes to the standalone financial statements for the year ended 31 March 2018****31 Details of CSR expenditure:**

Gross amount required to be spent during the year was ₹ 50.36 million (31 March 2017- ₹ 57.64 million)

Amount spent during the year ended 31 March 2018:	In Cash	Yet to be paid in cash
Construction/acquisition of any asset (in ₹ million)	-	-
On purposes other than above (in ₹ million)	124.20	-
	124.20	-
Amount spent during the year ended 31 March 2017:		
Construction/acquisition of any asset (in ₹ million)	-	-
On purposes other than above (in ₹ million)	143.42	-
	143.42	-

32 Finance costs

	For the year ended 31 March 2018	in ₹ million For the year ended 31 March 2017
Interest		
- On borrowings	2,230.04	2,467.17
- Others	252.46	92.13
Bank charges	197.81	163.69
	2,680.31	2,722.99
Less: Interest cross charged/ inventorised/ capitalised on qualifying assets	(731.96)	(1,244.37)
	1,948.35	1,478.62

33 Related party disclosures

a) Name of the related parties and the nature of its relationship with the Company's as below
Subsidiaries

Direct Subsidiaries

Sobha City
Sobha Highrise Ventures Private Limited
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

Subsidiaries of Sobha Highrise Ventures Private Limited

Sobha Contracting Pvt Ltd

Joint Venture

Kondhwa Projects LLP (with effect from 16 September 2017)

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

Key Shareholder

Mr. P. N. C. Menon
Mrs. Sobha Menon

Key Management Personnel ('KMP')

Mr. Ravi PNC Menon - Chairman
Mr. J. C. Sharma - Vice Chairman and Managing Director
Mr. P. Ramakrishnan - Executive Director (Upto 7 April 2017)

Additional related parties ('KMP's) as per Companies Act, 2013 with whom transactions have taken place

Mr. Subhash Bhat - Chief Financial Officer
Mr. Vighneshwar G Bhat - Company Secretary
Mr. Kishore Kayarat - Company Secretary (Upto 10 September 2016)

Other Directors

Mr. Anup Shah
Dr. S K Gupta
Mr. R V S Rao
Dr. Punita Kumar Sinha
Mr. M Damodaran (Upto 12 September 2016)

Relatives of key management personnel

Mrs. Sudha Menon

Other Related Parties [Enterprise owned or significantly influenced by key management personnel]

Divyakaushal Properties LLP
Mannur Properties Private Limited
Mannur Real Estate Private Limited
Punkunnam Builders and Developers Private Limited
Puzhakkal Developers Private Limited
SBG Housing Private Limited
Sobha Aviation and Engineering Services Private Limited
Sobha Contracting LLC, Dubai
Sobha Glazing & Metal Works Private Limited
Sobha Interiors 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
Sri Durga Devi Property Management Private Limited
Sri Kanakadurga Property Developers Private Limited
Sri Kurumba Educational and Charitable Trust
Sri Parvathy Land Developers Private Limited
Technobuild Developers Private Limited

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

b) Details of the transactions with the related parties:

Particulars	in ₹ million	
	For the year ended 31 March 2018	For the year ended 31 March 2017
I. Transaction with wholly owned subsidiaries		
Income from contractual activity		
Sobha City	10.90	127.96
Sobha Developers (Pune) Limited	179.05	502.34
Sobha Highrise Ventures Private Limited	65.79	383.49
Sobha Tambaram Developers Limited	-	49.18
Sobha Nandambakkam Developers Limited	-	30.54
Sobha Projects & Trade Private Limited	796.63	-
Income from glazing works		
Sobha City	0.03	4.61
Income from interior works		
Sobha City	0.10	3.75
Share in profit/ (loss) of partnership firm		
Sobha City	125.38	(108.97)
Interest on borrowings		
Sobha City	37.89	41.68
Amount contributed to partnership current account		
Sobha City	-	299.09
Amount withdrawn from partnership current account		
Sobha City	1,051.43	-
Payments made on behalf of related party		
Sobha City	6.98	0.58
Sobha Assets Private Limited	3.00	2.62
Sobha Nandambakkam Developers Limited	0.02	-
Sobha Tambaram Developers Limited	0.06	-
Payments made by related party on behalf of the Company		
Sobha City	-	2.54
Security deposit received towards maintenance services		
Sobha Highrise Ventures Private Limited	-	51.00
II. Transaction with joint venture		
Income from contractual activity		
Sobha Highrise Ventures Private Limited	-	487.16

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

Particulars	in ₹ million	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest income on debentures		
Sobha Highrise Ventures Private Limited	-	11.58
Payments made on behalf of related party		
Sobha Highrise Ventures Private Limited	-	18.15
Land advance		
Kondhwa Projects LLP	1,124.52	-
III. Transaction with other related parties		
Income from glazing works		
Sri Kurumba Educational and Charitable Trust	0.46	0.09
Income from interior works		
Sri Kurumba Educational and Charitable Trust	3.15	5.63
Purchase of project items		
Sobha Projects & Trade Private Limited	151.31	220.04
Aircraft hire charges		
Sobha Puravankara Aviation Private Limited	116.89	119.33
CSR expenditure - Donation		
Sri Kurumba Educational and Charitable Trust	124.20	143.42
Payments made on behalf of related party		
Technobuild Developers Private Limited	1.54	0.36
Sobha Projects & Trade Private Limited	1.71	-
Mannur Properties Private Limited	-	0.02
Moolamcode Traders Private Limited	0.05	0.01
Pallavur Projects Private Limited	0.01	0.01
Sri Kurumba Educational and Charitable Trust	-	2.48
Sri Durga Devi Property Management Private Limited	-	0.84
SBG Housing Private Limited	-	0.01
Sobha Aviation and Engineering Services Private Limited	-	0.01
Sobha Technocity Private Limited	-	0.01
Payments made by related party on behalf of the Company		
Sri Kanakadurga Property Developers Private Limited	-	0.03
Sri Parvathy Land Developers Private Limited	-	0.01
Advance paid towards purchase of land		
Technobuild Developers Private Limited	1,014.79	396.40
Advance paid towards purchase of goods or services		
Sobha Projects & Trade Private Limited	71.33	301.51
Sobha Puravankara Aviation Private Limited	58.66	148.87

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

Particulars	in ₹ million	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Refund of advance by the related party		
Sobha Projects & Trade Private Limited	16.61	38.50
Sobha Puravankara Aviation Private Limited	-	2.00
Technobuild Developers Private Limited	553.03	201.80
Rent paid		
Sobha Interiors Private Limited	15.96	15.61
Sobha Glazing & Metal Works Private Limited	6.16	6.13
Directors' remuneration		
Mr. J. C. Sharma	53.72	42.80
Mr. Ravi PNC Menon	91.83	79.43
Mr. P. Ramakrishnan	4.86	9.55
Dividend paid (Payment basis)		
Mr. Ravi PNC Menon	0.08	0.07
Mr. J. C. Sharma	0.10	0.18
Salary (including perquisites)		
Mr. Subhash Bhat	10.93	10.13
Mr. Kishore Kayarat	-	1.84
Mr. Vigneshwar G Bhat	3.59	1.78
Directors' sitting fees and commission		
Mr. Anup Shah	1.61	1.67
Dr. S K Gupta	1.67	1.67
Mr. R V S Rao	1.63	1.63
Dr. Punita Kumar Sinha	1.58	1.60
Mr. M Damodaran	-	1.53
Payments made on behalf of related party		
Mr. Ravi PNC Menon	-	1.36
IV. Transaction with key shareholders		
Dividend paid (payment basis)		
Mr. P. N. C. Menon	30.56	24.45
Mrs. Sobha Menon	90.87	80.69
Mr. P. N. C. Menon and Mrs. Sobha Menon (jointly held shares)	13.40	10.72
Buyback of equity share		
Mr. P. N. C. Menon	69.12	87.32
Mrs. Sobha Menon	306.06	330.62
Mr. P. N. C. Menon and Mrs. Sobha Menon (jointly held shares)	30.53	44.06

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

c) Details of balances receivable from and payable to related parties are as follows:

Particulars	in ₹ million	
	As at 31 March 2018	As at 31 March 2017
I. Balances receivable from and payable to wholly owned subsidiaries		
Investment in subsidiaries - Current account		
Sobha City - Partner current account	857.57	1,927.53
Investment in preference shares		
Sobha Highrise Ventures Private Limited	77.00	77.00
Advances recoverable in cash or in kind		
Sobha Assets Private Limited	81.44	78.44
Trade receivables		
Sobha Highrise Ventures Private Limited	-	0.53
Advance from customers		
Sobha Developers (Pune) Limited	1,825.06	1,147.80
Sobha City	-	157.37
Sobha Nandambakkam Developers Limited	3.95	35.10
Sobha Tambaram Developers Limited	10.40	13.52
Security deposit towards maintenance services		
Sobha Highrise Ventures Private Limited	-	51.00
Unsecured current borrowings		
Sobha City	-	744.00
Guarantees given		
Sobha City	727.70	744.00
Sobha Highrise Ventures Private Limited	-	400.00
II. Balances receivable from and payable to joint ventures		
Investment in Partners Current Account		
Kondhwa Projects LLP	1,124.52	-
Capital creditors		
Kondhwa Projects LLP	0.10	-
III. Balances receivable from and payable to other related parties		
Land advance		
Technobuild Developers Private Limited	8,725.46	8,262.14
Puzhakkal Developers Private Limited	150.27	150.27
Sri Parvathy Land Developers Private Limited	101.33	101.33
Sri Durga Devi Property Management Private Limited	42.88	53.11

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

Particulars	in ₹ million	
	As at 31 March 2018	As at 31 March 2017
Rent deposit		
Sobha Glazing & Metal Works Private Limited	27.01	26.22
Sobha Interiors Private Limited	68.19	66.74
Advances recoverable in cash or in kind		
Sobha Projects & Trade Private Limited	426.44	519.00
Sobha Puravankara Aviation Private Limited	663.12	671.45
Punkunnam Builders and Developers Private Limited	0.03	0.03
Sobha Aviation and Engineering Services Private Limited	0.01	0.01
Mannur Properties Private Limited	0.02	0.02
Sobha Technocity Private Limited	0.01	0.01
Sobha Contracting LLC, Dubai	-	5.15
Trade receivables		
Sri Kurumba Educational and Charitable Trust	19.89	16.66
Divyakaushal Properties LLP	2.38	-
Sobha Projects & Trade Private Limited	540.51	-
Trade payables		
SBG Housing Private Limited	2.67	2.69
Sobha Puravankara Aviation Private Limited	411.29	358.00
Capital creditors		
Sobha Renaissance Information Technology Private Limited	2.89	2.89
Advance from customers		
Divyakaushal Properties LLP	-	2.94
IV. Balances receivable from and payable to key managerial personnel		
Non-trade payable		
Mr. J. C. Sharma	41.75	30.92
Mr. Ravi PNC Menon	43.35	30.92

d) Details of loans taken from related parties

Particulars	Year ended	Loans taken	Repayment	Interest Paid	in ₹ million
					Amount owed to related parties
Subsidiaries					
Sobha City	31 March 2018	744.00	744.00	37.89	-
Sobha City	31 March 2017	750.00	6.00	41.68	744.00

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

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 31 March 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2017 - ₹ 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.

f) Compensation of key management personnel of the Company

Particulars	in ₹ million	
	As at 31 March 2018	As at 31 March 2017
Short-term employee benefits	80.01	78.74
Commission to independent directors	6.00	7.50
Other benefits*	85.07	66.79
	171.08	153.03

*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

Basis of segmentation

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segments and assess their performance.

The Company has two reportable segments, as described below, which are the Company's strategic business units. These business units offer different products and services, and are managed separately because they require different marketing strategies. For each of the business units, the Company's CEO reviews internal management reports on at least a quarterly basis.

The CEO 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) comprises development, sale, management and operation of all or any part of townships, housing projects, also includes leasing of self owned commercial premises.

The operation of the Contractual and Manufacturing segment (CM) comprises 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 a overall basis and are not allocated to operating segments.

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

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 31 March 2018 and 31 March 2017 respectively:

Business segments

Particulars	in ₹ million	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Segment revenue		
Real estate	17,780.27	13,350.37
Contractual and Manufacturing	9,449.35	9,546.19
Total Segment revenue	27,229.62	22,896.56
Inter segment revenues	(1,340.60)	(867.21)
Other operating income- Share of profits/ (losses) in a subsidiary partnership firm	125.48	(108.97)
Net revenue from operations	26,014.50	21,920.38
Segment result		
Real estate	4,747.32	3,764.20
Contractual and Manufacturing	1,236.64	1,174.31
Total Segment results	5,983.96	4,938.51
Finance costs	(1,948.35)	(1,478.62)
Other unallocable expenditure	(1,819.20)	(1,454.71)
Share of profits/ (losses) in a subsidiary partnership firm	125.38	(108.97)
Other income (including finance income)	482.38	353.34
Profit before taxation	2,824.17	2,249.55
Income taxes	(884.76)	(847.41)
Profit after taxation	1,939.41	1,402.14

The following table presents assets and liabilities information for the Company's operating segments as at 31 March 2018 and 31 March 2017 respectively

Particulars	in ₹ million	
	As at 31 March 2018	As at 31 March 2017
Segment assets		
Real estate	73,695.67	74,572.69
Contractual and Manufacturing	4,350.99	4,213.67
Total Segment assets	78,046.66	78,786.36
Unallocated assets	10,176.24	8,601.28
Total Assets	88,222.90	87,387.64
Segment liabilities		
Real estate	30,072.23	33,484.93
Contractual and Manufacturing	5,536.00	3,155.08
Total Segment liabilities	35,608.23	36,640.01
Unallocated liabilities	26,443.75	25,601.95
Total liabilities	62,051.98	62,241.96
Capital employed		
Real estate	43,623.44	41,087.76
Contractual and Manufacturing	(1,185.01)	1,058.59
Unallocated Capital employed	(16,267.51)	(17,000.67)
Total Capital employed	26,170.92	25,145.68

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 31 March 2018

Current taxes, deferred taxes and certain financial assets and liabilities are considered as unallocated as they are also managed on a Company basis.

Particulars	in ₹ million	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Capital expenditure		
Real estate	83.51	6.37
Contractual and Manufacturing	55.15	5.69
Unallocated capital expenditure	561.96	373.59
Total capital expenditure	700.62	385.65

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

(i) Reconciliation of assets

Particulars	in ₹ million	
	As at 31 March 2018	As at 31 March 2017
Segment assets	78,046.66	78,786.36
Investment (refer note 8)	3,962.53	3,907.97
Prepaid expenses (refer note 11)	291.56	258.24
Balances with statutory/government authorities (refer note 11)	950.76	645.89
Cash and bank balances (refer note 12 and 13)	909.33	1,161.97
Non-current bank balances (refer note 10)	160.88	180.08
Other unallocable assets	3,901.18	2,447.13
Total Assets	88,222.90	87,387.64

(ii) Reconciliation of liabilities

Particulars	in ₹ million	
	As at 31 March 2018	As at 31 March 2017
Segment liabilities	35,608.23	36,640.01
Borrowings (refer note 17)	22,359.87	21,395.15
Provisions (refer note 19)	306.33	272.25
Deferred tax liabilities (refer note 20)	2,478.38	2,231.67
Liabilities for current tax (net) (refer note 20)	361.81	378.16
VAT payable (refer note 22)	-	235.53
Withholding taxes payable (refer note 22)	40.74	39.82
Others payable (refer note 22)	7.44	43.43
Other unallocable liabilities	889.18	1,005.94
Total Liabilities	62,051.98	62,241.96

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

35 Employment benefit plans

Particulars	in ₹ million	
	As at 31 March 2018	As at 31 March 2017
Net benefit liability-gratuity	165.60	136.84
Non-current	107.20	85.47
Current	58.40	51.37

The Company has a defined benefit gratuity plan in India ('the Plan'), governed by the Payment of Gratuity Act, 1972. The Plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned.

