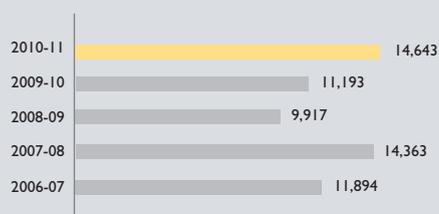


Sobha at a Glance

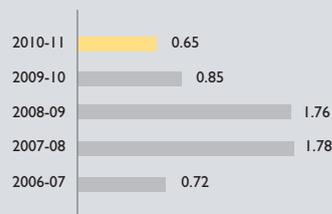
(₹ in Million except earnings per share, rate of dividend and debt equity ratio)

Particulars	2010-11	2009-10	2008-09	2007-08	2006-07
Financial Performance					
Turnover	14,643	11,193	9,917	14,363	11,894
Profit Before Depreciation Interest and Tax (PBDIT)	3,143	2,425	2,867	3,674	2,596
Depreciation	278	323	360	350	244
Profit Before Interest and Tax (PBIT)	2,865	2,102	2,507	3,324	2,352
Interest	429	499	1,052	615	486
Profit Before Tax (PBT)	2,436	1,603	1,455	2,709	1,866
Profit after Tax (PAT)	1,825	1,367	1,097	2,283	1,615
Earnings per Share (₹)	18.61	14.91	15.04	31.32	24.26
Dividend:					
Equity	294	245	73	474	401
Rate of Dividend (%)	30.00	25.00	10.00	65.00	55.00
Financial Position					
Shareholders' Fund	18,566	17,085	10,895	9,883	8,155
Borrowed Funds	12,110	14,540	19,122	17,630	5,837
Total	30,676	31,625	30,017	27,514	13,992
Debt Equity Ratio	0.65	0.85	1.76	1.78	0.72
Net Fixed Assets	2,041	2,061	2,248	2,142	1,948
Investments	516	429	362	294	527
Net Current Assets	28,119	29,135	27,407	25,078	11,517
Total	30,676	31,625	30,017	27,513	13,992

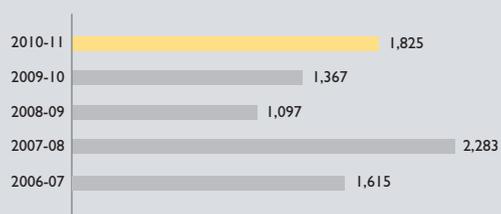
TURNOVER



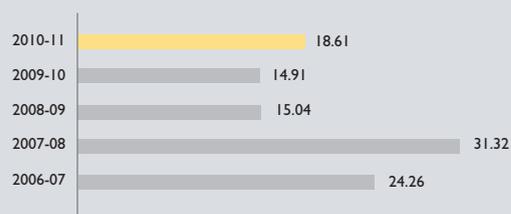
DEBT EQUITY RATIO



PROFIT AFTER TAX



EARNINGS PER SHARE



Details Make the
Difference

GREAT CREATIONS OFTEN EMANATE FROM THE FINER SUBTLITIES.

It was Sobha's conviction to create world-class projects in India that brought forth our culture of assiduous attention to details. What started with a single landmark project to transform the way people perceive quality, today 261 projects later, is a brand trusted for perfection. The difference was always in the details.

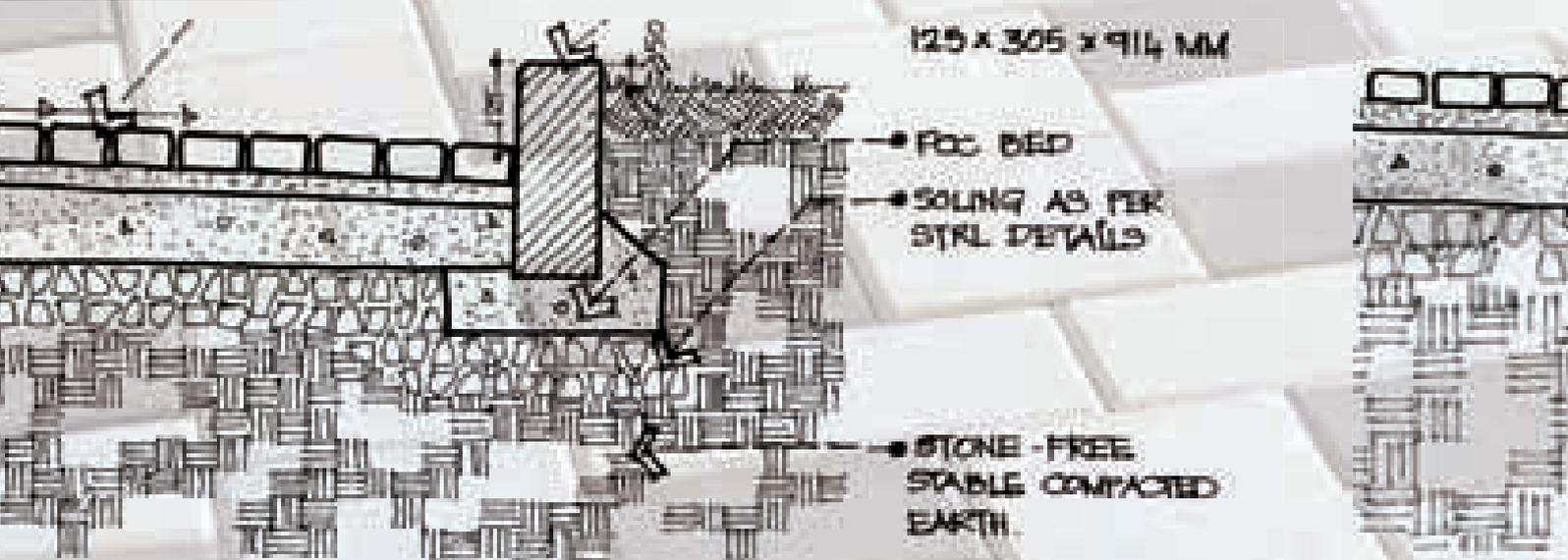
We spend considerable amount of time thinking about how our customers perceive and appreciate the little details and how these translate into a great living experience. The confidence of our customers in our products is reflected in the continuing customer referrals. We believe that it is our focus on details that helps differentiate us from others and adds a premium to the value we provide.