The defined benefit plan for gratuity is administered by a single gratuity fund that is legally separate from the Company. The board of the gratuity fund comprises three employees. The board of the gratuity fund is required by law to act in the best interests of the plan participants and is responsible for setting certain policies (e.g. investment and contribution policies) of the fund.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans:

Particulars	in ₹ million	
	31 March 2018	31 March 2017
Reconciliation of present value defined benefit obligation		
Obligation at beginning of the year	137.14	125.89
Service cost	29.31	15.64
Interest cost	9.28	9.72
Benefits settled	(13.21)	(11.93)
Actuarial (gain)/loss (through OCI)	4.50	(2.18)
Obligation at end of the year	167.02	137.14
Reconciliation of present value of planned assets		
Plan assets at beginning of the year, at fair value	0.30	2.66
Interest income	0.02	0.21
Actuarial gain/(loss) (through OCI)	0.10	(0.14)
Contributions paid into the plan	14.20	9.50
Benefits settled	(13.21)	(11.93)
Plan assets at end of the year, at fair value	1.41	0.30
Present value of defined benefit obligation at the end of the year	167.02	137.14
less: Fair value of plan assets at the end of the year	1.41	0.30
Net liability recognised in the balance sheet	165.61	136.84
Expenses recognised in statement of profit and loss		
Service cost	29.31	15.64
Interest cost (net)	9.26	9.51
Gratuity cost	38.57	25.15
Capitalised to property plant and equipments	(0.29)	(0.12)
Net gratuity cost	38.28	25.03
Re-measurement gains/ (losses) in OCI		
Actuarial gain / (loss) due to financial assumption changes	5.07	(5.38)
Actuarial gain / (loss) due to experience adjustments	(9.57)	7.56
Return on plan assets greater (less) than discount rate	0.10	(0.14)
Total expenses routed through OCI	(4.40)	2.04

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

The major categories of plan assets as a percentage of the fair value of the total plan assets are as follows:

Particulars	in ₹ million	
	31 March 2018	31 March 2017
Investment in insurance fund	100%	100%

Actuarial assumptions

Particulars	31 March 2018	31 March 2017
Discount rate	7.50%	6.77%
Future salary increases	5.00%	5.00%
Employee turnover	15.00%	15.00%
Estimated rate of return on plan assets	7.50%	6.77%

Assumptions regarding future mortality are based on Indian Assured Lives Mortality (2006-08)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	in ₹ million	
	31 March 2018	31 March 2017
Effect of + 1% change in rate of discounting	(6.42)	(5.65)
Effect of - 1% change in rate of discounting	7.03	6.22
Effect of + 1% change in rate of salary growth	7.14	6.27
Effect of - 1% change in rate of salary growth	(6.62)	(5.80)
Effect of + 1% change in rate of employee turnover	0.60	0.24
Effect of - 1% change in rate of employee turnover	(0.69)	(0.29)

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	in ₹ million	
	31 March 2018	31 March 2017
Within the next 12 months	32.24	51.37
Between 2 and 5 years	86.65	43.12
Between 5 and 10 years	68.13	53.08
Total expected payments	187.02	147.57

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 March 2018	31 March 2017
Profit after tax attributable to shareholders (amount in ₹ million)	1,939.41	1,402.14
Weighted average number of equity shares of ₹10 each outstanding during the period used in calculating basic and diluted EPS	95,625,224	96,873,401
Earnings per share - Basic and diluted (amount in ₹)	20.28	14.47

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

37 Leases

Operating lease - 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 ₹ 265.98 million (31 March 2017 - ₹ 289.41 million) during the year towards minimum lease payments.

Future minimum rentals payable under non-cancellable operating lease are as follows:

Particulars	in ₹ million	
	31 March 2018	31 March 2017
Within one year	78.95	69.02
After one year but not more than five years	165.91	163.21
More than five years	130.92	150.82
	375.78	383.05

38 Contingent liabilities and commitments

a. Contingent liabilities (to the extent not provided for)

Particulars	in ₹ million	
	31 March 2018	31 March 2017
i Guarantees given by the Company	2,046.01	2,887.87
ii Income tax matters in dispute	177.97	1,449.01
iii Sales tax matters in dispute	386.49	804.44
iv Service tax matters in dispute	429.33	2,303.24
v Excise duty matters in dispute	11.66	10.75
	3,051.46	7,455.31

The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position. The Group does not expect any reimbursements in respect of the above contingent liabilities.

b. Commitments

- The estimated amount of contracts, net of advances remaining to be executed on capital account is ₹ 83.78 million (31 March 2017 - ₹ 57.20 million).
- At 31 March 2018, the Company has given ₹ 17,350.75 million (31 March 2017 - ₹ 15,989.99 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.
- 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 31 March 2018 the Company has paid ₹ 5,067.44 million (31 March 2017 - ₹ 5,087.99 million) as refundable deposit (undiscounted) against the joint development agreements.
- 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. During the year ended 31 March 2018 the company incurred ₹ 116.89 million (31 March 2017 - ₹ 119.33 million) towards aircraft usage as per agreement.

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

c. 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.

39 Construction contracts

Particulars	in ₹ million	
	31 March 2018	31 March 2017
Contract revenue recognised as revenue for the year ended 31 March 2018	22,504.47	18,225.95
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to 31 March 2018 for all the contracts in progress	51,839.95	56,870.99
The amount of customer advances outstanding for contracts in progress as at 31 March 2018 for which revenue has been recognised	4,156.76	6,838.14
The amount of work-in-progress and value of inventories	20,908.58	16,021.80
The amount of retentions due from customers for contracts in progress as at 31 March 2018	213.76	373.39

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

40 Derivative instruments and unhedged foreign currency exposure

Particulars	in ₹ million	
	As at 31 March 2018	As at 31 March 2017
Foreign currency exposure that are not hedged by derivative instruments or otherwise:		
Trade payables	14.53	14.79

- 41** 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 31 March 2018.

42 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	in ₹ million	
	31 March 2018	31 March 2017
Opening capital work in progress	792.84	447.87
Add: Expenses incurred during the year		
Purchase of project materials	178.82	118.39
Subcontractor and other charges	55.34	93.29
Salaries, wages and bonus	12.72	20.98
Rent	15.46	10.55
Others	289.75	101.76
Sub-total	552.09	344.97
Closing capital work in progress	1,344.93	792.84

Notes to the standalone financial statements for the year ended 31 March 2018

43 Fair value measurements

The carrying value of financial instruments by categories is as follows:

Particulars	As at 31 March 2018			As at 31 March 2017		
	At cost	Fair value through profit or loss	At amortised cost	At cost	Fair value through profit or loss	At amortised cost
Financial assets						
Investments (refer note 8)	3,962.35	0.10	0.08	3,907.79	0.10	0.08
Trade receivables (refer note 9)	-	-	3,051.77	-	-	2,096.00
Cash and bank balances (refer note 12 and 13)	-	-	909.34	-	-	1,161.97
Other financials assets (refer note 10)	-	-	8,686.79	-	-	8,864.34
Total	3,962.35	0.10	12,647.98	3,907.79	0.10	12,122.39
Financial liabilities						
Borrowings (refer note 17)	-	-	22,359.87	-	-	21,395.15
Trade payables (refer note 21)	-	-	6,991.67	-	-	7,716.61
Other financial liabilities (refer note 18)	-	-	4,216.70	-	-	3,547.41
Total	-	-	33,568.24	-	-	32,659.17

Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities

Particulars	As at 31 March 2018			As at 31 March 2017		
	Carrying amount	Fair value Level 1	Fair value Level 2	Level 1	Fair value Level 2	Level 3
Financial assets						
Investments carried at fair value through profit and loss	0.10	-	-	-	-	0.10
Investments at amortized cost	0.08	-	-	-	-	0.08
	0.18	-	-	-	-	0.18

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 instruments, trade receivables, cash and other financial assets, borrowings, trade payables and other financial liabilities are considered to be same as their fair values, due to their short term nature.

For financial assets and 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 31 March 2018

44 Financial risk management objectives and policies

The Company's principal financial liabilities comprise 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 instruments, 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 risk management committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The risk management 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/realestate risk. Financial instruments affected by market risk include borrowings and refundable deposits.

The sensitivity analysis in the following sections relate to the position as at 31 March 2018 and 31 March 2017. 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 31 March 2018 and 31 March 2017.

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 of 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 borrowings affected. With all other variables held constant, the

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/ decrease in interest rate	in ₹ million Effect on profit before tax *
31 March 2018		
INR	+1%	(227.23)
INR	-1%	227.23
31 March 2017		
INR	+1%	(185.56)
INR	-1%	185.56

* determined on gross basis i.e. without 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

- 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.
- 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.
- Revenue from one customer individually accounted for more than 10% of the company's revenue for the year ended 31 March 2018 and 31 March 2017. No single customer individually accounted for more than 10% of the trade receivable balance of the company as at 31 March 2018 and 31 March 2017.

Movement in allowance for credit losses

	31 March 2018	31 March 2017
Particulars		
Opening Balance	22.33	19.97
Amounts written off	4.47	-
Net remeasurement of loss allowance	95.19	2.36
Closing Balance	121.99	22.33

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

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 maximum exposure to credit risk for the components of the statement of financial position at 31 March 2018 and 31 March 2017 is the carrying amounts.

C. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

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:

	in ₹ million					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
31 March 2018						
Borrowings (refer note 17)	3,001.71	2,358.98	8,289.01	8,710.17	-	22,359.87
Trade payables (refer note 21)	-	3,896.67	1,746.63	1,348.37	-	6,991.67
Other financial liabilities (refer note 18)	34.91	961.26	1,002.37	2,216.64	1.52	4,216.70
	3,036.62	7,216.91	11,038.01	12,275.18	1.52	33,568.24
31 March 2017						
Borrowings (refer note 17)	2,804.63	1,257.70	3,822.79	13,510.03	-	21,395.15
Trade payables (refer note 21)	-	2,460.93	713.08	4,541.30	1.30	7,716.61
Other financial liabilities (refer note 18)	33.58	601.40	1,198.53	1,713.90	-	3,547.41
	2,838.21	4,320.03	5,734.40	19,765.23	1.30	32,659.17

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.

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

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 net debt. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables (excluding Liability under JDA), less cash and bank balances.

	in ₹ million	
	As at 31 March 2018	As at 31 March 2017
Borrowings (long-term and short-term, including current maturities of long term borrowings) (Note 17 and 18)	22,584.87	21,819.49
Trade payables (Note 21)	6,991.67	7,716.61
Other financial liabilities (current and non-current, excluding current maturities of long term borrowings) (Note 18)	4,216.70	3,547.41
Other liabilities (excluding liability under JDA) (Note 22)	12,095.79	9,837.82
Less: Cash and bank balances (Note 12 and 13)	(909.34)	(1,161.97)
Net debt	44,979.69	41,759.36
Equity share capital	948.46	963.05
Other equity	25,222.46	24,182.63
Total capital	26,170.92	25,145.68
Capital and net debt	71,150.61	66,905.04
Gearing ratio	63.22%	62.42%

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 31 March 2018 and 31 March 2017.

46 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 - Revenue from Contracts with Customer (the new revenue recognition standard) has been notified by Ministry of Corporate Affairs (MCA) on 28 March 2018 and will be effective from 1 April 2018. Hence, from 1 April 2018, revenue recognition of the Group shall be driven by this standard.

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2018

Ind AS 115 provides guidance on how the entity shall recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This accounting change will bring about significant changes in the way companies recognise, present and disclose their revenue.

The Company is currently evaluating the effect of this standard.

- 47** Disclosure as per clause 34 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	in ₹ million			
	31 March 2018		31 March 2017	
	Closing balance	Maximum amount due	Closing balance	Maximum amount due
Sobha Highrise Ventures Private Limited	-	-	-	208.92

48 Transfer pricing

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with the associated enterprise during the financial year and expects such records to be in existence latest by the date as required by law. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

49 Prior year comparatives

The previous year financial statements have been audited by a firm other than B S R & Co. LLP.

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 **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

for and on behalf of the Board of Directors of
Sobha Limited

Supreet Sachdev
Partner
Membership No.: 205385

Ravi PNC Menon
Chairman
DIN: 02070036

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

Subhash Bhat
Chief Financial Officer

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Place: Bengaluru, India
Date: 19 May 2018

Place: Bengaluru, India
Date: 19 May 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Sobha Limited

Report on the Audit of Consolidated Indian Accounting Standards ('Ind AS') Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Sobha Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement, for the year then ended, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated 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 financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated state of affairs, consolidated profit (including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 consolidated 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 financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 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 the accounting policies used and the reasonableness of the accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements.

We are also responsible to conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Group to cease to continue as a going concern.

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 b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated 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 other financial information of the subsidiaries, the aforesaid consolidated 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 31 March 2018, and their consolidated profit (including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

Other Matters

- a) Corresponding figures for the year ended 31 March 2017 have been audited by another auditor who expressed an unmodified opinion dated 16 May 2017 on the standalone Ind AS financial statements of the Company for the year ended 31 March 2017.
- b) We did not audit the financial statements of six subsidiaries including step-down subsidiaries, whose financial statements reflect total assets of Rs 4,695 million and net assets of ₹ 2,374.68 as at 31 March 2018, total revenues of ₹ 2,215.78 million and net cash outflows amounting to ₹ 50.57 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated 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-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.
- c) We draw attention to Note 2.4 (b) of the consolidated financial statements, which states that the Group is in the process of consulting relevant bodies/committee dealing with clarifying matters relating to Ind AS for presentation of revenues and corresponding costs for Joint Development Agreements.

Our opinion above on the consolidated financial statements, and our Report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters.