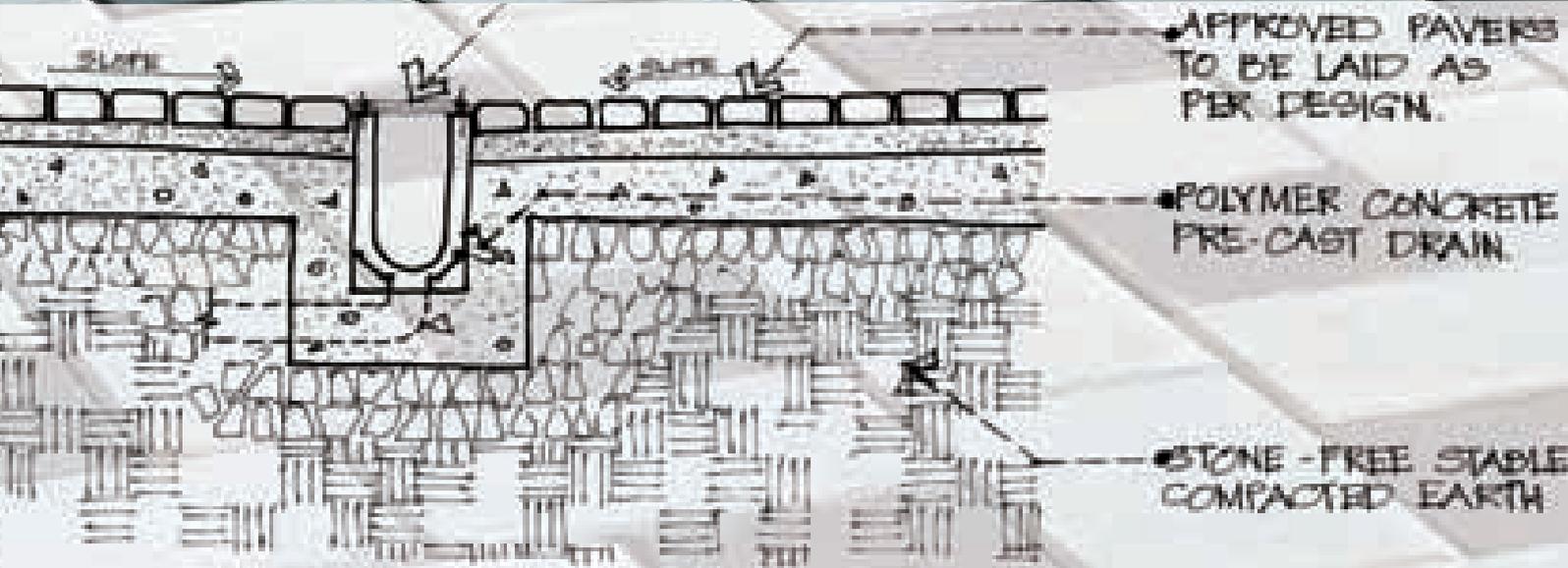
The impetus behind our product excellence are Sobha's designers and project execution team, whose single-minded focus is to create that distinctive edge in all our offerings. To this end, immense time and effort is spent to ensure we get to the heart of every product. The requirement for detail-orientation commences at the very top with the management, and percolates right down to the technician who craft and create the product.

Investment in technology and state-of-the-art manufacturing units have enabled the process of delivery, by reducing time, and obtaining a superior finish. Also, we actively embrace any opportunity to raise the bar for our capabilities in our pursuit of constant improvement.

The very act of achieving perfection attracts an incursion of opportunities, and expansion of activities, increasing the demand on our people, processes and systems. We are certainly confident, and geared to take flight across these new pathways to add many more fruitful chapters to our legacy - and believe our details will continue to make the difference.

Paving







OUR TEAM DELIVERS
WORLD-CLASS DESIGN
SOLUTIONS WITH A KEEN
EYE FOR DETAIL

CREATING METICULOUS DESIGNS

Sobha's Architectural design studio comprise of Architects, Graphic Designers, Model Makers and 3D Visualizers and is equipped with the best of technology. Our team delivers world-class design solutions with a keen eye for detail.

Architectural Design in itself is a process of integrating the Client's functional requirements with the Architect's ideas and the environment. At Sobha a transparent and standard process is followed at all times.

The design process begins after the technical feasibility study of a potential piece of land is conducted. If found feasible, conceptual plans are prepared based on the design brief report given by the Client. On approval of concept plans, drawings for marketing and statutory purposes are prepared.

This is followed by the preparation of good for construction drawings, which entails preparation of a comprehensive set of drawings, comprising of architectural, coordinated structural engineering and services drawings.

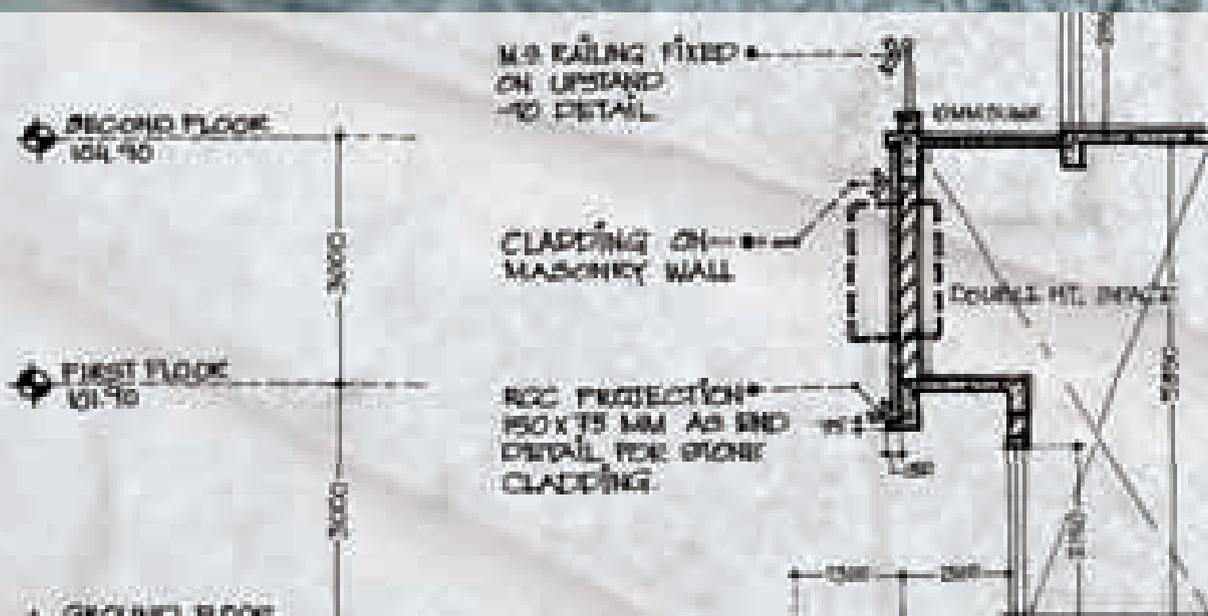
On an average, the count of the total number of drawings for a typical residential building would range between 350 to 400 numbers. And, in order to prepare these drawings, approximately 2800 man hours are spent - a considerable amount of time! This again could vary depending on the complexity of the project.