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 Matters' paragraph, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2018 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 with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- 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

Auditor's) 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 and also other financial information of the subsidiaries as noted in the 'Other Matters' paragraph:

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 38 to the consolidated financial statements.
- ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2018.
- iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India during the year ended 31 March 2018; and
- iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited consolidated financial statements for the period ended 31 March 2017 have been disclosed.

for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

Supreet Sachdev

Partner

Membership number: 205385

Bangalore

19 May 2018

Annexure - A to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Group as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting of Sobha Limited ("the Holding Company") and its subsidiary companies 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 Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Group'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 Group'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") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A Group'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 Group'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 Group; (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 Group are being made only in accordance with authorisations of Management and directors of the Group; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Group's assets that could have a material effect on the consolidated 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, in all material respects, an adequate internal financial controls system over

financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other Matter

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 six subsidiaries Companies, which are Companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries Companies incorporated in India.

for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

Supreet Sachdev

Partner

Membership number: 205385

Bangalore

19 May 2018

Sobha Limited

Consolidated Balance Sheet

			in ₹ million
		As at	As at
	Note	31 March 2018	31 March 2017
Assets			
Non- current assets			
Property, plant and equipment	4.1	2,795.92	3,171.53
Capital work-in-progress	4.1	-	6.22
Investment property	4.2	1,960.82	1,979.47
Investment property under construction	5	1,344.93	792.84
Intangible assets	6	1.18	1.92
Financial assets			
Investments	8	1,124.84	0.18
Trade receivables	9	134.55	143.33
Other non-current financial assets	10	390.21	537.25
Other non-current assets	11	4,294.38	4,158.75
Current tax assets (net)		53.97	20.65
		12,100.80	10,812.14
Current assets			
Inventories	7	48,348.95	50,959.93
Financial assets			
Trade receivables	9	3,271.97	2,266.78
Cash and cash equivalents	12	1,059.64	1,240.02
Bank balance other than cash and cash equivalents	13	134.27	228.23
Other current financial assets	10	8,306.12	8,456.74
Other current assets	11	17,026.40	14,966.54
		78,147.35	78,118.24
Total assets		90,248.15	88,930.38
Equity and liabilities			
Equity			
Equity share capital	14	948.46	963.05
Other equity	15	26,750.85	25,481.73
Total equity		27,699.31	26,444.78
Non-current liabilities			
Financial liabilities			
Borrowings	17	2,788.28	4,423.33
Other non-current financial liabilities	18	1.52	1.52
Provisions	19	183.10	161.37
Deferred tax liabilities (net)	20	2,521.17	2,283.45
		5,494.07	6,869.67
Current liabilities			
Financial liabilities			
Borrowings	17	20,299.37	17,371.82
Trade payables	21	7,204.98	7,693.29
Other current financial liabilities	18	4,452.99	3,921.52
Other current liabilities	22	24,612.39	26,086.23
Liabilities for current tax (net)	20	361.81	400.81
Provisions	19	123.23	142.26
		57,054.77	55,615.93
Total liabilities		62,548.84	62,485.60
Total equity and liabilities		90,248.15	88,930.38

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 **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

Supreet Sachdev

Partner

Membership No.: 205385

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: 19 May 2018

J.C. Sharma

Vice Chairman and Managing Director

DIN: 01191608

Vighneshwar G Bhat

Company Secretary and Compliance Officer

Place: Bengaluru, India

Date: 19 May 2018

Sobha Limited

Consolidated statement of profit and loss

			in ₹ million
		For the year ended 31 March 2018	For the year ended 31 March 2017
Income	Note		
Revenue from operations	23	27,869.99	22,461.42
Finance income	25	331.40	328.45
Other income	24	164.42	57.65
Total income		28,365.81	22,847.52
Expenses			
Land purchase cost		465.72	7,129.51
Cost of raw materials and components consumed	26	2,540.17	1,980.42
Purchase of project materials		6,478.42	5,462.05
(Increase)/decrease in inventories	27	796.34	(7,440.25)
Excise duty on sale of goods		39.67	170.85
Subcontractor and other charges		6,519.79	5,888.19
Employee benefits expense	28	1,984.85	1,779.35
Finance costs	32	1,977.60	1,496.70
Depreciation and amortization expense	29	544.00	638.23
Other expenses	30	3,847.85	3,293.97
Total expenses		25,194.41	20,399.02
Profit before tax		3,171.40	2,448.50
Share of profit of a joint venture		-	129.25
Profit before tax		3,171.40	2,577.75
Tax expenses			
Current tax	20	764.46	961.16
Deferred tax charge/ (credit)	20	238.24	9.06
Income tax expense		1,002.70	970.22
Profit for the year		2,168.70	1,607.53
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/ (losses) on defined benefit plan		(4.40)	2.04
Income tax effect		-	(0.71)
Other comprehensive income for the year, net of tax		(4.40)	1.33
Total comprehensive income for the year attributable to owners of the Company		2,164.30	1,608.86
Profit for the period attributable to :			
Owners of the Company		2,168.70	1,607.53
Non-controlling interests		-	-
Total comprehensive income for the period attributable to :		2,168.70	1,607.53
Owners of the Company		2,164.30	1,608.86
Non-controlling interests		-	-
Earnings per equity share [nominal value of ₹ 10 (31 March 2017 - ₹ 10)]		2,164.30	1,608.86
Basic and diluted (amount in ₹)	36	22.68	16.59

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 **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

Supreet Sachdev

Partner

Membership No.: 205385

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: 19 May 2018

Place: Bengaluru, India

Date: 19 May 2018

Sobha Limited

Consolidated statement of changes in equity

in ₹ million

	Attributable to owners of the Company					Total
	Reserves and Surplus			Items of OCI		
	Capital redemption reserve	Securities premium account	Debenture redemption reserve	General reserve	Retained earnings	Other items of OCI
As at 1 April 2017	104.88	9,934.33	428.68	2,587.57	12,424.94	1.33
Profit for the year	-	-	-	-	2,168.70	-
Other comprehensive income (net of tax)	-	-	-	-	-	(4.40)
Total comprehensive income	104.88	9,934.33	428.68	2,587.57	14,593.64	(3.07)
Transfer to other reserves						
Capital redemption reserve (refer note 15)	14.59	-	-	-	(14.59)	-
Debenture redemption reserve	-	-	225.99	-	(225.99)	-
Debentures redeemed during the period	-	-	(175.00)	175.00	-	-
General reserve	-	-	-	193.99	(193.99)	-
Total transfer to other reserves	14.59	-	50.99	368.99	(434.57)	-
Transaction with owners, recorded directly in equity						
Distribution to owners						
Dividend (including dividend distribution tax) refer note 15	-	-	-	-	(289.77)	-
Premium on buy back of equity shares	-	(605.41)	-	-	-	-
Total distribution to owners	-	(605.41)	-	-	(289.77)	-
As at 31 March 2018	119.47	9,328.92	479.67	2,956.56	13,869.30	(3.07)
						26,750.85

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 **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Supreet Sachdev
Partner
Membership No.: 205385

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: 19 May 2018

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

Vigneshwar G Bhat
Company Secretary and Compliance Officer

Sobha Limited
Consolidated statement of cash flows

	in ₹ million	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Cash flows from operating activities		
Profit before tax	3,171.40	2,577.75
Adjustments to reconcile profit before tax to net cash flows from operating activities		
Depreciation and amortization expense	504.71	600.66
Depreciation of investment properties	39.29	37.57
(Gain)/loss on disposal of property, plant and equipment	(8.64)	0.18
Finance income (including fair value change in financial instruments)	(331.40)	(328.45)
Finance costs (including fair value change in financial instruments)	1,779.50	1,327.47
Allowance for credit loss	99.66	2.36
Bad debts written off	4.47	-
Share of (profit)/loss of a joint venture	-	(129.25)
Working capital adjustments:		
(Increase)/decrease in trade receivables	(1,098.87)	374.63
Increase in inventories	(1,023.14)	(7,779.33)
(Increase)/decrease in other financial assets	267.81	(1,609.20)
(Increase)/decrease in other assets	(1,458.09)	2,407.56
Increase in trade payables and other financial liabilities	274.15	5,421.46
Increase in provisions	2.70	46.10
Increase in other non-financial liabilities	2,147.82	1,267.56
Cash generated from operating activities	4,371.37	4,217.07
Income tax paid (net of refund)	(836.77)	(679.20)
Net cash flows from operating activities (A)	3,534.60	3,537.87
Cash flows from investing activities		
Purchase of property, plant and equipment	(621.25)	(316.24)
Proceeds from sale of property, plant and equipment	24.73	0.25
Purchase of investment properties	(20.64)	(20.02)
Amount contributed to partnership current account	(1,124.52)	-
Consideration paid on acquisition of subsidiary	-	(346.78)
Proceeds from sale of current investments	-	264.23
Proceeds from redemption of debentures	-	198.50
(Investments in)/ redemption of bank deposits (having original maturity of more than three months) - net	123.82	(96.10)
Interest received	330.76	335.96
Net cash flows used in investing activities (B)	(1,287.10)	19.80

Sobha Limited

Consolidated statement of cash flows

	in ₹ million	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Cash flows from financing activities		
Proceeds from long-term borrowings	-	1,050.00
Repayment of long-term borrowings	(1,868.16)	(1,838.61)
Proceeds from short-term borrowings	17,724.15	12,912.22
Repayment of short-term borrowings	(14,768.32)	(12,163.60)
Buy back of equity shares	(620.00)	(580.53)
Interest paid	(2,605.86)	(2,601.88)
Dividends paid on equity shares	(240.68)	(192.87)
Tax on dividend paid	(49.01)	(39.21)
Net cash flows used in financing activities (C)	(2,427.88)	(3,454.48)
Net increase/(decrease) in cash and cash equivalents	(180.38)	103.19
Cash and cash equivalents at the beginning of the year (refer note 12)	1,240.02	1,135.23
Cash inflow due to acquisition of subsidiary	-	1.60
Cash and cash equivalents at the end of the year (refer note 12)	1,059.64	1,240.02

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 **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

for and on behalf of the Board of Directors of

Sobha Limited

Supreet Sachdev

Partner

Membership No.: 205385

Ravi PNC Menon

Chairman

DIN: 02070036

J.C. Sharma

Vice Chairman and Managing Director

DIN: 01191608

Subhash Bhat

Chief Financial Officer

Vighneshwar G Bhat

Company Secretary and Compliance Officer

Place: Bengaluru, India

Date: 19 May 2018

Place: Bengaluru, India

Date: 19 May 2018

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

1 Corporate Information

Sobha Limited ('Company' or 'SL') was incorporated on 7 August 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 Companies Act, 1956. The registered office is located at Bangalore. The Company's 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 19 May 2018.

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 March 2018	31 March 2017
Subsidiaries				
Sobha City ['Partnership firm']	Realestate development	India	100%	100%
Sobha Developers (Pune) Limited		India	100%	100%
Sobha Assets Private Limited		India	100%	100%
Sobha Highrise Ventures Private Limited*		India	100%	100%
Sobha Nandambakkam Developers Limited		India	100%	100%
Sobha Tambaram Developers Limited		India	100%	100%
Vayaloor Properties Private Limited		India	100%	100%
Vayaloor Builders Private Limited		India	100%	100%
Vayaloor Developers Private Limited		India	100%	100%
Vayaloor Real Estate Private Limited		India	100%	100%
Vayaloor Realtors Private Limited		India	100%	100%
Valasai Vettikadu Realtors Private Limited		India	100%	100%

*Sobha Highrise Ventures Private Limited was a Joint Venture entity upto 31 January 2017. Post 31 January 2017 Sobha Highrise Ventures Private Limited is a subsidiary of the Company.

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 notified under Section 133 of companies Act, 2013, (the 'Act') and other relevant provision of the Act.

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 ₹ and all values are rounded to the nearest millions, except when otherwise indicated.

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2018. 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
- ▶ 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 2018.

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 31 March 2018

- (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 AS12 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

- 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

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 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

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

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. These taxes are 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:

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/

Sobha Limited**Notes to the consolidated financial statements for the year ended 31 March 2018**

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.

There is diversity in real estate industry's practice of presenting gross revenues and corresponding gross costs in such transactions. Over the period of the contract, there is no impact on profits arising from the above accounting treatment. Due to the diversity in practice for presentation of the above, the Group is in the process of consulting with the relevant bodies / committee dealing with clarifying matters relating to Ind AS.

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.

Sobha Limited**Notes to the consolidated financial statements for the year ended 31 March 2018****v. Rental income from operating leases**

Rental income receivable under operating leases (excluding variable rental income) is recognized in the statement of profit and loss 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

Property, plant and 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 statement of profit and 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 derecognised 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 statement of profit and loss 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 31 March 2018

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

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 the statement profit and 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 derecognized 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 the statement profit and loss in the period of derecognition.

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 31 March 2018

f) Depreciation on property, plant and equipment

Depreciation is calculated on written down value basis using the following useful lives prescribed under Schedule II of the Act, except where specified.

Particulars	Useful lives estimated by the management
Property, plant and equipment	
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
Investment property	
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. This estimate of useful life is 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 any non-financial asset may be impaired. If any indication exists, or when annual impairment testing for a non-financial 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 exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

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.

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

The Group classifies all other liabilities as non-current.

Sobha Limited**Notes to the consolidated financial statements for the year ended 31 March 2018**

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 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 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 prices (unadjusted) in active markets for identical assets or liabilities
- ▶ Level 2 — inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- ▶ Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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.

Classification and subsequent measurement

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

- amortised cost
- fair value through other comprehensive income (FVTOCI) - debt investment
- fair value through other comprehensive income (FVTOCI) - equity investment
- fair value through profit or loss (FVTPL)

Financial assets at amortised cost

A 'financial asset' is measured at the amortised cost if both the following conditions are met and is not designated as FVTPL:

- 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 statement profit and loss. The losses arising from impairment are recognised in the statement profit and loss. This category generally applies to trade and other receivables.

Debt instrument at Fair Value Through Other Comprehensive Income(FVTOCI)

A 'Debt instrument' is classified as at the FVTOCI if both of the following criteria are met and is not designated as FVTPL:

- a) the objective of the business model is achieved both by collecting contractual cash flows and selling the financial instrument, 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.

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

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).

Financial assets at Fair Value Through Profit or Loss (FVTPL)

FVTPL is a residual category for financial assets. Any financial assets, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Financial assets 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 financial asset, 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 financial asset as at FVTPL.

Equity investments in joint ventures

Interests in joint ventures are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of joint ventures until the date on which significant influence or joint control ceases.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised 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 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

All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not recorded

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Classification, subsequent measurement and gains and losses

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

Derecognition

Borrowing costs are interest and other costs incurred in connection with borrowings of funds. 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) 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) Employee benefits

i. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are

Sobha Limited**Notes to the consolidated financial statements for the year ended 31 March 2018**

recognised as an employee benefit expense in the statement of profit and loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

ii. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which

comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income (OCI). The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

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 Group 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 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 12 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.

Sobha Limited**Notes to the consolidated financial statements for the year ended 31 March 2018****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-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 and buy back.

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) Income taxes

Income tax expense comprises of current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

Current income tax

Current income tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred income tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- ▶ temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- ▶ temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- ▶ taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The

existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

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, 1961. 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

Sobha Limited**Notes to the consolidated financial statements for the year ended 31 March 2018**

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 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.

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

- 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.

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.

Sobha Limited**Notes to the consolidated financial statements for the year ended 31 March 2018**

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.

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 these consolidated 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

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

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 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 nor 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

Sobha Limited**Notes to the consolidated financial statements for the year ended 31 March 2018**

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.

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 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.

Notes to the consolidated financial statements for the year ended 31 March 2018

4.1 Property, plant and equipment

	Freehold land	Factory buildings	Other buildings	Plant and machinery	Scaffolding items	Furniture and fixtures	Vehicles	Computers	Office equipments	Total	in ₹ million Capital work in progress
Cost											
As at 1 April 2016	81.90	637.72	1,111.52	1,349.97	873.61	39.48	10.84	37.20	14.95	4,157.19	6.43
Additions during the year	-	3.88	3.24	17.72	3.95	0.17	0.12	14.44	1.30	44.82	-
Deletions during the year	-	-	-	(127.99)	-	-	(0.98)	(0.25)	-	(129.22)	(0.21)
As at 31 March 2017	81.90	641.60	1,114.76	1,239.70	877.56	39.65	9.98	51.39	16.25	4,072.79	6.22
Additions during the year	-	(0.01)	17.81	45.07	45.57	1.89	0.10	25.48	2.91	138.82	-
Deletions during the year	-	-	-	(3.68)	(21.12)	(5.45)	(0.49)	(4.91)	(0.17)	(35.82)	(6.22)
As at 31 March 2018	81.90	641.59	1,132.57	1,281.09	902.01	36.09	9.59	71.96	18.99	4,175.79	-
Accumulated Depreciation											
As at 1 April 2016	-	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	-
Deletions during the year	-	-	-	(127.57)	-	-	(0.97)	(0.25)	-	(128.79)	-
As at 31 March 2017	-	116.33	120.05	230.44	370.84	17.92	5.24	32.41	8.03	901.26	-
Charge for the year	-	61.97	51.78	174.99	189.91	4.19	0.64	17.20	2.66	503.34	-
Deletions during the year	-	-	-	(1.05)	(16.07)	(3.33)	-	(4.12)	(0.16)	(24.73)	-
As at 31 March 2018	-	178.30	171.83	404.38	544.68	18.78	5.88	45.49	10.53	1,379.87	-
Carrying amount											
As at 31 March 2018	81.90	463.29	960.74	876.71	357.33	17.31	3.71	26.47	8.46	2,795.92	-
As at 31 March 2017	81.90	525.27	994.71	1,009.26	506.72	21.73	4.74	18.98	8.22	3,171.53	6.22

Note:

a) Capitalised borrowing costs

The amount of borrowing costs capitalised during the year ended 31 March 2018 was ₹ 49.47 million (31 March 2017 - ₹ 84.45 million). The rate used to determine the amount of borrowing costs eligible for capitalisation was 9.25%, which is the effective interest rate of the specific borrowing.

b) Property, plant and equipment

Property, plant and equipment with a carrying amount of ₹ 3,386.54 million (31 March 2017 - ₹ 5,038.36 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 31 March 2018

c) Assets taken on finance lease

	in ₹ million			
	Plant and machinery		Scaffolding items	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Gross block	-	11.42	-	2.55
Depreciation charge for the year	-	-	-	-
Accumulated depreciation	-	11.42	-	2.55
Net book value	-	-	-	-

4.2 Investment property

	in ₹ million				
	Freehold land	Other buildings	Other assets forming part of Building		Total
			Plant and machinery	Furniture and fixtures	
Cost					
As at 1 April 2016	256.32	1,585.69	144.38	21.44	2,007.83
Additions during the year	-	19.70	-	0.32	20.02
As at 31 March 2017	256.32	1,605.39	144.38	21.76	2,027.85
Additions during the year	(0.77)	16.30	3.84	1.27	20.64
As at 31 March 2018	255.55	1,621.69	148.22	23.03	2,048.49
Accumulated Depreciation					
As at 1 April 2016	-	7.20	3.00	0.61	10.81
Charge for the year	-	25.17	10.34	2.06	37.57
As at 31 March 2017	-	32.37	13.34	2.67	48.38
Charge for the year	-	26.24	10.83	2.22	39.29
As at 31 March 2018	-	58.61	24.17	4.89	87.67
Carrying amount					
As at 31 March 2018	255.55	1,563.08	124.05	18.14	1,960.82
As at 31 March 2017	256.32	1,573.02	131.04	19.09	1,979.47

Note:

Information regarding income and expenditure of investment property

	in ₹ million	
	31 March 2018	31 March 2017
Rental income derived from investment properties	251.11	178.79
Direct operating expenses (including repairs and maintenance) generating rental income	(141.30)	(126.66)
Profit arising from investment properties before depreciation and indirect expenses	109.81	52.13
Less:- Depreciation charge for the year	(39.29)	(37.57)
Profit arising from investment properties before indirect expenses	70.52	14.56

The fair value of investment property is ₹ 2,804.97 million (31 March 2017 - ₹ 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 40.