Detailing is the key to the success of our projects. Many of our details are standardized and well documented. We review this periodically and improvise them based on research; value engineering; customer feedback; and on the availability of alternative products in the market. Interestingly, about 40 percent of the total set of drawings are detail drawings. And it is these details that help our engineers to precisely construct all the finer components that make the buildings truly world-class!

Geetha Nair

SENIOR VICE PRESIDENT, ARCHITECTURE,
SOBHA DEVELOPERS LTD.

Cladding

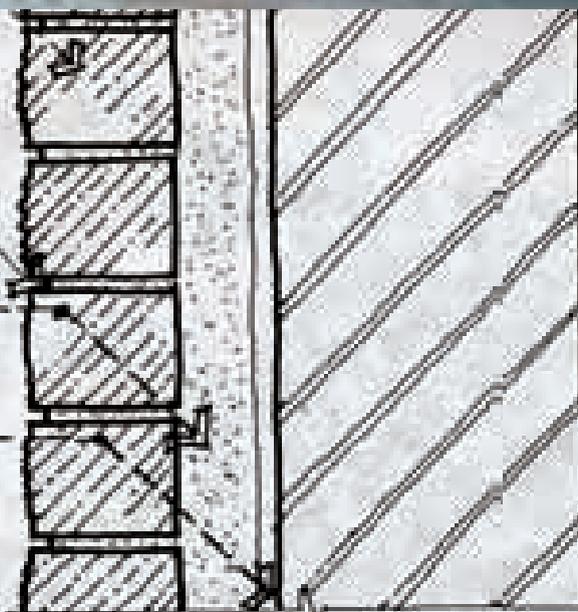




SPACING BETWEEN
STONES - 10MM
TO BE GROUTED WITH
CEMENT

40-50MM THK CEMENT
MORTAR (1-6)

ROUGH PLASTER
-1 COAT 12 MM THK
ON BLOCK MASONRY.

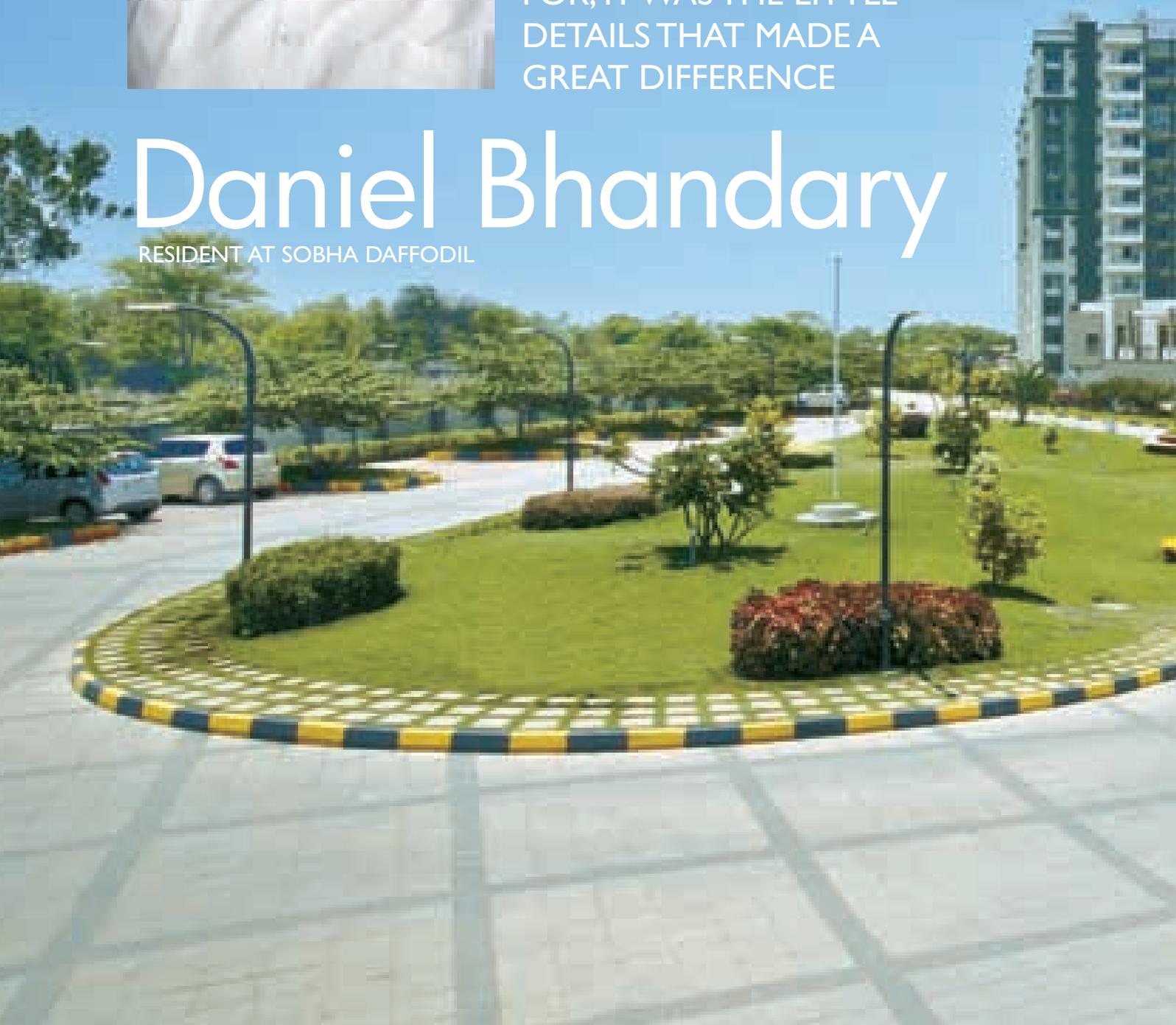




APART FROM THE GENERAL
QUALITY OF CONSTRUCTION
WHICH SOBHA IS KNOWN
FOR, IT WAS THE LITTLE
DETAILS THAT MADE A
GREAT DIFFERENCE

Daniel Bhandary

RESIDENT AT SOBHA DAFFODIL





EXPERIENCING CUSTOMER DELIGHT

When we decided to invest in an apartment for our own stay in Bangalore we looked at several properties by various builders. A friend of mine from Singapore recommended Sobha. Sobha Daffodil in H.S.R. Layout fitted my budget and my requirements of proximity to my office, schools, shopping facilities etc. We were most impressed by the layout and the quality of work already completed at the project and we did not take much time in deciding on Daffodil.