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

5 Investment property under construction

	Investment property under construction	in ₹ million Total
Balance as at 1 April 2016	447.87	447.87
- Additions during the year	344.97	344.97
- Capitalised during the year	-	-
Balance as at 31 March 2017	792.84	792.84
- Additions during the year	552.09	552.09
- Capitalised during the year	-	-
Balance as at 31 March 2018	1,344.93	1,344.93

6 Intangible assets

	Software	Intellectual property rights	in ₹ million Total
Cost			
Balance as at 1 April 2016	13.94	0.05	13.99
Additions during the year	0.44	-	0.44
Balance as at 31 March 2017	14.38	0.05	14.43
Additions during the year	0.63	-	0.63
Balance as at 31 March 2018	15.01	0.05	15.06
Amortization and impairment			
Balance as at 1 April 2016	9.31	0.05	9.36
Charge for the year	3.15	-	3.15
Balance as at 31 March 2017	12.46	0.05	12.51
Charge for the year	1.37	-	1.37
Balance as at 31 March 2018	13.83	0.05	13.88
Carrying amount			
As at 31 March 2018	1.18	-	1.18
As at 31 March 2017	1.92	-	1.92

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

7 Inventories (valued at lower of cost and net realizable value)

	As at 31 March 2018	in ₹ million As at 31 March 2017
Raw materials and components	450.98	388.67
Building materials	92.97	126.09
Land stock *	8,716.70	9,483.11
Work-in-progress *	37,572.25	38,721.81
Stock in trade - flats *	1,472.35	1,480.08
Finished goods	43.70	760.17
	48,348.95	50,959.93

* Carrying amount of inventories pledged as securities against borrowings as at 31 March 2018 - ₹ 13,868.10 million (31 March 2017 - ₹ 12,685.09 million)

8 Investments

	As at 31 March 2018	in ₹ million As at 31 March 2017
Non-current investments:		
Investments carried at cost		
Investment in the capital of partnership firm (Joint Venture)		
50% (with effect from 16 September 2017) share in the profits of partnership firm:		
Kondhwa Projects LLP - Current account	1,124.52	-
Total investments carried at cost	1,124.52	-
Investments carried at fair value through profit and loss		
Unquoted equity securities		
<i>Investment in equity instruments</i>		
2,680,000 (31 March 2017 - 2,680,000) equity shares of ₹ 10 each fully paid-up in Sobha Renaissance and Information Technology Private Limited	26.80	26.80
Less: Impairment in value of investments	(26.70)	(26.70)
Total investments carried at fair value through profit and loss	0.10	0.10
Investments at amortized cost		
<i>Government and trust securities (unquoted)</i>		
National savings certificates	0.22	0.08
Total investments carried at amortised cost	0.22	0.08
Total investments	1,124.84	0.18
Aggregate amount of unquoted investments	1,124.84	0.18
Aggregate amount of impairment in value of investments	26.70	26.70

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

9 Trade receivables

	Current		Non-Current	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Trade receivables				
Unsecured, considered good	3,271.97	2,266.78	134.65	143.33
Unsecured, considered doubtful	29.11	-	92.78	22.33
	3,301.08	2,266.78	227.43	165.66
Less: Allowances for credit loss	(29.11)	-	(92.88)	(22.33)
	3,271.97	2,266.78	134.55	143.33
Net trade receivables	3,271.97	2,266.78	134.55	143.33

10 Other financial assets

	Current		Non-Current	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Unsecured, considered good				
Refundable deposit towards joint development agreement	4,470.33	4,082.63	6.35	99.22
Security deposits	87.46	35.43	222.98	247.29
Unbilled revenue	3,748.33	4,338.68	-	-
Non-current bank balances (refer note 13)	-	-	160.88	190.74
	8,306.12	8,456.74	390.21	537.25

11 Other assets

	Current		Non-Current	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Unsecured, considered good				
Capital advances	-	-	9.95	0.71
Land advances *	13,626.88	12,073.04	4,027.87	3,923.15
Advances recoverable in cash or kind	2,013.36	1,553.60	78.15	34.56
Prepaid expenses	119.03	58.20	178.41	200.33
Balances with statutory/ government authorities	1,265.71	1,056.51	-	-
Interest accrued on investments	1.42	0.78	-	-
Other receivables	-	224.41	-	-
	17,026.40	14,966.54	4,294.38	4,158.75

*Advances for land though unsecured, are considered good as the advances have been given based on arrangements/ memorandum of understanding executed by the Group and the Group/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 or companies in which Directors are interested

	Current		Non-Current	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Advances recoverable in cash or kind				
Dues from Sobha Projects & Trade Private Limited, in which the Company's director is a director and a member	-	519.00	-	-
Dues from Sobha Contracting LLC (Dubai), in which the Company's director is a director	-	9.00	-	5.15

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

12 Cash and cash equivalents

	in ₹ million	
	Current	
	As at 31 March 2018	As at 31 March 2017
Cash on hand*	6.36	5.37
Cheques/ drafts on hand	207.43	101.43
Balances with banks:		
– On current accounts	845.85	1,133.22
	1,059.64	1,240.02

*Disclosure for Specified Bank Notes

Disclosure of details of Specified Bank Notes (SBN) held and transacted during the period 8 November 2016 to 30 December 2016 has been provided in the table below:

	in ₹ million		
Particulars	SBN's	Other denomination notes*	Total
Closing cash in hand as on 8 November 2016	5.04	2.5	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 30 December 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.

13 Bank balance other than cash and cash equivalents

	in ₹ million	
	Current	
	As at 31 March 2018	As at 31 March 2017
Bank balance other than cash and cash equivalents		
– On unclaimed dividend account	1.84	1.76
– Margin money deposit	132.43	226.47
	134.27	228.23

Margin money deposits given as security

Margin money deposits with a carrying amount of ₹ 51.10 million (31 March 2017 - ₹ 55.74 million) are subject to first charge to secure the Group'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 Group, and earn interest at the respective short-term deposit rates.

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

14 Equity share capital

	As at 31 March 2018	in ₹ million As at 31 March 2017
Authorised shares		
150,000,000 (31 March 2017 - 150,000,000) equity shares of ₹10 each	1,500.00	1,500.00
5,000,000 (31 March 2017 - 5,000,000) 7% redeemable preference shares of ₹100 each	500.00	500.00
Issued, subscribed and fully paid-up shares		
94,845,853 (31 March 2017 - 96,304,676) equity shares of ₹10 each fully paid up	948.46	963.05
Total issued, subscribed and fully paid-up share capital	948.46	963.05

(a) Reconciliation of the shares outstanding at the end of the reporting year

	31 March 2018		31 March 2017	
	No of shares	in ₹ million	No of shares	in ₹ million
<i>Equity shares</i>				
At the beginning of the year	96,304,676	963.05	98,063,868	980.64
Issued during the year	-	-	-	-
Shares bought back during the year (refer note 15)	(1,458,823)	(14.59)	(1,759,192)	(17.59)
Outstanding at the end of the year	94,845,853	948.46	96,304,676	963.05

(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 March 2018		31 March 2017	
	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	35.63	37.56%	40.35	41.89%
Mr. P.N.C. Menon	12.06	12.72%	17.58	18.26%
Mr. P.N.C. Menon (Inclusive of joint holding with Mrs. Sobha Menon)	5.29	5.58%	-	-
Nordea 1 Sicav - Emerging Stars Equity Fund	5.21	5.49%	4.40	4.57%
Schroder International Selection Fund Emerging Asia	4.77	5.03%	-	-
Platinum Asia Fund	-	-	6.77	7.03%

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 31 March 2018

15 Other equity

	in ₹ million	
	As at 31 March 2018	As at 31 March 2017
Capital redemption reserve		
Balance at the beginning of the year	104.88	87.29
Add: Amount transferred from surplus balance in the statement of profit and loss		
- On account of buy back of equity shares [Refer note (a) below]	14.59	17.59
Closing balance	119.47	104.88
Debenture redemption reserve [Refer note (b) below]		
Balance at the beginning of the year	428.68	117.14
Add: Amount transferred from surplus balance in the statement of profit and loss	225.99	311.54
Less: Redeemed during the period (transfer to general reserve)	(175.00)	-
Closing balance	479.67	428.68
Securities premium account		
Balance at the beginning of the year	9,934.33	10,497.27
Less: Premium on buy back of equity shares [Refer note (a) below]	(605.41)	(562.94)
Closing balance	9,328.92	9,934.33
General reserve		
Balance at the beginning of the year	2,587.57	2,447.36
Add: Transfer from statement of profit and loss	193.99	140.21
Add: Transfer from debenture redemption reserve	175.00	-
Closing balance	2,956.56	2,587.57
Surplus in the statement of profit and loss		
Balance at the beginning of the year	12,426.27	11,518.43
Profit for the year	2,168.70	1,607.53
Other comprehensive income		
Re-measurement gains/ (losses) on defined benefit plans net of taxes	(4.40)	1.33
Less: Appropriations		
Dividend (including dividend distribution tax) refer note 16	(289.77)	(231.68)
Transfer to debenture redemption reserve [Refer note (b) below]	(225.99)	(311.54)
Transfer to capital redemption reserve [Refer note (a) below]	(14.59)	(17.59)
Transfer to general reserve	(193.99)	(140.21)
Net surplus in the statement of profit and loss	13,866.23	12,426.27
Total other equity	26,750.85	25,481.73

- (a) During the year ended 31 March 2018, the Company has effected the buyback of 1,458,823 (31 March 2017 - ₹ 1,759,192) fully paid up equity shares of the Company of face value of ₹ 10 each at a price of ₹ 425 (31 March 2017 - ₹ 330) per equity share on proportionate basis, aggregating to ₹ 620 (31 March 2017 - ₹ 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.

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

- (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 ₹ 225.99 million (31 March 2017 - ₹ 311.54 million).

16 Distribution made and proposed

	in ₹ million	
	31 March 2018	31 March 2017
Cash dividend on equity shares proposed and paid		
Final dividend for the year ended 31 March 2017- ₹ 2.5 per share (31 March 2016 - ₹ 2 per share)	240.76	192.47
Dividend distribution tax on final dividend	49.01	39.21
	289.77	231.68
Proposed dividend on Equity shares		
Final dividend for the year ended 31 March 2018- ₹ 7 per share (31 March 2017- ₹ 2.5 per share)	663.92	240.76
Dividend distribution tax on proposed dividend	135.16	49.29
	799.08	290.05

17 Borrowings

	in ₹ million	
	As at 31 March 2018	As at 31 March 2017
Non-current borrowings		
Secured debentures		
25,500 (31 March 2017 - 32,500) redeemable non-convertible debentures of ₹ 0.10 million each	2,516.91	3,183.62
Secured loans		
Term loans from banks	496.18	1,417.21
Term loans from financial institutions	-	246.65
Equipment loans	0.19	0.19
	496.37	1,664.05
Amount disclosed under the head "other current financial liabilities" (refer note 18)	(225.00)	(424.34)
Net amount	271.37	1,239.71
Total non-current borrowings	2,788.28	4,423.33
Current Borrowings		
Secured loans		
Term loans from banks*	14,541.14	11,274.20
Term loans from financial institutions*	2,756.52	4,036.99
Cash credit from banks	3,001.71	2,060.63
Total current borrowings	20,299.37	17,371.82

* Term loan from banks and financial institutions represents amount repayable within the operating cycle. Amount payable within twelve months ₹ 10,698.28 million (31 March 2017 - ₹ 4,816.34 million)

Terms and repayment schedule

(i) Secured debentures

Particulars	Effective interest rate	Year of maturity	in ₹ million	
			Carrying amount as at 31 March 2018	31 March 2017
Debentures	11%-13%	2018-2020	2,516.91	3,183.62

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

(ii) Secured loans

Particulars	Effective interest rate	Year of maturity	in ₹ million	
			Carrying amount as at	
			31 March 2018	31 March 2017
Term loans from banks	9%-11%	2020	247.82	373.21
Term loans from banks	9%-11%	2020	248.37	300.00
Term loans from financial institutions	10%-12%	2018	-	15.32
Term loans from financial institutions	10%-12%	2017	-	231.33
Equipment loan	13%-15%	2019	0.19	0.19

Current Borrowings

Secured loans

Particulars	Effective interest rate	Year of maturity	in ₹ million	
			Carrying amount as at	
			31 March 2018	31 March 2017
Term loans from banks	10%-12%	2018	-	942.05
Term loans from banks	10%-12%	2018	-	1,147.97
Term loans from banks	9%-11%	2018	-	616.11
Term loans from banks	9%-11%	2018	379.66	379.35
Term loans from banks	9%-11%	2017	-	249.44
Term loans from banks	8%-10%	2019	2,946.05	2,486.74
Term loans from banks	9%-11%	2019	797.37	737.29
Term loans from banks	10%-12%	2017	-	388.75
Term loans from banks	9%-11%	2019	348.38	346.55
Term loans from banks	9%-11%	2020	198.61	198.14
Term loans from banks	9%-11%	2020	549.60	599.86
Term loans from banks	9%-11%	2022	1,181.99	1,175.29
Term loans from banks	10%-12%	2018	-	997.54
Term loans from banks	9%-11%	2018	595.23	497.86
Term loans from banks	9%-11%	2019	498.68	1.23
Term loans from banks	9%-11%	2018	750.00	-
Term loans from banks	9%-11%	2021	997.17	-
Term loans from banks	9%-11%	2020	992.26	-
Term loans from banks	9%-11%	2022	680.09	-
Term loans from banks	7%-9%	2019	1,000.00	-
Commercial Paper from bank	8%-10%	2018	946.78	-
Term loans from banks	8%-10%	2028	727.78	-
Term loans from banks	8%-10%	2020	371.49	-
Term loans from banks	8%-10%	2020	580.00	-
Term loans from financial institutions	9%-11%	2017	-	400.00
Term loans from financial institutions	10%-12%	2017	-	345.39
Term loans from financial institutions	10%-12%	2017	-	285.38
Term loans from financial institutions	10%-12%	2017	-	660.94
Term loans from financial institutions	10%-12%	2017	-	417.75
Term loans from financial institutions	9%-11%	2019	522.56	937.59
Term loans from financial institutions	9%-11%	2021	141.57	150.00
Term loans from financial institutions	9%-11%	2020	226.30	250.00
Term loans from financial institutions	9%-11%	2021	996.48	500.00