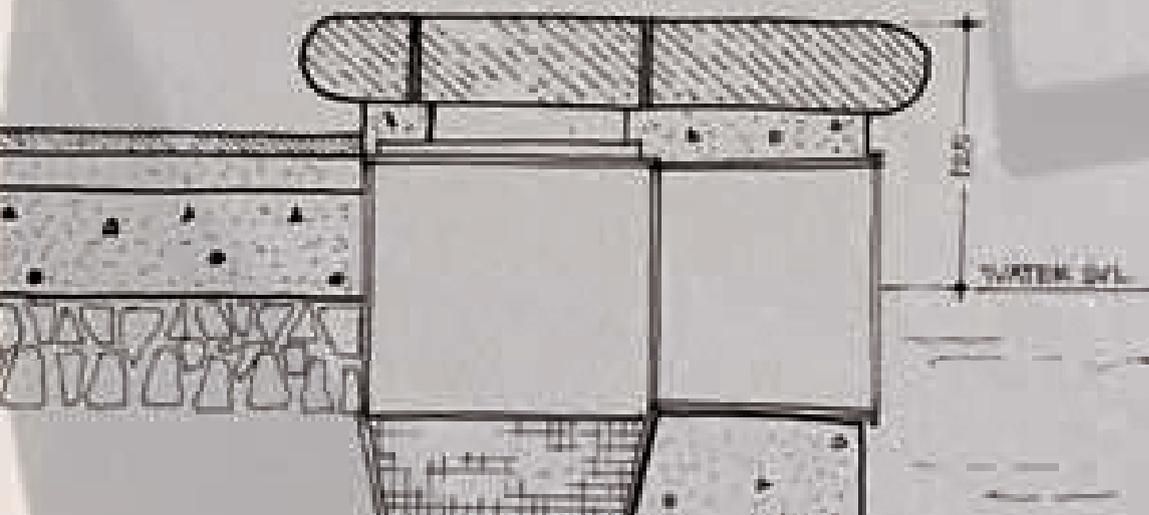
Today we are the proud owner of our own 'home' in Sobha Daffodil. Apart from the general quality of construction which Sobha is known for, it was the little details that made a great difference. The perfectly symmetrical and evenly laid out tiling in all the rooms and the toilets, the grouting between the tiles which does not allow dust to settle, balconies which do not get immersed in water when the rains come lashing, toilets which do not flood the adjoining bedrooms when someone takes a shower, immaculately plastered and spotlessly painted walls, perfectly placed lights, fans and other electrical and sanitary fittings, you can go on listing the little things Sobha has taken great care to provide in the apartment. Not to forget the generator backup which makes you think that there are no more power cuts in Bangalore.

The entire layout has been planned and executed to provide maximum comfort to the residents. The driveways are beautifully paved with tiles and the landscaping and greenery are a joy to watch. The parking lots are well laid out, clearly marked and well lit, the driveways in the parking lot are sufficiently wide for easy maneuvering and there was no flooding during the recent rains. The club house is world class with the best and varied fitness equipment in the gym, swimming pool with children's pool, world class wooden-floored badminton court, multipurpose halls, you name it it's there. The lighting in the complex is remarkably adequate and yet not overdone, exploiting solar lighting to save on power costs.

Even the documentation is very detailed and Sobha's Home Buyer's Guide is a treasure of knowledge on what to expect and what not to when you buy a Sobha property. One thing I like about Sobha is their honest and transparent approach in their dealings. They have exceeded my expectations on all their deliverables.

Any day I will recommend a Sobha home to my friends. Like my friend from Singapore did.

Coping



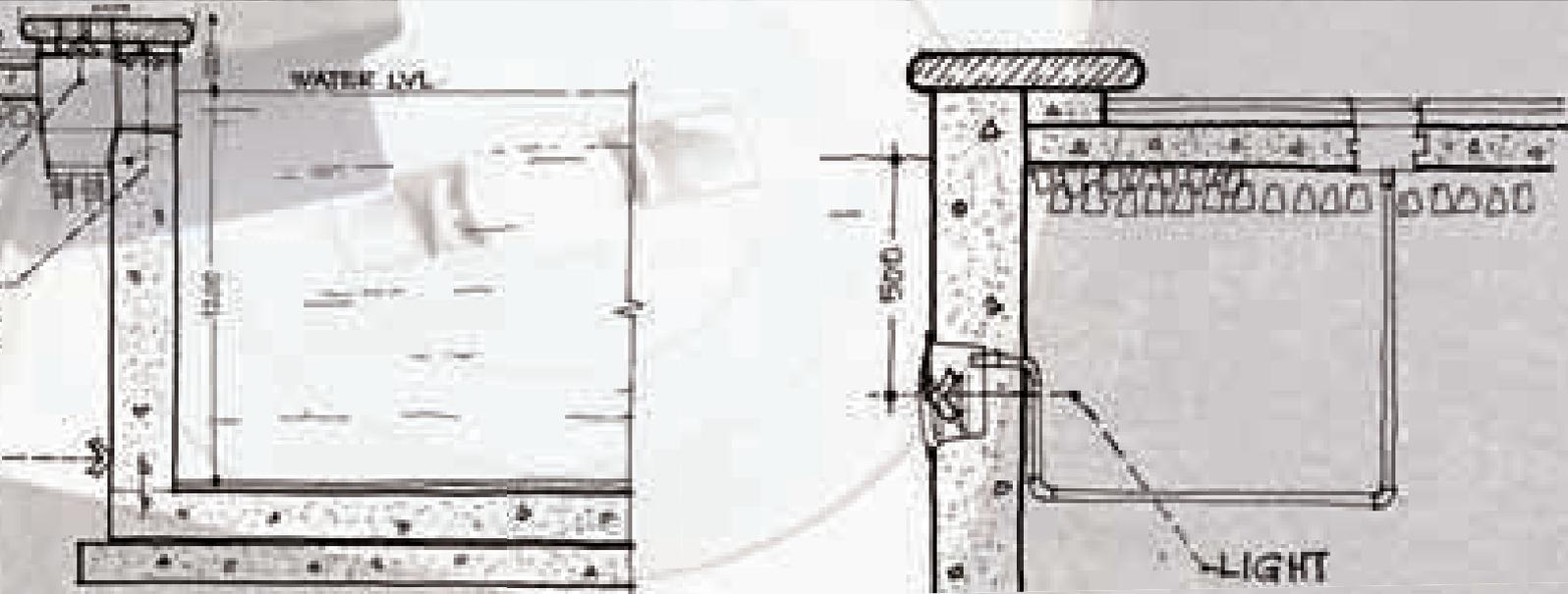
▼ SECTION DVL # 0111.03

SECTION DVL # 0111.03

SKINNER TO BE CONCEALED WITH GRANITE

COPING OF 50MM THICK FLAMED FINISH JET BLACK GRANITE

WATER-PROOFING AS PER DETAIL



AT SOBHA WE USE THE LATEST TECHNOLOGY TO PLAN THE STEP BY STEP EXECUTION OF A PROJECT IN THE MINUTEST DETAILS POSSIBLE



EXCELLENCE IN EXECUTION

At the heart of every successful construction company is its project management and execution capabilities. The run of the mill brick and mortar business is transformed into one of creativity and innovativeness through a meticulous process of planning, organizing and managing resources and activities to deliver the final product with the four key attributes - quality, safety, time and cost.

At Sobha we use the latest technology to plan the step by step execution of a project in the minutest details possible. The detailed planning and scheduling of activities integrate all the resources, viz. design drawings, materials, manpower, and machinery. This is further broken down into daily schedules which are strictly followed by the execution team.

A mockup apartment is built at the start of the project with a view to assess and implement the minute details of execution. Lessons learnt from this experience are translated into large scale project execution. This also acts as an innovation funnel through which new ideas and suggestions are passed through for authentication before implementation.

Daily monitoring of schedules with the help of planning software, weekly site meetings along with all support departments, a unique daily cost tracking system and the Enterprise Resource and Planning system which encompasses the entire gamut of operations, ensure that the execution at the lower most level is flawless and strictly adhering to the plan and process.

Sobha has its own indigenously developed Process and Technology manuals which are stringently followed to ensure that no single detail is missed out during execution. The four stage snagging process, again a process unique to Sobha, is one such example of our uncompromising process. It prescribes the sequencing of finishing in a systematic and detailed manner to achieve the highest quality in execution. Standard checklists are followed for all activities including even the mundane activity of debris cleaning and housekeeping.

Quality control and assurance processes in Sobha are like a devotional ritual and religiously practiced. A multilayered quality monitoring and inspection process headed by German experts is in place to guarantee the highest quality product at the end. All personal protective equipments to the best of industry standards are followed at all stages and constantly monitored by the Quality and Safety Team.

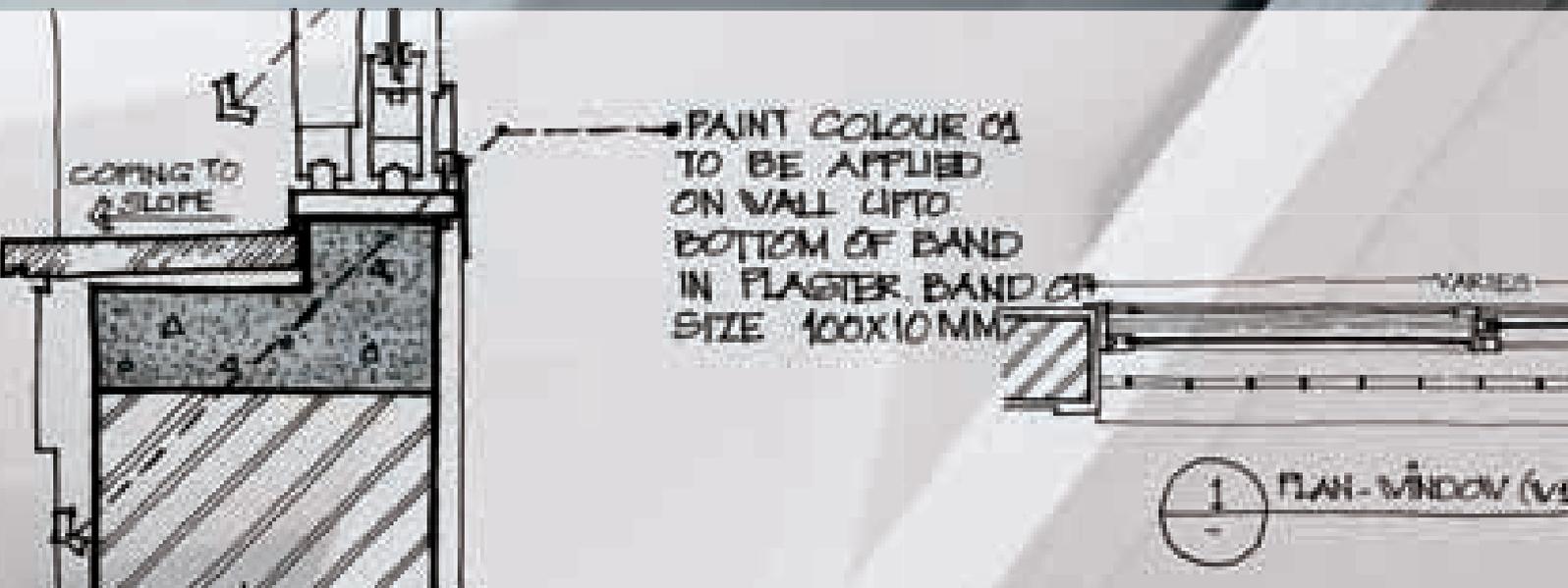
Continuous training is the key to our execution success. All site activities are routinely covered during on-the-job training. Each project head spends at least 60 percent of his time in training his subordinates and a 360° reverse training is another innovation. Skill development training for our technicians is assiduously conducted at our Sobha Training Academy. These help the Company technicians to grow and establish long term association with the Company.

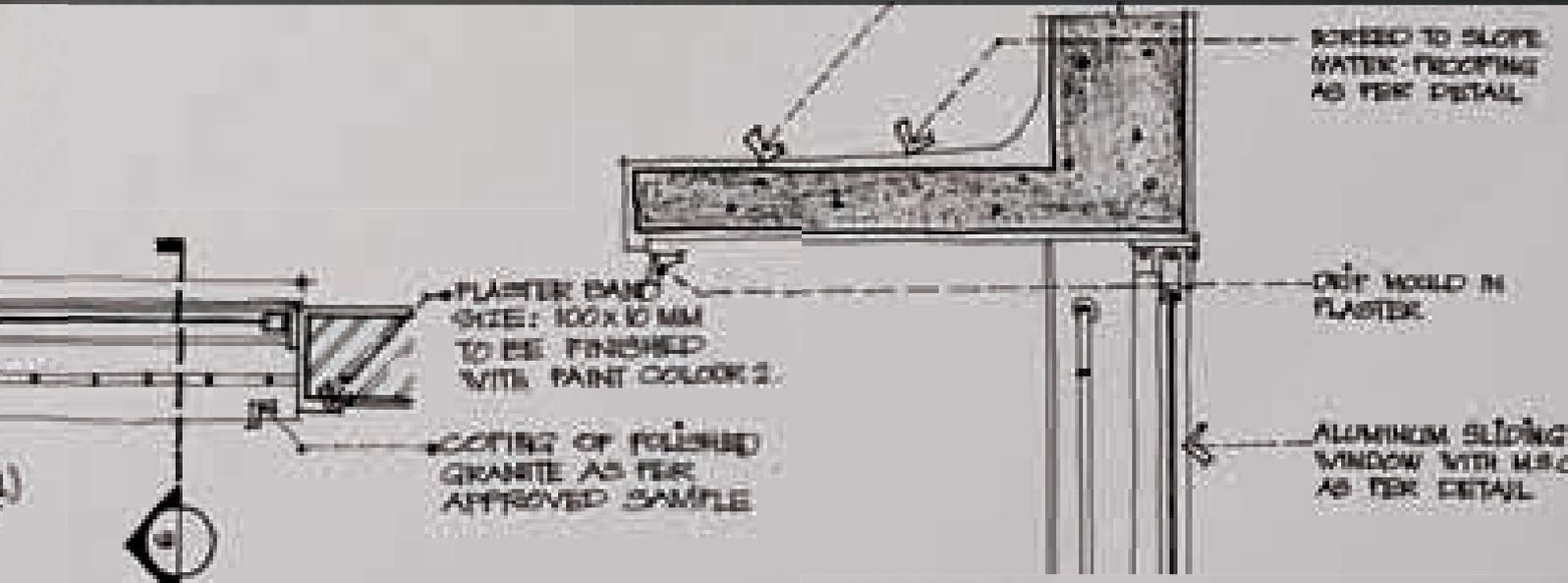
Behind the transformation of a piece of barren land into an object of aesthetic beauty is a lot of thinking and the assembly of minutest details. A house built by Sobha becomes a beloved home for a discerning and valued customer. That day, my day is made.