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

Particulars	Effective interest rate	Year of maturity	in ₹ million	
			Carrying amount as at	
			31 March 2018	31 March 2017
Term loans from financial institutions	9%-11%	2019	869.62	489.94
Cash credit	8%-10%	On demand	1,697.83	1,328.79
Cash credit	9%-11%	On demand	9.99	20.89
Cash credit	9%-11%	On demand	18.85	7.76
Cash credit	9%-11%	On demand	4.89	17.82
Cash credit	9%-11%	On demand	131.79	-
Cash credit	9%-11%	On demand	955.45	-
Cash credit	9%-11%	On demand	5.23	3.70
Cash credit	9%-11%	On demand	21.71	0.27
Cash credit	9%-11%	On demand	2.42	1.22
Cash credit	9%-11%	On demand	153.55	680.18
Term loans from banks	11%-12%	2017	-	110.03
Loan and advances from related parties	10%-12%	2017	-	744.00

Details of collateral securities offered by related companies in respect of loans availed by the Group

Nature of loan	Name of the Company	Year of maturity	in ₹ million	
			Carrying amount as at	
			31 March 2018	31 March 2017
Term loans	Rusoh Marina Properties Private Limited	2017		110.03
	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	Sobha Glazing & Metal Works Private Limited	2017	-	360.71
Term loans	Sobha Glazing & Metal Works Private Limited	2021	1,519.04	1,668.92
Term loans	Vayaloor Developers Private Limited	2028	727.78	744.00
	Vayaloor Builders Private Limited			

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

18 Other financial liabilities

	in ₹ million	
	As at 31 March 2018	As at 31 March 2017
Non-current		
Land cost payable	1.52	1.52
Total non-current other financial liabilities	1.52	1.52
Current		
Current maturities of long-term borrowings (refer note 17)	225.00	424.34
Letter of credit payable	1,283.13	949.36
Book overdraft from scheduled banks	33.07	31.82
Interest accrued but not due on borrowings	171.85	216.78
Unclaimed dividend*	1.84	1.76
Lease deposit	64.49	57.79
Others		
Non-trade payable	268.87	209.97
Security deposit towards maintenance services	1,286.68	1,222.89
Payable to related parties (refer note 33)	127.03	267.17
Payable for purchase of property, plant and equipment	19.94	6.05
Revenue share payable	971.09	533.59
Total current other financial liabilities	4,452.99	3,921.52

*Investor Protection and Education Fund is credited for unclaimed dividends when due

19 Provisions

	in ₹ million			
	Current		Non-current	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Provision for employee benefits				
Provision for gratuity (refer note 35)	58.40	51.37	107.20	85.47
Provision for compensated absences	64.83	59.51	-	-
	123.23	110.88	107.20	85.47
Others				
Other provisions	-	-	75.90	75.90
Estimated project costs to be incurred for the completed project*	-	31.38	-	-
	-	31.38	75.90	75.90
	123.23	142.26	183.10	161.37

*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 31 March 2018

20 Income tax

The major components of income tax expense for the years ended 31 March 2018 and 31 March 2017 are:

A. Amounts charged to statement of profit and loss

	in ₹ million	
	As at 31 March 2018	As at 31 March 2017
Current income tax:		
Current income tax charge	764.46	961.16
Deferred tax:		
Relating to origination and reversal of temporary differences	238.24	9.06
Income tax expense reported in the statement of profit and loss	1,002.70	970.22

Tax expenses (net) for the year ended 31 March 2018 includes taxes of ₹ 39.35 million (31 March 2017 - ₹ 18.07 million) relating to earlier years.

B. Income tax recognised in other comprehensive income

	in ₹ million	
	As at 31 March 2018	As at 31 March 2017
Net loss/(gain) on remeasurements of defined benefit plans	-	0.71
Income tax charge to other comprehensive income	-	0.71

C. Reconciliation of effective tax rate

	in ₹ million	
	31 March 2018	31 March 2017
Accounting profit before income tax	3,171.40	2,448.50
Tax on accounting profit at statutory income tax rate 34.608% (31 March 2017: 34.608%)	1,097.56	847.38
Adjustments in respect of current income tax of previous years	-	-
Adjustments in respect of deferred tax of previous years	39.35	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	36.06	27.17
Permanent differences in subsidiaries	-	-
Others	2.99	35.73
MAT credit entitlement	(173.26)	-
At the effective income tax rate of 37.08% (31 March 2017: 39.63%)	1,002.70	970.22
Tax expense reported in the statement of profit and loss	1,002.70	970.22

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

D. Deferred tax

Deferred tax assets and liabilities relates to the following

	Balance as at 1 April 2016	Recognised in profit and loss during 2016-17	Balance as at 31 March 2017	Recognised in profit and loss during 2017-18	Balance as at 31 March 2018
in ₹ million					
Interest U/S 36(1)(iii)-interest inventorised/capitalised in the books but claimed as expense in tax	(2,600.73)	(172.80)	(2,773.53)	(385.30)	(3,158.83)
Property, plant and equipment	34.14	(8.00)	26.14	25.71	51.85
Provision for leave salary	21.19	(1.31)	19.88	2.78	22.66
Provision for gratuity	-	-	-	20.41	20.41
Provision for exgratia	-	-	-	15.36	15.36
Provision for doubtful debts	7.68	0.01	7.69	36.47	44.16
Difference of finance lease depreciation and interest as per books and rent allowed as per IT Act	0.02	(0.02)	-	-	-
Deferred tax on brought forward losses	-	18.63	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	80.39	153.72	234.11	249.11	483.22
Deferred tax expense / (income)	-	(9.77)	-	(237.72)	-
Net deferred tax assets / (liabilities)	(2,273.68)	-	(2,283.45)	-	(2,521.17)

Reconciliation of deferred tax liabilities (net)

	31 March 2018	31 March 2017
in ₹ million		
Balance at the beginning of the year	2,283.45	2,273.68
Tax income/(expense) during the period recognised in profit or loss	238.24	9.06
Tax income/(expense) during the period recognised in OCI	-	0.71
Closing balance	2,521.69	2,283.45

The Group 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 31 March 2018 and 31 March 2017, the Group has paid dividend to its shareholders. This has resulted in payment of DDT to the taxation authorities. The Group believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.

E) Liabilities for current tax (net)

	31 March 2018	31 March 2017
in ₹ million		
Particulars	31 March 2018	31 March 2017
Current income tax:		
Opening	400.81	150.61
Add: Additions during the year	764.46	961.16
Add/(less): MAT credit adjustment	33.31	(31.76)
Less: Payments during the year	(836.77)	(679.20)
	361.81	400.81

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

21 Trade payables

	in ₹ million	
	As at 31 March 2018	As at 31 March 2017
Trade payables		
Land cost payable	984.36	3,080.96
Others	6,220.62	4,612.33
	7,204.98	7,693.29

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 Group's credit risk management processes, refer to note 44.

22 Other liabilities

	in ₹ million	
	As at 31 March 2018	As at 31 March 2017
Current liabilities		
Advance from customers	11,259.81	8,854.68
Liability under JDA (Net of unbilled revenue)	13,241.23	16,862.89
VAT payable	-	235.53
Withholding taxes payable	41.98	51.57
Others	69.37	81.56
	24,612.39	26,086.23

Breakup of financial liabilities carried at amortised cost

	in ₹ million	
	As at 31 March 2018	As at 31 March 2017
Borrowings (refer note 17)	23,087.65	21,795.15
Other financial liabilities (refer note 18)	4,454.51	3,923.04
Trade payables (refer note 21)	7,204.98	7,693.29
Total financial liabilities carried at amortised cost	34,747.14	33,411.48

The Group 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.

	in ₹ million			
	31 March 2018		31 March 2017	
	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months
Inventories (refer note 7)	2,764.67	45,584.29	3,860.20	47,099.73
Refundable deposit towards joint development agreement (refer note 9)	812.08	3,664.60	535.32	3,646.53
Land advances (refer note 11)	372.98	17,281.78	707.95	15,288.24
Unbilled revenue (refer note 10)	3,748.33	-	4338.68	-
Borrowings (refer note 17)	10,923.28	12,164.37	5240.68	16,554.47
Advance from customers (refer note 22)	1,379.50	9,880.31	337.65	8,517.03
Liability under JDA (net of unbilled revenue) (refer note 22)	29.84	13,211.39	42.22	16,820.67

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

23 Revenue from operations

	in ₹ million	
	For the year ended	For the year ended
	31 March 2018	31 March 2017
Sale of products (including excise duty)		
Income from property development	19,695.56	13,596.46
Income from sale of land and development rights	12.50	1,078.60
Income from glazing works	1,963.90	1,486.06
Income from interior works	1,011.69	930.11
Income from concrete blocks	352.37	270.00
Sale of services		
Income from contractual activity - Subsidiaries	2.72	486.80
Income from contractual activity - Others	4,535.95	4,404.63
Rental income from operating leases	138.59	113.35
Income from maintenance	112.52	65.44
Other operating revenue		
Scrap sales	44.19	29.97
	27,869.99	22,461.42

Sale of products/finished goods includes excise duty collected from customers of ₹ 39.67 million (31 March 2017 - ₹ 170.85 million). Sale of products/ finished goods net of excise duty is ₹ 21,023.94 million (31 March 2017 - ₹ 17,190.38 million).

Excise duty on (Increase)/decrease in inventory of finished goods amounting to ₹ Nil million (31 March 2017 - ₹ 1.51 million) has been considered as (income)/expense in note 30 of consolidated financial statements.

24 Other income

	in ₹ million	
	For the year ended	For the year ended
	31 March 2018	31 March 2017
Other non-operating income (net of expenses directly attributable to such income)	154.04	57.65
Foreign exchange gain, net	1.74	-
Profit on sale of property, plant and equipment	8.64	-
	164.42	57.65

25 Finance income

	in ₹ million	
	For the year ended	For the year ended
	31 March 2018	31 March 2017
Interest income on		
Bank deposits	32.07	32.44
Long term investments	-	11.58
Current investments	-	2.23
Others	-	0.05
Unwinding of discount on deposits	299.33	282.15
	331.40	328.45

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

26 Cost of raw material and components consumed

	For the year ended 31 March 2018	in ₹ million For the year ended 31 March 2017
Inventory at the beginning of the year		
Raw materials	388.67	275.05
Add: Purchases	2,602.48	2,094.04
Less: Inventory at the end of the year	450.98	388.67
	2,540.17	1,980.42

27 (Increase)/decrease in inventories

	For the year ended 31 March 2018	in ₹ million For the year ended 31 March 2017
Inventories at the end of the year		
Building materials	92.97	126.09
Land stock	9,269.46	9,483.11
Work-in-progress	37,019.49	38,721.81
Stock in trade - flats	1,472.35	1,480.08
Finished goods	43.70	760.17
	47,897.97	50,571.26
Inventories at the beginning of the year		
Building materials	126.09	56.33
Land stock	9,483.11	7,400.21
Work-in-progress	38,721.81	33,987.86
Stock in trade - flats	1,480.08	881.30
Finished goods	760.17	48.19
	50,571.26	42,373.89
Less: Transferred to Capital work-in-progress/ tangible assets/ advances	1,876.95	-
Add: Opening inventory acquired on acquisition of subsidiary	-	757.12
	48,694.31	43,131.01
	796.34	(7,440.25)

28 Employee benefits expense

	For the year ended 31 March 2018	in ₹ million For the year ended 31 March 2017
Salaries, wages and bonus	1,793.49	1,624.59
Contribution to provident and other funds	61.45	52.23
Gratuity expense (refer note 35)	38.28	25.03
Compensated absences	27.09	23.37
Staff welfare expenses	64.54	54.13
	1,984.85	1,779.35

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

29 Depreciation and amortization expense

	For the year ended 31 March 2018	in ₹ million For the year ended 31 March 2017
Depreciation of property, plant and equipments	503.34	597.51
Amortization of intangible assets	1.37	3.15
Depreciation of investment properties	39.29	37.57
	544.00	638.23

30 Other expenses

	For the year ended 31 March 2018	in ₹ million For the year ended 31 March 2017
Excise duty on (increase)/ decrease in inventory	-	(1.51)
License fees and plan approval charges	209.96	334.94
Power and fuel	570.80	406.03
Water charges	39.53	70.69
Freight and forwarding charges	171.64	108.22
Rent	266.14	289.43
Rates and taxes	272.13	121.91
Insurance	51.58	40.53
Property maintenance expenses	137.02	164.65
Repairs and maintenance		
Plant and machinery	31.34	30.93
Others	44.02	44.32
Advertising and sales promotion	816.20	611.28
Brokerage and discounts	103.57	76.66
Donation	143.90	152.73
Travelling and conveyance	243.49	248.26
Printing and stationery	36.48	-
Communication costs	0.19	0.12
Legal and professional fees	232.73	235.11
Directors' commission and sitting fees	5.74	8.10
Payment to auditor (Refer details below)*	8.33	14.16
Foreign exchange loss, (net)	-	0.57
Allowance for credit loss	99.66	2.36
Bad debts written off	4.47	-
Loss on sale of property, plant and equipments, (net)	-	0.18
Miscellaneous expenses	358.93	334.30
	3,847.85	3,293.97

* Payment to auditor

	For the year ended 31 March 2018	in ₹ million For the year ended 31 March 2017
As auditor:		
Audit fee [including for Limited review ₹ 2.83 million (31 March 2017 - ₹ 4.90 million)]	8.34	12.85
In other capacity:		
Other services	0.02	0.50
Reimbursement of expenses	0.64	0.81
	9.00	14.16

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

31 Details of CSR expenditure:

Gross amount required to be spent during the year was ₹ 59.09 million (31 March 2017 - ₹ 68.20 million)

Amount spent during the year ended 31 March 2018:	In Cash	Yet to be paid in cash
Construction/acquisition of any asset (in ₹ million)	-	-
On purposes other than above (in ₹ million)	142.90	-
	142.90	-
Amount spent during the year ended 31 March 2017:		
Construction/acquisition of any asset (in ₹ million)		
On purposes other than above (in ₹ million)	150.42	-
	150.42	-

32 Finance costs

	For the year ended 31 March 2018	in ₹ million For the year ended 31 March 2017
Interest		
- On borrowings	2,257.80	2,479.50
- Others	253.66	92.34
Bank charges	198.10	169.23
	2,709.56	2,741.07
Less: Interest cross charged/ inventorised/ capitalised on qualifying assets	(731.96)	(1,244.37)
	1,977.60	1,496.70

33 Related party disclosures

a) Name of the related parties and the nature of its relationship with the Group as below:

Joint Venture

Kondhwa Projects LLP (with effect from 16 September 2017)

Key Shareholder

Mr. P. N. C. Menon

Mrs. Sobha Menon

Key Management Personnel ('KMP')

Mr. Ravi PNC Menon - Chairman

Mr. J. C. Sharma - Vice Chairman and Managing Director

Mr. P. Ramakrishnan - Executive Director (Upto 7 April 2017)

Sobha Limited**Notes to the consolidated financial statements for the year ended 31 March 2018****Additional related parties ('KMP's) as per Companies Act, 2013 with whom transactions have taken place**

Mr. Subhash Bhat - Chief Financial Officer
 Mr. Vigneshwar G Bhat - Company Secretary
 Mr. Kishore Kayarat - Company Secretary (Upto 10 September 2016)