Ravi Namboodiri

VICE PRESIDENT, PROJECTS, SOBHA DEVELOPERS LTD.

Painting







Matthias Rauck

HEAD, BAYER TECHNOLOGY SERVICES INDIA

BUILDING RELATIONSHIPS

Bayer has inaugurated its first emissions-neutral office building in Asia at Greater Noida, near New Delhi, India as part of its global 'Climate Program' to promote sustainability.

The two-storey, cube-shaped building has been designed using state of the art energy simulation and was adapted effectively to suit the Indian sub-tropical climate. The walls, roof and floors are insulated with Bayer's polyisocyanurate (PIR) rigid foam. Special features like highly efficient air-conditioning, double glazed windows with internal blinds and lighting systems are added to make it a most energy efficient building; An onsite photovoltaic system is installed to meet the entire energy demand of the building. A dedicated sewerage treatment plan (STP) makes it a complete "zero discharge" building. All these factors are finally attributing for LEED platinum rating for this "Eco Commercial Building".

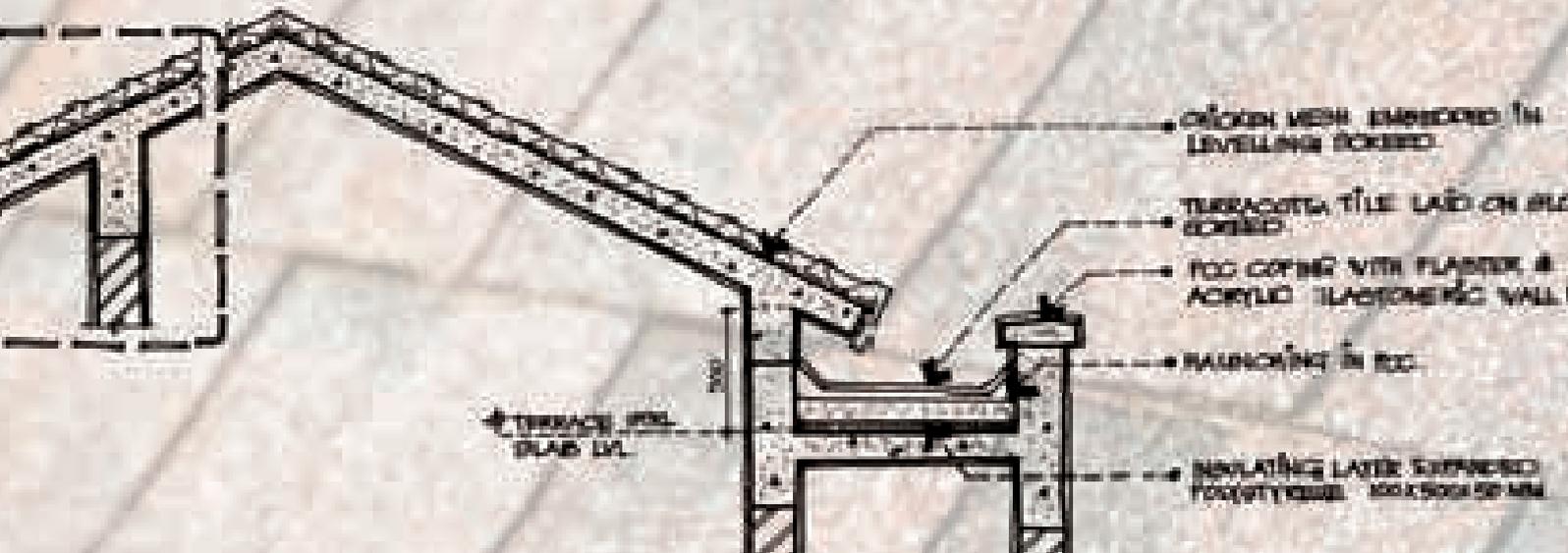
The construction of this prestigious project was awarded to M/s Sobha Developers, Bangalore. As main contractor, Sobha Developers was responsible for civil, structural, architectural, HVAC, mechanical, electrical and plumbing works. Sobha Developers has executed the project with highest quality standards and ensuring Bayer's safety requirement to our complete satisfaction. The special attention of Sobha's top management and its supports on the crucial phases during the project execution were highly appreciated.