Other Directors

Mr. Anup Shah
 Dr. S K Gupta
 Mr. R V S Rao
 Dr. Punita Kumar - Sinha
 Mr. M Damodaran (Upto 12 September 2016)

Relatives of key management personnel

Mrs. Sudha Menon

Other Related Parties [Enterprise owned or significantly influenced by key management personnel]

Divyakaushal Properties LLP
 Mannur Properties Private Limited
 Mannur Real Estate Private Limited
 Punkunnam Builders and Developers Private Limited
 Puzhakkal Developers Private Limited
 SBG Housing Private Limited
 Sobha Aviation and Engineering Services Private Limited
 Sobha Contracting LLC, Dubai
 Sobha Glazing & Metal Works Private Limited
 Sobha Interiors 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
 Sri Durga Devi Property Management Private Limited
 Sri Kanakadurga Property Developers Private Limited
 Sri Kurumba Educational and Charitable Trust
 Sri Parvathy Land Developers Private Limited
 Technobuild Developers Private Limited

b) Details of the transactions with the related parties:

Particulars	in ₹ million	
	For the year ended 31 March 2018	For the year ended 31 March 2017
I. Transaction with joint venture		
Income from contractual activity		
Sobha Highrise Ventures Private Limited	-	487.16
Sobha Projects & Trade Private Limited	796.63	-
Interest income on debentures		
Sobha Highrise Ventures Private Limited	-	11.58
Payments made on behalf of related party		
Sobha Highrise Ventures Private Limited	-	18.15

Sobha Limited
Notes to the consolidated financial statements for the year ended 31 March 2018

Particulars	in ₹ million	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Land advance		
Kondhwa Projects LLP	1,124.52	-
II. Transaction with other related parties		
Income from glazing works		
Sri Kurumba Educational and Charitable Trust	0.46	0.09
Income from interior works		
Sri Kurumba Educational and Charitable Trust	3.15	5.63
Purchase of project items		
Sobha Projects & Trade Private Limited	151.31	220.04
Aircraft hire charges		
Sobha Puravankara Aviation Private Limited	116.89	119.33
CSR expenditure - Donation		
Sri Kurumba Educational and Charitable Trust	124.20	143.42
Payments made on behalf of related party		
Technobuild Developers Private Limited	1.54	0.36
Sobha Projects & Trade Private Limited	1.71	-
Mannur Properties Private Limited	-	0.02
Mannur Real Estate Private Limited	0.15	-
Moolamcode Traders Private Limited	0.05	0.01
Pallavur Projects Private Limited	0.01	0.01
Sri Kurumba Educational and Charitable Trust	-	2.48
Sri Durga Devi Property Management Private Limited	-	0.84
SBG Housing Private Limited	-	0.01
Sobha Aviation and Engineering Services Private Limited	-	0.01
Sobha Technocity Private Limited	-	0.01
Payments made by related party on behalf of the Company		
Sri Kanakadurga Property Developers Private Limited	-	0.03
Sri Parvathy Land Developers Private Limited	-	0.01
Advance paid towards purchase of land		
Technobuild Developers Private Limited	1,014.79	399.02
Advance paid towards purchase of goods or services		
Sobha Projects & Trade Private Limited	71.33	301.51
Sobha Puravankara Aviation Private Limited	58.66	148.87
Refund of advance by the related party		
Sobha Projects & Trade Private Limited	16.61	38.50
Sobha Puravankara Aviation Private Limited	-	2.00
Technobuild Developers Private Limited	553.03	201.80

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

Particulars	in ₹ million	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Rent paid		
Sobha Interiors Private Limited	15.96	15.61
Sobha Glazing & Metal Works Private Limited	6.16	6.13
III. Transaction with key managerial personnel		
Directors' remuneration		
Mr. J. C. Sharma	53.72	42.80
Mr. Ravi PNC Menon	91.83	79.43
Mr. P. Ramakrishnan	4.86	9.55
Dividend paid (Payment basis)		
Mr. Ravi PNC Menon	0.08	0.07
Mr. J. C. Sharma	0.10	0.18
Salary (including perquisites)		
Mr. Subhash Bhat	10.93	10.13
Mr. Kishore Kayarat	-	1.84
Mr. Vigneshwar G Bhat	3.59	1.78
Directors' sitting fees and commission		
Mr. Anup Shah	1.61	1.67
Dr. S K Gupta	1.67	1.67
Mr. R V S Rao	1.63	1.63
Dr. Punita Kumar Sinha	1.58	1.60
Mr. M Damodaran	-	1.53
Payments made on behalf of related party		
Mr. Ravi PNC Menon	-	1.36
IV. Transaction with key shareholders		
Dividend paid (Payment basis)		
Mr. P. N. C. Menon	30.56	24.45
Mrs. Sobha Menon	90.87	80.69
Mr. P. N. C. Menon and Mrs. Sobha Menon (Jointly held shares)	13.40	10.72
Buyback of equity share		
Mr. P. N. C. Menon	69.12	87.32
Mrs. Sobha Menon	306.06	330.62
Mr. P. N. C. Menon and Mrs. Sobha Menon (Jointly held shares)	30.53	44.06

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

c) Details of balances receivable from and payable to related parties are as follows:

Particulars	in ₹ million	
	As at 31 March 2018	As at 31 March 2017
I. Balances receivable from and payable to Joint ventures		
Investment in Partners Current Account		
Kondhwa Projects LLP	1,124.52	-
II. Balances receivable from and payable to other related parties		
Land advance		
Technobuild Developers Private Limited	8,731.74	8,268.42
Puzhakkal Developers Private Limited	150.27	150.27
Sri Parvathy Land Developers Private Limited	101.33	101.33
Sri Durga Devi Property Management Private Limited	42.88	53.11
Rent deposit		
Sobha Glazing & Metal Works Private Limited	27.01	26.22
Sobha Interiors Private Limited	68.19	66.74
Advances recoverable in cash or in kind		
Sobha Projects & Trade Private Limited	426.44	519.00
Sobha Puravankara Aviation Private Limited	663.12	671.45
Punkunnam Builders and Developers Private Limited	0.03	0.03
Sobha Aviation and Engineering Services Private Limited	0.01	0.01
Mannur Properties Private Limited	0.02	0.02
Sobha Technocity Private Limited	0.01	0.01
Sobha Contracting LLC, Dubai	-	5.15
Trade receivables		
Sri Kurumba Educational and Charitable Trust	19.89	16.66
Divyakaushal Properties LLP	2.38	-
Sobha Projects & Trade Private Limited	540.51	-
Trade payables		
SBG Housing Private Limited	2.67	2.69
Sobha Puravankara Aviation Private Limited	411.29	358.00
Sobha Projects & Trade Private Limited	13.11	13.11
Technobuild Developers Private Limited	96.03	156.03
Capital creditors		
Sobha Renaissance Information Technology Private Limited	2.89	2.89
Advance from customers		
Divyakaushal Properties LLP	-	2.94

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

Particulars	in ₹ million	
	As at 31 March 2018	As at 31 March 2017
III. Balances receivable from and payable to key managerial personnel		
Non-trade payable		
Mr. J. C. Sharma	41.75	30.92
Mr. Ravi PNC Menon	43.35	30.92

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 31 March 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2017 - ₹ 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	in ₹ million	
	As at 31 March 2018	As at 31 March 2017
Short-term employee benefits	80.01	78.74
Commission to independent directors	6.00	7.50
Other benefits*	85.07	66.79
	171.08	153.03

*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.

34 Segment Information

Basis of segmentation

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segments and assess their performance.

The Group has two reportable segments, as described below, which are the Group's strategic business units. These business units offer different products and services, and are managed separately because they require different marketing strategies. For each of the business units, the Group's CEO reviews internal management reports on at least a quarterly basis.

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

The CEO 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) comprises development, sale, management and operation of all or any part of townships, housing projects, also includes leasing of self owned commercial premises.

The operation of the Contractual and Manufacturing segment (CM) comprises 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 31 March 2018 and 31 March 2017 respectively:

Business segments

Particulars	in ₹ million	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Segment revenue		
Real estate	20,006.09	14,884.12
Contractual and manufacturing	9,203.98	8,445.03
Total Segment revenue	29,210.07	23,329.15
Inter segment revenues	(1,340.07)	(867.73)
Net revenue from operations	27,869.99	22,461.42
Segment result		
Real estate	5,178.69	4,054.92
Contractual and manufacturing	1,293.84	1,080.70
Total Segment results	6,472.53	5,135.62
Finance costs	(1,977.60)	(1,496.70)
Other unallocable expenditure	(1,819.36)	(1,576.52)
Other income (including finance income)	495.83	386.10
Profit before taxation	3,171.40	2,448.50
Share of profit/ (loss) of a joint venture	-	129.25
Income taxes	(1,002.70)	(970.22)
Profit after taxation	2,168.70	1,607.53

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

The following table presents assets and liabilities information for the Group's operating segments as at 31 March 2018 and 31 March 2017

Particulars	in ₹ million	
	As at 31 March 2018	As at 31 March 2017
Segment assets		
Real estate	79,579.57	79,307.91
Contractual and manufacturing	4,351.05	4,188.59
Total Segment assets	83,930.62	83,496.50
Unallocated assets	6,317.53	5,433.88
Total Assets	90,248.15	88,930.38
Segment liabilities		
Real estate	31,666.60	34,429.33
Contractual and manufacturing	3,710.99	1,669.77
Total Segment liabilities	35,377.59	36,099.10
Unallocated liabilities	27,171.25	26,386.50
Total liabilities	62,548.84	62,485.60
Capital employed		
Real estate	47,912.97	44,878.58
Contractual and manufacturing	640.06	2,518.82
Unallocated capital employed	(20,853.72)	(20,952.62)
Total capital employed	27,699.31	26,444.78

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	in ₹ million	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Capital expenditure		
Real estate	83.67	26.39
Contractual and Manufacturing	55.15	5.69
Unallocated capital expenditure	583.30	373.59
Total capital expenditure	722.12	405.67

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 31 March 2018

Reconciliations to amounts reflected in the financial statements

(i) Reconciliation of assets

Particulars	in ₹ million	
	As at 31 March 2018	As at 31 March 2017
Segment assets	83,930.62	83,496.50
Investment (refer note 8)	1,124.84	0.18
Prepaid expenses (refer note 11)	297.44	258.53
Balances with statutory/ government authorities (refer note 11)	1,265.71	1,056.51
Interest accrued on investments (refer note 11)	1.42	0.78
Current tax assets (net)	53.97	20.65
Cash and bank balances (refer note 12 and 13)	1,193.91	1,468.25
Non-current bank balances (refer note 10)	160.88	190.74
Other unallocable assets	2,219.36	2,438.24
Total Assets	90,248.15	88,930.38

(ii) Reconciliation of liabilities

Particulars	in ₹ million	
	As at 31 March 2018	As at 31 March 2017
Segment liabilities	35,377.59	36,099.10
Borrowings (refer note 17)	23,087.65	21,795.15
Provisions (refer note 19)	306.33	303.63
Deferred tax liabilities (refer note 20)	2,521.17	2,283.45
Liabilities for current tax (net) (refer note 20)	361.81	400.81
VAT payable (refer note 22)	-	235.53
Withholding taxes payable (refer note 22)	41.98	51.57
Others payable (refer note 22)	69.37	81.56
Other unallocable liabilities	782.95	1,234.80
Total Liabilities	62,548.85	62,485.60

35 Employment benefit plans

Particulars	in ₹ million	
	As at 31 March 2018	As at 31 March 2017
Net benefit liability-gratuity	165.60	136.84
Non-current	107.20	85.47
Current	58.40	51.37

The Group has a defined benefit gratuity plan in India ('the Plan'), governed by the Payment of Gratuity Act, 1972. The Plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned.

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

The defined benefit plan for gratuity is administered by a single gratuity fund that is legally separate from the Group. The board of the gratuity fund comprises three employees. The board of the gratuity fund is required by law to act in the best interests of the plan participants and is responsible for setting certain policies (e.g. investment and contribution policies) of the fund.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans:

	in ₹ million	
Particulars	31 March 2018	31 March 2017
Reconciliation of present value defined benefit obligation		
Obligation at the beginning of the year	137.14	125.89
Service cost	29.31	15.64
Interest cost	9.28	9.72
Benefits settled	(13.21)	(11.93)
Actuarial (gain)/loss (through OCI)	4.50	(2.18)
Obligation at the end of the year	167.02	137.14
Reconciliation of present value of planned assets		
Plan assets at the beginning of the year, at fair value	0.30	2.66
Interest income	0.02	0.21
Actuarial gain/(loss) (through OCI)	0.10	(0.14)
Contributions paid in to the plan	14.20	9.50
Benefits settled	(13.21)	(11.93)
Plan assets at the end of the year, at fair value	1.41	0.30
Present value of defined benefit obligation at the end of the year	167.02	137.14
less: Fair value of plan assets at the end of the year	1.41	0.30
Net liability recognised in the balance sheet	165.61	136.84
Expenses recognised in statement of profit and loss		
Service cost	29.31	15.64
Interest cost (net)	9.26	9.51
Gratuity cost	38.57	25.15
Capitalised to property plant and equipments	(0.29)	(0.12)
Net gratuity cost	38.28	25.03
Re-measurement gains/ (losses) in OCI		
Actuarial gain / (loss) due to financial assumption changes	5.07	(5.38)
Actuarial gain / (loss) due to experience adjustments	(9.57)	7.56
Return on plan assets greater (less) than discount rate	0.10	(0.14)
Total expenses routed through OCI	(4.40)	2.04

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

The major categories of plan assets as a percentage of the fair value of the total plan assets are as follows:

Particulars	31 March 2018	31 March 2017
Investment in insurance fund	100%	100%

Actuarial assumptions

Particulars	31 March 2018	31 March 2017
Discount rate	7.50%	6.77%
Future salary increases	5.00%	5.00%
Employee turnover	15.00%	15.00%
Estimated rate of return on plan assets	7.50%	6.77%

Assumptions regarding future mortality are based on Indian Assured Lives Mortality (2006-08)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	in ₹ million	
	31 March 2018	31 March 2017
Effect of + 1% change in rate of discounting	(6.42)	(5.65)
Effect of - 1% change in rate of discounting	7.03	6.22
Effect of + 1% change in rate of salary growth	7.14	6.27
Effect of - 1% change in rate of salary growth	(6.62)	(5.80)
Effect of + 1% change in rate of employee turnover	0.60	0.24
Effect of - 1% change in rate of employee turnover	(0.69)	(0.29)

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	in ₹ million	
	31 March 2018	31 March 2017
Within the next 12 months	32.24	51.37
Between 2 and 5 years	86.65	43.12
Between 5 and 10 years	68.13	53.08
Total expected payments	187.02	147.57

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 March 2018	31 March 2017
Profit after tax attributable to shareholders (amount in ₹ million)	2,168.70	1,607.53
Weighted average number of equity shares of ₹ 10 each outstanding during the period used in calculating basic and diluted EPS	95,625,224	96,873,401
Earnings per share - Basic and diluted (amount in ₹)	22.68	16.59

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

37 Leases

Operating lease - Group as lessor

The Group has entered into commercial property leases on its property, plant and equipments. 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 ₹ 138.59 million (31 March 2017 - ₹ 113.35 million) during the year towards lease rental income.

Minimum lease payments receivable in respect of these leases for non-cancellable period are as follows:

Particulars	in ₹ million	
	31 March 2018	31 March 2017
Within one year	41.33	103.36
After one year but not more than five years	73.17	138.43
More than five years	-	-
	114.50	241.79

Operating lease - 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 ₹ 266.14 million (31 March 2017 - ₹ 289.43 million) during the year towards minimum lease payments.

Future minimum rentals payable under non-cancellable operating lease are as follows:

Particulars	in ₹ million	
	31 March 2018	31 March 2017
Within one year	78.95	69.02
After one year but not more than five years	165.91	163.21
More than five years	130.92	150.82
	375.78	383.05

38 Contingent liabilities and commitments

a. Contingent liabilities (to the extent not provided for)

Particulars	in ₹ million	
	31 March 2018	31 March 2017
i Guarantees given by the Group	2,282.11	2,887.87
ii Income tax matters in dispute	210.44	1,508.66
iii Sales tax matters in dispute	529.84	1,004.18
iv Service tax matters in dispute	558.61	2,432.52
v Excise duty matters in dispute	11.66	10.75
	3,592.66	7,843.98

The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position. The Group does not expect any reimbursements in respect of the above contingent liabilities

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

b. Commitments

- (a) The estimated amount of contracts, net of advances remaining to be executed on capital account is ₹ 83.78 million (31 March 2017 - ₹ 57.20 million).
- (b) At 31 March 2018, the Group has given ₹ 17,654.75 million (31 March 2017 - ₹ 15,996.19 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 31 March 2018 the Group has paid ₹ 5,067.44 million (31 March 2017 - ₹ 5,087.99 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. During the year ended 31 March 2018 the company incurred ₹ 116.89 million (31 March 2017 ₹ 119.33 million) towards aircraft usage as per agreement.

c. 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 31 March 2018

39 Construction contracts

Particulars	in ₹ million	
	31 March 2018	31 March 2017
Contract revenue recognised as revenue for the year ended 31 March 2018	22,261.82	19,719.18
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to 31 March 2018 for all the contracts in progress	49,294.36	57,569.44
The amount of customer advances outstanding for contracts in progress as at 31 March 2018 for which revenue has been recognised	4,156.76	7,066.24
The amount of work-in-progress and value of inventories	20,908.58	16,758.49
The amount of retentions due from customers for contracts in progress as at 31 March 2018	213.76	373.39

40 Derivative instruments and unhedged foreign currency exposure

Particulars	in ₹ million	
	As at 31 March 2018	As at 31 March 2017
Foreign currency exposure that are not hedged by derivative instruments or otherwise:		
Trade Payables	14.53	14.79

- 41** 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 31 March 2018.

42 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	in ₹ million	
	31 March 2018	31 March 2017
Opening capital work in progress	792.84	447.87
Add: Expenses incurred during the year		
Purchase of project materials	178.82	118.39
Subcontractor and other charges	55.34	93.29
Salaries, wages and bonus	12.72	20.98
Rent	15.46	10.55
Others	289.75	101.76
Sub-total	552.09	344.97
Closing capital work in progress	1,344.93	792.84

Notes to the consolidated financial statements for the year ended 31 March 2018

43 Fair value measurements

The carrying value of financial instruments by categories is as follows:

Particulars	As at 31 March 2018			As at 31 March 2017		
	At cost	Fair value through profit or loss	At amortised cost	At cost	Fair value through profit or loss	At amortised cost
Financial assets						
Investments (refer note 8)	1,124.52	0.10	0.22	-	0.10	0.08
Trade receivables (refer note 9)	-	-	3,406.52	-	-	2,410.11
Cash and bank balances (refer note 12 and 13)	-	-	1,193.91	-	-	1,468.25
Other financial assets (refer note 10)	-	-	8,696.32	-	-	8,993.99
Total	1,124.52	0.10	13,296.97	-	0.10	12,872.43
Financial liabilities						
Borrowings (refer note 17)	-	-	23,087.65	-	-	21,795.15
Trade payables (refer note 21)	-	-	7,204.98	-	-	7,693.29
Other financial liabilities (refer note 18)	-	-	4,454.51	-	-	3,923.04
Total	-	-	34,747.14	-	-	33,411.48

Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities

Particulars	As at 31 March 2018			As at 31 March 2017		
	Carrying amount	Fair value Level 1	Fair value Level 2	Carrying amount	Fair value Level 1	Fair value Level 2
Financial assets						
Investments carried at fair value through profit and loss	0.10	-	-	0.10	-	-
Investments at amortized cost	0.22	-	0.22	0.08	-	-
	0.32	-	0.32	0.18	-	0.18
Assets for which fair value are disclosed						
Investment properties	1,960.82	-	-	1,979.47	-	-
	1,960.82	-	2,805.00	1,979.47	-	2,805.00

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 instruments, trade receivables, cash and other financial assets, borrowings, trade payables and other financial liabilities are considered to be same as their fair values, due to their short term nature.

For financial assets and 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 31 March 2018****44 Financial risk management objectives and policies**

The Group's principal financial liabilities comprise loans and borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to finance and support the Group's operations. The Group's principal financial assets include instruments, trade and other receivables, cash and bank balances, 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 risk management committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The risk management 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. 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/realestate 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 31 March 2018 and 31 March 2017. 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 31 March 2018 and 31 March 2017.

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.

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:

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

	Increase/ decrease in interest rate	in ₹ million Effect on profit before tax *
31 March 2018		
INR	+1%	(234.51)
INR	-1%	234.51
31 March 2017		
INR	+1%	(188.92)
INR	-1%	188.92

* 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 Group'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.
- Revenue from one customer individually accounted for more than 10% of the Group's revenue for the year ended 31 March 2018 and 31 March 2017. No single customer individually accounted for more than 10% of the trade receivable balance of the Group as at 31 March 2018 and 31 March 2017.

Movement in allowance for credit losses

	31 March 2018	31 March 2017
Particulars		
Opening Balance	22.33	19.97
Amounts written off	4.47	-
Net remeasurement of loss allowance	95.19	2.36
Closing Balance	121.99	22.33

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

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 2018 and 31 March 2017 is the carrying amounts.

C. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

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:

	in ₹ million					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
31 March 2018						
Borrowings (refer note 17)	3,001.71	2,371.61	8,326.67	9,088.00	299.67	23,087.66
Trade payables (refer note 21)	-	3,873.63	1,815.63	1,515.73	-	7,204.99
Other financial liabilities (refer note 18)	34.91	966.42	1,002.37	2,449.29	1.52	4,454.51
	3,036.62	7,211.66	11,144.67	13,053.02	301.19	34,747.16
31 March 2017						
Borrowings (refer note 17)	2,060.63	1,260.70	4,231.79	13,642.03	600.00	21,795.15
Trade payables (refer note 21)	-	2,460.93	713.08	4,517.98	1.30	7,693.29
Other financial liabilities (refer note 18)	33.58	608.47	1,198.53	2,082.46	-	3,923.04
	2,094.21	4,330.10	6,143.40	20,242.47	601.30	33,411.48

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

45 Capital management

For the purpose of the Group'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 borrowings, trade payables and other financial liabilities(excluding liability under JDA), less cash and bank balances.

Particulars	in ₹ million	
	As at 31 March 2018	As at 31 March 2017
Borrowings (long-term and short-term, including current maturities of long term borrowings) (Note 17 and 18)	23,312.65	22,219.49
Trade payables (Note 21)	7,204.98	7,693.29
Other financial liabilities (current and non-current, excluding current maturities of long term borrowings) (Note 18)	4,454.51	3,923.04
Other liabilities (excluding liability under JDA) (Note 22)	11,371.16	9,221.82
Less: Cash and bank balances (Note 12 and 13)	(1,193.91)	(1,468.25)
Net debt	45,149.39	41,589.39
Equity share capital	948.46	963.05
Other equity	26,750.85	25,481.73
Total capital	27,699.31	26,444.78
Capital and net debt	72,848.70	68,034.17
Gearing ratio	61.98%	61.13%

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 31 March 2018 and 31 March 2017.

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

46 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.

Ind AS 115 - Revenue from Contracts with Customers

Ind AS 115 - Revenue from Contracts with Customer (the new revenue recognition standard) has been notified by Ministry of Corporate Affairs (MCA) on 28 March 2018 and will be effective from 1 April 2018. Hence, from 1 April 2018, revenue recognition of the Group shall be driven by this standard.

Ind AS 115 provides guidance on how the entity shall recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This accounting change will bring about significant changes in the way companies recognise, present and disclose their revenue.

The Group is currently evaluating the effect of this standard.

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

47 Additional information pursuant to para 2 of general instructions for the preparation of the Consolidated Financial Statements for year ended 31 March 2018 and 31 March 2017.

31 March 2018

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
Parent								
Sobha Limited	86.14%	26,171.43	85.43%	1,939.92	100.00%	(4.40)	85.40%	1,935.52
Subsidiaries								
Indian								
Sobha City [Partnership firm ¹]	4.14%	1,258.31	5.58%	126.65	0.00%	-	5.59%	126.65
Vayaloor Properties Private Limited	0.01%	2.05	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
Vayaloor Builders Private Limited	0.01%	3.40	0.00%	0.01	0.00%	-	0.00%	0.01
Vayaloor Developers Private Limited	0.01%	3.30	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
Vayaloor Real Estate Private Limited	0.01%	3.41	0.00%	(0.03)	0.00%	-	0.00%	(0.03)
Vayaloor Realtors Private Limited	0.00%	0.71	0.00%	(0.02)	0.00%	-	0.00%	(0.02)
Valasai Vettikadu Realtors Private Limited	0.00%	1.47	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
Sobha Developers (Pune) Limited	7.05%	2,143.12	4.90%	111.28	0.00%	-	4.91%	111.28
Sobha Assets Private Limited	0.01%	0.00	0.00%	(0.04)	0.00%	-	0.00%	(0.04)
Sobha Highrise Ventures Private Limited	2.21%	672.69	3.64%	82.71	0.00%	-	3.65%	82.71
Sobha Contracting Pvt Ltd	0.00%	(0.48)	-0.02%	(0.28)	0.00%	-	-0.01%	(0.28)
Sobha Nandambakkam Developers Limited	0.16%	48.42	0.03%	0.65	0.00%	-	0.02%	0.65
Sobha Tambaram Developers Limited	0.24%	74.07	0.44%	9.89	0.00%	-	0.44%	9.89
Joint ventures (Investment as per the equity method)								
Kondhwa Projects LLP	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Sub total	100.00%	30,381.90	100.00%	2,270.71	100.00%	(4.40)	100.00%	2,266.31
Adjustments arising out of consolidation		(2,682.61)		(102.02)		-		(102.02)
Total		27,699.29		2,168.69		(4.40)		2,164.29

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

31 March 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
Parent								
Sobha Limited	83.20%	25,145.88	91.96%	1,402.84	100.00%	1.33	91.96%	1,404.17
Subsidiaries								
Indian								
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)
Valasai 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
Joint ventures (Investment as per the equity method)								
Sobha Highrise Ventures Private Limited (Joint venture till January 31, 2017)	0.00%	-	6.90%	105.25	0.00%	-	6.89%	105.25
Sub total	100.00%	30,225.02	100.00%	1,525.56	100.00%	1.33	100.00%	1,526.89
Adjustments arising out of consolidation		(3,779.64)		83.82		-		83.82
Total		26,445.38		1,609.38		1.33		1,610.71

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2018

48 Transfer pricing

The Group has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Group is in the process of updating the documentation for the international transactions entered into with the associated enterprise during the financial year and expects such records to be in existence latest by the date as required by law. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

49 Prior year comparatives

The previous year financial statements have been audited by a firm other than B S R & Co. LLP.

As per our report of even date

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Supreet Sachdev
Partner
Membership No.: 205385

Place: Bengaluru, India
Date: 19 May 2018

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: 19 May 2018

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 Tambaram Developers Limited	Sobha Nandambakkam Developers Limited	Sobha Contracting private Limited*
Reporting Period	2017-18	2017-18	2017-18	2017-18	2017-18	2017-18
Reporting Currency	INR in million	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	0.10
Reserve and Surplus	2,142.59	468.24	0.09	73.57	47.93	-0.58
Total Assets	2,255.69	861.00	81.47	127.71	96.49	337.42
Total Liabilities	112.57	186.77	81.47	53.64	48.06	337.90
Investments	5.67	0.24	-	-	-	-
Turnover	1,109.13	761.86	-	22.05	1.54	-
Profit before Taxation	173.91	129.07	(0.04)	13.69	0.87	(0.28)
Provision for Taxation	62.64	44.82	-	3.79	0.23	-
Profit after Taxation	111.28	84.26	(0.04)	9.90	0.65	(0.28)
Proposed Dividend	-	-	-	-	-	-
% Share Holding	100%	100%	100%	100%	100%	100%

*Sobha Contracting Private Limited is a wholly owned subsidiary of Sobha Highrise Ventures Private Limited. Hence a stepdown subsidiary of Sobha Limited.

- 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.

CVS Tech Park Private Limited, an associate of Sobha Limited was incorporated on 5th March 2018. Therefore, the Company has not prepared the audited financial statement for the financial year 2017-18.

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 19, 2018

Notice of Annual General Meeting

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of Sobha Limited will be held on Tuesday, the 7th day of August 2018 at The Gateway Hotel Residency Road Bangalore, 66, Residency Road, Bangalore - 560025 at 3.30 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, 2018, 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. Ravi PNC Menon (DIN: 02070036), who retires by rotation and being eligible has offered himself for re-appointment.

SPECIAL BUSINESS:

4. Ratification of remuneration payable to Cost Auditors.

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

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, 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 ₹ 175,000 (Rupees One lakh and seventy 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 2017-18.

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.”

5. Issue of Non-Convertible Debentures on a private placement basis.

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

“RESOLVED THAT pursuant to the provisions of Section 42, 71 and other applicable provisions, if any, of the Companies Act, 2013, relevant rules made thereunder and any other law for the time being in force and the provisions contained in the Memorandum and Articles of Association of the Company, the guidelines issued by the Securities and Exchange Board of India (SEBI), the Listing Agreements entered into by the Company with stock exchanges and subject to the approval, permissions and sanctions of the lenders of the Company, SEBI, Stock Exchanges, Reserve Bank of India (RBI), Government of India and other concerned authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of the aforementioned authorities while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company, the consent of the shareholders be and is hereby accorded to the Board of Directors of the Company to offer or invite subscription for secured or unsecured redeemable non-convertible debentures in one or more series or tranches, aggregating upto ₹ 700 crores (Rupees Seven hundred crores only), on a private placement basis, on such terms and conditions as the Board of Directors may, from time to time, determine and consider proper and beneficial to the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the shareholders hereby authorise the Board of Directors to do all such acts, deeds, matters and things, settle all question, difficulties or doubts that may arise in regard to the issue or allotment of such Debentures, utilisation of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board of Directors may in its absolute discretion deem fit without being required to seek any further consent or approval

of the shareholders or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

By Order of the Board of Directors

For Sobha Limited



Vighneshwar G Bhat
Company Secretary &
Compliance Officer

Place: Bangalore
Date : May 19, 2018

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 PER CENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PER CENT 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 Third Annual General Meeting and the Annual Report 2018 are available on the Company's website www.sobha.com. The Notice of Annual General Meeting shall also be available on the website of NSDL viz. www.evoting.nsdl.com.
7. **The requirement to place the matter relating to appointment of Statutory Auditors for ratification by members at every Annual General Meeting is done away with vide notification dated May 7, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Statutory Auditors, who were appointed in the Annual General Meeting held on August 04, 2017.**
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 remote e-voting period shall commence on August 4, 2018 at 9.00 AM and ends on August 6, 2018 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 a 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 dematerialised form, as on the cut-off date, that is, Wednesday, August 1, 2018 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:

A. For shareholders receiving e-mail communication from NSDL

Step 1

- a) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- b) Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
- c) A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-Voting and you can proceed to cast your vote electronically.

- d) Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
i) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
ii) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
iii) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***.

- e) Your password details are given below:

- 1) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- 2) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

- 3) Retrieval of 'initial password'

- (i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. The .pdf file contains your 'User ID' and your 'initial password'.

- (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

- f) If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- 1) Click on "[Forgot User Details/Password?](#)" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
- 2) [Physical User Reset Password?](#)" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
- 3) If you are still unable to get the password by the aforesaid two options, you can send a request to evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

- g) After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

- h) Now, you will have to click on “Login” button.
- i) After you click on the “Login” button, Home page of e-Voting will open.