SOBHA HAS EXECUTED
THE PROJECT WITH HIGHEST
QUALITY STANDARDS AND
ENSURING BAYER'S SAFETY
REQUIREMENT

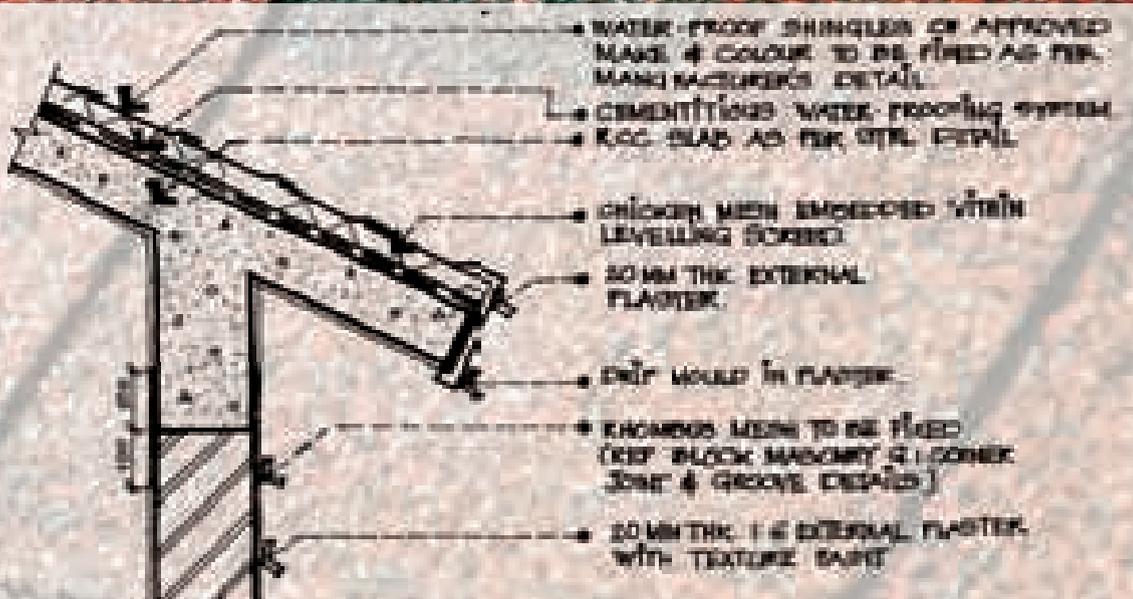


Roof Tiling





SPND
 rition





SHARAD KUMAR

MY GOAL IS TO GUIDE
AND TRAIN ALL THE TILE
TECHNICIANS WORKING
FOR SOBHA TO CRAFT
WITH ULTIMATE PERFECTION

CRAFTING WITH PERFECTION

The first thing a technician experiences after joining Sobha is a proper technical training program regardless of what his previous experience has been. It was no different for me when I joined the company in 2004. My first lessons were at the Sobha Academy. I had never experienced something like this in any of my previous assignments. This gave me my first taste of the stringent quality standards I would have to adhere to in this company.

Thereafter, I had to undergo “hands-on” training at the project site for screeding, floor tiling, wall tiling and specialized work for swimming pools. All this was taught to us in conformance with Sobha’s quality standards and by means of the right tools - which comprise of specialized imported tools from Germany.

Apart from adding greatly to my technical knowledge this had a great impact on me personally. I began to love my job and take great pride in it. The result was that over time I was upgraded to an “AAA” rated tile technician - the highest grade a technician can achieve at Sobha.

We look into every minute detail before we begin our work. For example, I first study the drawing and identify the number of tiles required in a particular area and subsequently plan the cutting after taking into consideration the size of the skirting and openings for the electrical boxes. All this is carried out whilst optimizing resources and reducing wastage.

Now that I have mastered the craft, it is important for me to share the knowledge and skills with my colleagues and new joiners. Whenever I begin my work at the site I guide my juniors who work with me in the execution of various tasks. If they have any queries, I personally demonstrate to them the right method of doing the work and actively seek feedback.

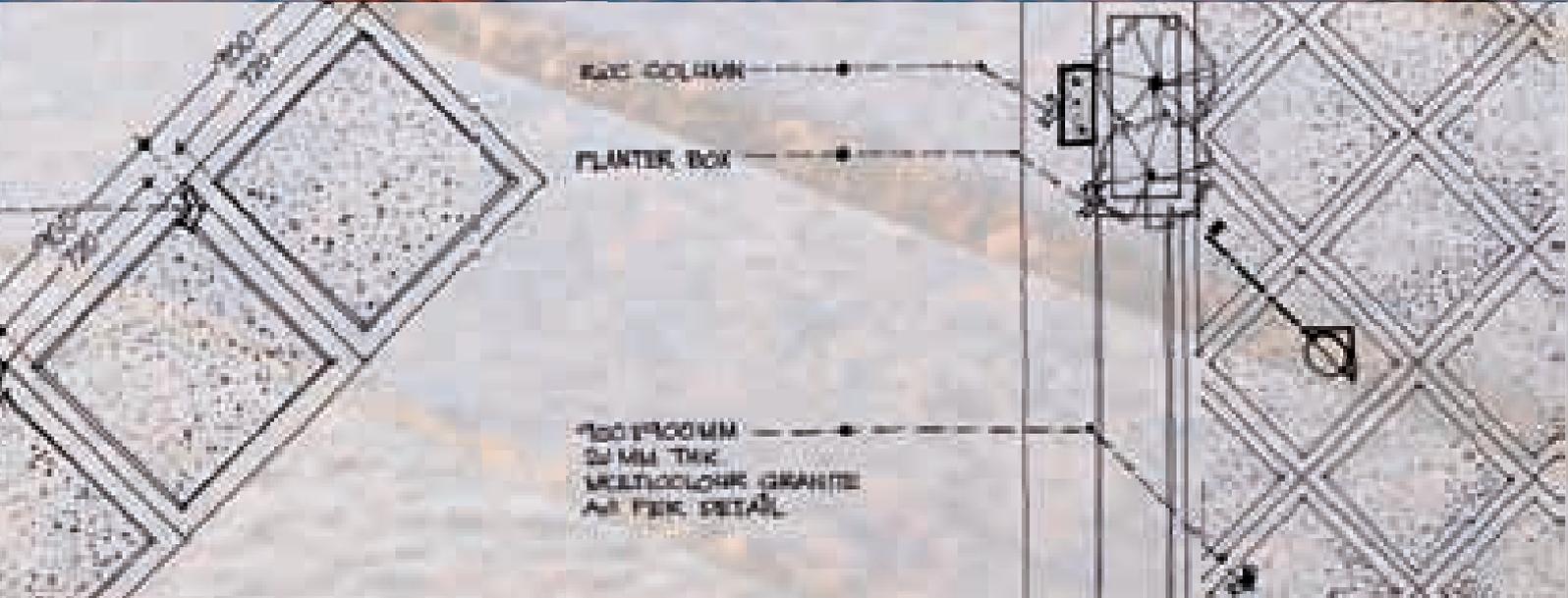
There are quite a few reasons for my close affiliation with this company. Apart from a friendly work environment, Sobha has always been sensitive to our needs - we enjoy additional perks such as overtime allowance, annual bonus and medical facilities. I feel I belong here and that I am part of the Sobha family.

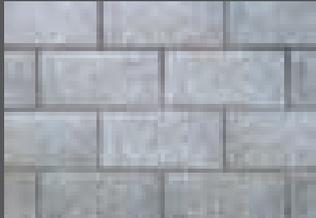
Sobha has taught me how attention to the smallest detail can make a big difference to the final product we offer to our customers. I aspire to become a foreman soon and ultimately a trade manager in tiles. My goal is to guide and train all the tile technicians working for Sobha to craft with ultimate perfection!