Step 2

1. After successful login as mentioned in Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After clicking on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycles are in active status.
3. Select “EVEN” of Sobha Limited.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

B. For shareholders’ receiving physical copy of the Notice of the 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(e)(3)(i) to cast your vote.

General guidelines

- 1) **Institutional Shareholders (that is, other than individuals, HUF, NRI etc.) are required to send a scanned copy (PDF/ JPG format) of the Board Resolution / Authority Letter together with an attested specimen signature of the duly authorised signatory(ies) who are authorized to vote, to the Scrutinizer through E-mail nagendradrao@gmail.com with a copy marked to evoting@nsdl.co.in**

2) For shareholders’ who have become members of the Company after despatch of Notice of the Annual General Meeting:

Members who have acquired the shares of the Company after despatch of the Notice of Annual General Meeting and whose names appear 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. Wednesday, August 1, 2018 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 e-mail ids:

1. To NSDL at evoting@nsdl.co.in
2. To the Registrar and Share Transfer Agents at evoting@linkintime.co.in
3. To the Company at investors@sobha.com
14. Shareholders can update their mobile numbers and e-mail IDs in the user profile details of the folio which may be used for sending communication(s) regarding the NSDL e-voting system in the future.
15. In case of any queries, shareholders may refer to the Frequently Asked Questions (FAQs) and remote e-voting user manual for shareholders available in the ‘Downloads’ section of 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 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 the Annual General Meeting.

DIVIDEND

18. The Register of Members and the Share Transfer Books of the Company shall remain closed on Friday, 27th July, 2018.
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 3rd September, 2018.
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 earlier years are requested to write to the Secretarial Department at the Registered and Corporate Office of the Company or send an e-mail to: investors@sobha.com to claim the dividend. Details of unclaimed dividend as on 31.03.2018 are available in the 'investors section' of the website of the Company www.sobha.com.

During the financial year 2018-19, the Company will be required to transfer to the Investor Education and Protection Fund, the dividend declared in the Annual General Meeting of the Company held on 30th June, 2011 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 e-mail to investors@sobha.com. Details of unclaimed equity shares are available in the 'investors section' of the website of the Company 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, LBS 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 e-mail to 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, LBS Marg, Vikhroli (West), Mumbai - 400083. or send an e-mail to rnt.helpdesk@linkintime.co.in.

OTHERS

25. The route map for 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 e-mail 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 a notice and financial statements through electronic mode. In view of the same, shareholders are requested to update their e-mail 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 THE PROVISIONS OF SECTION 102(1) OF THE COMPANIES ACT, 2013]

Item No. 4

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 2017-18. Further, the Board of Directors, on the recommendations of the Audit Committee, have approved the payment of remuneration not exceeding ₹ 175,000 (Rupees One lakh and seventy 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 2017-18.

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, 2018.

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. 4 for approval by the Members.

Item No. 5

The Company in order to execute various projects, both residential and contractual, has to borrow

money from banks and other financial institutions as a means of finance. The Company has currently availed project-specific or general purpose borrowings from various banks and financial institutions to finance the execution of the projects of the Company.

The Board of Directors envisages a continued need for the funding requirements of the Company to be met through various components, i.e. equity, project loans, general purpose corporate loans, borrowings from financial institutions, debentures etc. A mix of these instruments will result in optimum utilisation of funds at an optimum cost and help meet the various business requirements of the Company. The Board is therefore, contemplating the feasibility of borrowing money through further issue of non-convertible debentures.

In terms of Rule 14 of The Companies (Prospectus and Allotment of Securities) Rules, 2014, the issue of non-convertible debentures on a private placement basis requires previous approval of the members of the Company by way of a Special Resolution and such an approval shall be valid for all the offers or invitation for such debentures during the year.

Accordingly, consent of the members is being sought to enable the Board of Directors to offer or invite subscriptions for non-convertible debentures aggregating up to ₹ 7,000,000,000 (Rupees Seven hundred crores only) as may be required and such approval shall be valid for a year.

None of the Directors or the 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 recommends the Special Resolution set-out in Item No. 5 of the Notice for approval by the members.

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

Name of Director	Mr. Ravi PNC Menon
Age	37 Years
Date of First Appointment	June 08, 2004
Qualifications	Bachelor of Science in Civil Engineering from Purdue University, USA
No. of Board Meetings attended during the financial year 2017-18	4
Expertise in specific functional areas	Mr. Ravi PNC Menon oversees the overall management and functioning of the Company. His responsibilities in the Company encompass product delivery, project execution, technology advancements, quality control and enhancement, process and information technology and customer satisfaction. He supervises the performance of various departments in the organisation such as Project Management, Design and Engineering, Sales & Marketing, Quality Safety & Technology, Purchase, Estimation, Cost Audit, Value Engineering, Landscaping, Human Resources etc. Mr. Menon specifically aims at scaling the delivery levels of the Company, adhering to quality standards, launching new product lines and strengthening the customer relationship management function.
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 3 rd August 2016. The remuneration paid for the financial year 2017-18 is disclosed in the Corporate Governance Report that forms 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 Highrise Ventures Private Limited [Subsidiaries of Sobha Limited, a public company]
Committee positions held in other companies	None.
Relationship with other Directors and Key Managerial Personnel	None.
Number of shares held as on May 19, 2018	32,950 Equity Shares of ₹ 10 each 52,976,763 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 August 03, 2016.

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 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 Third Annual General Meeting of the Company, to be held on Tuesday, the 7th day of August, 2018 at The Gateway Hotel Residency Road Bangalore, 66, Residency Road, Bangalore - 560025 at 3.30 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, 2018.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Ravi PNC Menon (DIN: 02070036), who retires by rotation and being eligible has offered himself for reappointment.
4. Ratification of remuneration payable to M/s Srinivas and Co, Cost Accountants (Firm Registration No: 000278), the Cost Auditors of the Company.
5. Issue of Non-Convertible Debentures on a Private Placement basis.

Signed this day of 2018.

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

Registered Folio / DP ID & Client ID	
Name and address of the Shareholder	

1. I hereby record my presence at the **Twenty Third Annual General Meeting** of the Company held on Tuesday, the 7th day of August, 2018 at 3.30 PM at The Gateway Hotel Residency Road Bangalore, 66, Residency Road, Bangalore - 560025.
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 Third Annual General Meeting dated May 19, 2018. The E-Voting period starts on Saturday, August 4, 2018 at 9.00 AM and ends on Monday, August 6, 2018 at 5.00 PM. The e-voting module shall be disabled by NSDL for voting thereafter.

Glossary

ADR
American Depository Receipts

BBS
Bar Bending Schedule

BSE
BSE Limited

CAGR
Compounded Annual Growth Rate

CDSL
Central Depository Services (India) Limited

CEO
Chief Executive Officer

CFA
Chartered Financial Analyst

CFO
Chief Financial Officer

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

FII
Foreign Institutional Investors

FSI
Floor Space Index

GDP
Gross Domestic Product

GDR
Global Depository Receipts

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

IPO
Initial Public Offer

ISIN
International Securities Identification Number

ISO
International Organization for Standardization

IT / ITES
Information Technology / Information Technology
Enabled Services

JD / JV
Joint Development / Joint Venture

KMP
Key Managerial Personnel

LED
Light-emitting diode

Listing Regulations
SEBI (Listing Obligations and Disclosure
Requirements) Regulations, 2015

MCA
Ministry of Corporate Affairs, New Delhi

MD&A
Management Discussion & Analysis

MEP
Mechanical, Electrical and Plumbing

NCR
National Capital Region

NEAPS
NSE Electronic Application Processing System

NECS
National Electronic Clearing System

NEFT
National Electronic Fund Transfer

NRI
Non Resident Indian

NSDL
National Securities Depository Limited

NSE
National Stock Exchange of India Limited

OHSAS
Occupational Health Safety Assessment Series

PAT
Profit after Tax

PBDIT
Profit before Depreciation, Interest and Tax

PBIT
Profit before Interest and Tax

PBT
Profit before Tax

PV Cells
Photovoltaic Cells

QST
Quality, Safety and Technology

R&D
Research and Development

R&T Agents
Registrar and Share Transfer Agents

RBI
Reserve Bank of India

RERA
Real Estate (Regulation and Development) Act,
2016

ROCE
Return on Capital Employed

ROE
Return on Equity

RTGS
Real Time Gross Settlement

SBA
Super Built-up Area

SCORES
SEBI Complaint Redress System

SEBI
Securities and Exchange Board of India

VFD
Variable Frequency Drive

WTD
Whole-time Director

Y-O-Y
Year-on-Year

Fiscal 2018 Highlights

Q1 - 2018

Revenues of ₹ 6,891 million with a PBT of ₹ 728 million and PAT of ₹ 470 million
Collections of ₹ 7,295 million
Average cost of debt as end of Q1-18 stood at 10.06%
Completed 0.68 million square feet of contractual projects during Q1-18
Sold 0.82 million square feet of area total valued at ₹ 6,234 million (Sobha Share value of ₹ 5,627 million)

Q2 - 2018

Revenues of ₹ 6,578 million with a PBT of ₹ 710 million and PAT of ₹ 502 million
Collections of ₹ 6,936 million
Average cost of debt as end of Q2-18 stood at 9.88%
Sold 0.86 million square feet of area, total valued at ₹ 6,751 million (Sobha Share of ₹ 5,927 million)
Completed 0.81 million square feet of Real Estate projects and 0.39 million square feet of contractual projects, totalling 1.20 million square feet of developable area during Q2-18.
Sobha bagged 2 major Contractual orders from LuLu group and Biocon, with total order valued at ₹ 6.10 Billion

Q3 - 2018

Revenues of ₹ 7,004 million with a PBT of ₹ 825 million and PAT of ₹ 538 million
Collections of ₹ 6,744 million
Average cost of debt as end of Q3-18 stood at 9.74%
Sold 0.93 million square feet of area, total valued at ₹ 7,509 million (Sobha Share of ₹ 6,105 million)
Completed 0.17 million square feet of Real Estate projects and 0.15 million square feet of contractual projects, totalling 0.32 million square feet of developable area during Q3-18.
Launched 2 projects, each one in Bangalore and Thrissur, measuring total developable area of 1.62 million square feet and the saleable area of 0.98 million square feet.
The company has been voted NUMBER ONE choice of home buyers nationally by "Track2realty Consumer Confidence Report 20:20" for the 4th consecutive year.

Q4 - 2018

Revenues of ₹ 7,892 million with a PBT of ₹ 907 million and PAT of ₹ 654 million
Collections of ₹ 9,107 million
Average cost of debt as end of Q4-18 stood at 9.39%
Sold 1.02 million square feet of area total valued at ₹ 8,118 million (Sobha Share of ₹ 6,558 million)
Completed 1.60 million square feet of Real Estate projects and 2.00 million square feet of contractual projects, totalling 3.60 million square feet of developable area during Q4-18.
Launched 2 projects, each one in Bangalore and Chennai, measuring total developable area of 0.90 million square feet and the saleable area of 0.64 million square feet.

3 Years financial highlights (Consolidated financials)

Particulars	2017-18	2016-17	2015-16
Financial Performance			
Total Income (Net of Excise Duty in case Indian GAAP)	28,365.81	22,847.52	19,908.38
Profit before depreciation interest and tax (PBDIT)	5,692.99	4,712.68	4,802.37
Depreciation	544.00	638.23	596.89
Profit before interest and tax (PBIT)	5,148.99	4,074.45	4,205.48
Interest	1,977.60	1,496.70	1,636.57
Profit before tax (PBT)	3,171.40	2,577.75	2,568.91
Profit after tax (PAT)	2,164.30	1,608.86	1,378.81
Minority interest	-	-	-
PAT after minority interest	2,164.30	1,608.86	1,378.81
Dividend			
Equity (proposed)	663.92	240.76	196.13
Rate of dividend	70%	25%	20%
Financial position			
Shareholder's funds	27,699.31	26,444.78	25,648.13
Borrowed fund	23,312.65	22,219.49	21,802.87
Total	51,011.96	48,664.27	47,451.00
Net fixed assets	6,102.85	5,951.98	6,180.60
Investments	1,124.84	0.18	293.83
Net current and non current assets	46,305.44	44,995.56	43,250.25
Deferred tax assets/(liability)	(2,521.17)	(2,283.45)	(2,273.68)
Total	51,011.96	48,664.27	47,451.00
	-	-	-
Ratios			
EBIDTA Margin	20.07%	20.63%	24.12%
Pre-Tax Margin	11%	11%	13%
Post Tax Margin	8%	7%	7%
Interest coverage ratio	2.60	2.72	2.57
Net debt to EBIDTA (times)	3.86	4.36	4.24
Fixed assets to turnover ratio	22%	26%	31%
Debtors turnover ratio (Net Debtors)	-14%	-9%	-7%
Debtors turnover ratio (Gross Debtors)	25%	30%	31%
Return on Equity (ROE)	8%	6%	6%
Return on Capital Employed (ROCE)*	10%	8%	9%
Earnings per share (EPS)	22.68	16.59	14.08
Book Value	292.05	274.59	261.55
Debt/Equity Ratio	0.79	0.78	0.79
Price Earning Multiple	22.40	20.70	19.46
Price/book value	1.74	1.25	1.05

*EBIT/ Average capital employed

Figures are regrouped wherever necessary

Publication Details and Credits

Investor Relations Contact:

Sobha Limited

'SOBHA'

Sarjapur-Marathahalli Outer Ring Road (ORR),

Devarabisanahalli, Bellandur Post,

Bangalore - 560 103

Tel : 080 - 4932 0000

Fax : 080 - 4932 0446

Email : investors@sobha.com

Design, text and editing:

Sobha Corporate Communications,

Bangalore

Printed by:

Parksons Graphics, Mumbai, India.

Financial Calendar

[tentative and subject to change]

Board Meetings

- For quarter ending June 30, 2018 – on or before August 14, 2018.
- For quarter ending September 30, 2018 – on or before November 14, 2018.
- For quarter ending December 31, 2018 – on or before February 14, 2019.
- For the year ending March 31, 2019 – on or before May 30, 2019.

Annual General Meeting

- For the year ending March 31, 2019
on or before August 31, 2019



Twenty Third Annual General Meeting of the Members of Sobha Limited is scheduled on Tuesday, the 7th day of August 2018 at 3:30 PM.

Venue: The Gateway Hotel Residency Road Bangalore, 66, Residency Road, Bangalore - 560 025.

Notes

This image shows a full page of white paper with horizontal dashed lines, typical of primary school writing paper. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



PASSION AT WORK

SOBHA Restoplus[®]

S P R I N G M A T T R E S S

Good night. Good day.

Make your House a Home with Exclusive Shareholder offer from Sobha Restoplus.

Can be delivered anywhere in India



Buy any mattress worth **Rs. 15k to 20k**,
get accessories worth **Rs. 6000/- free**

Buy any mattress worth **Rs. 21k to 30k**,
get accessories worth **Rs. 10,000/- free**

Buy any mattress worth **Rs. 31k to 50k**,
get accessories worth **Rs. 14,000/- free**

Buy any mattress worth **Rs. 51k & above**
get accessories worth **Rs. 20,000/- free***

*T&C Apply



Tel: 08027 839700

Mobile: 9880 730400

Email: sobha.restoplus@sobha.com

www.sobharestoplus.com

* TERMS AND CONDITIONS-
MATTRESS & ACCESSORIES VALUE WILL BE CONSIDERED ON CURRENT MRP.
NO CASH EXCHANGE WILL BE CONSIDERED.OFFER VALID TILL 31/12/18.
ANY DISCREPANCIES WILL COME UNDER BANGALORE JURISDICTION ONLY.
WILL BE HOME DELIVERED ANY WHERE IN INDIA.



Scan the QR code to view further information on
the Sobha Annual Report 2018 on our website
www.sobha.com