Davi
TILE TECHNICIAN

Flooring







To Our Shareholders

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Corporate Responsibility

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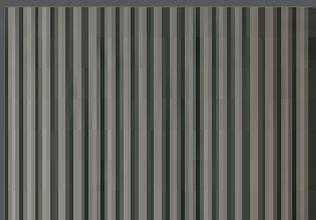
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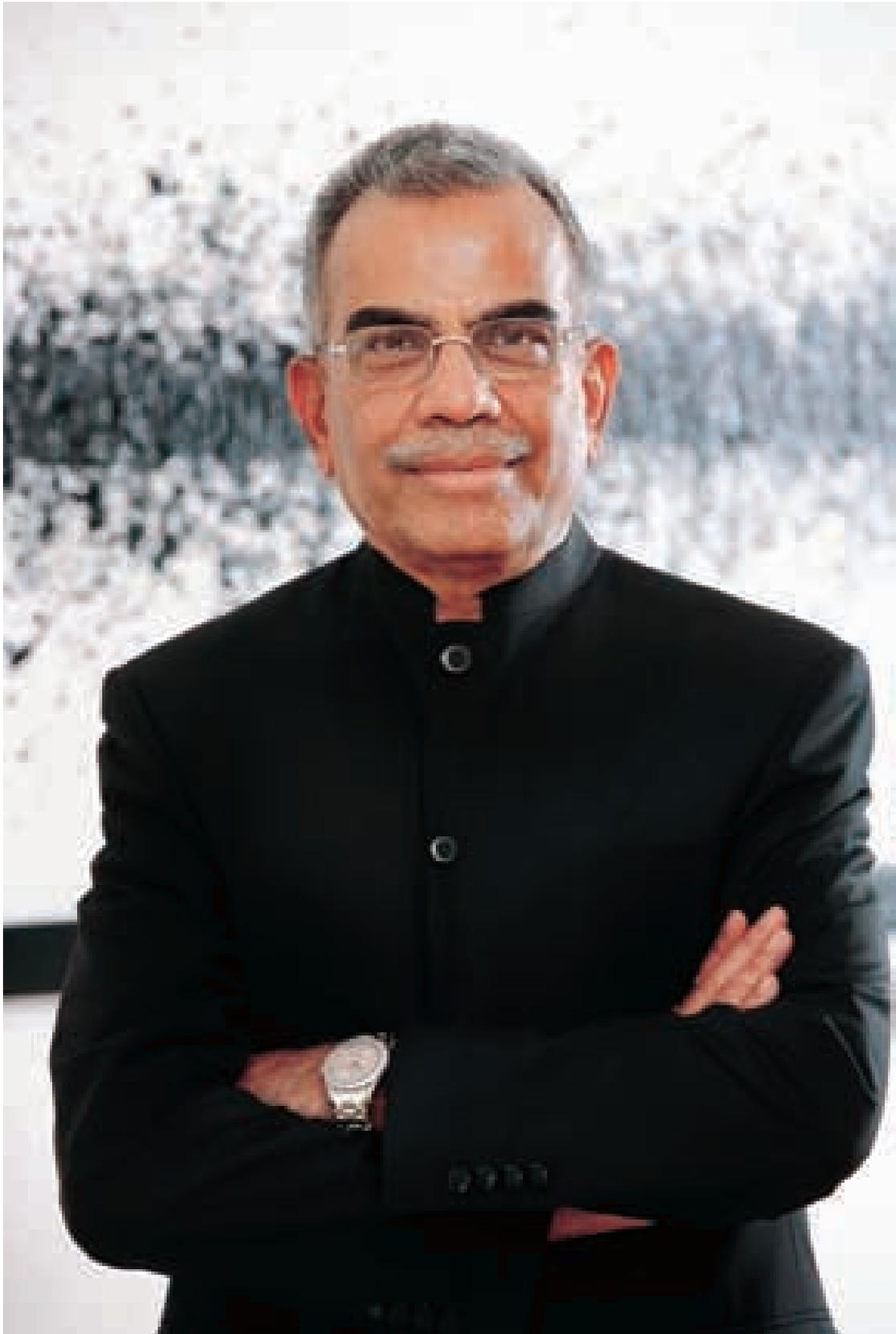
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Letter to the Shareholder
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The background of the image is a close-up, slightly blurred view of a brick wall. The bricks are arranged in a standard grid pattern, with dark mortar lines separating them. The bricks themselves have a mottled, light-colored appearance, possibly due to weathering or the lighting. The overall tone is somewhat desaturated, with a mix of light grays and off-whites.

To Our Shareholders



PNC MENON
Chairman

Letter to the Shareholder

Awards
Our Share
Board of Directors
Board Committees
Corporate Information
Directors' Report

Dear Shareholder,

This fiscal our results reflect a gratifying year of consolidation, combined with growth, and continued excellence in execution. We are also poised to explore newer markets in our Real Estate business and have added new clients to our prestigious list of Contractual customers.

Our continued focus on consolidation resulted in a net reduction in debt by 2,430.70 million rupees and a debt to equity ratio of 0.65 as on March 31, 2011 as compared to 0.85 at the beginning of the Fiscal. This was largely possible because we generated an operating cash flow of 4,143.60 million rupees which supported the repayment of loans during the year.

On the growth front, our top-line this year, the highest in the history of our company, grew at 30.82 percent to 14,643.15 million rupees. We have continued to maintain our EBITA margins at 21 percent in spite of increasing input costs in our industry.

FISCAL 2011: A YEAR OF CONSOLIDATION AND GROWTH.

We, this year, have successfully completed and handed over 4.12 million square feet of residential space, and delivered 2.20 million square feet of contracts. Our legacy of 16 years of superior execution are endorsed by 262 projects measuring 42.68 million square feet. Of this, 67 percent is completed from just the last 5 years. This speaks volumes of our scaling in execution capabilities.

Our excellence in execution have once again been recognized with an award from CNBC Awaaz for our outstanding Sobha Daffodil project in Bangalore. Builders Association of India and Architects, Engineers and Surveyors Association in Pune, have awarded our design and build project - Food Court 3, for our long-associated customer, Infosys. We are also proud to have completed to our credit, a LEED platinum eco-commercial building for our client, Bayer, in Noida.

SOBHA IS ADMIRER FOR SUPERLATIVE DELIVERY CAPABILITIES.

Of course, we have no intention of resting on our laurels now. We continue to seize opportunities for the future growth of our company, and have launched 4.30 million square feet of residential space, and have confirmed 11.48 million square feet of contractual orders to be executed. We are poised to move into newer geographies during the coming year, and plan on systematically scaling our operations, taking advantage of our strong execution track record.

Over the past 16 years, one key attribute to the milestone rise of Sobha is our stringent focus and attention to details in every element of our business. It is this passion for perfection that drives us to deliver the best time and again. We are a team of more than 2,200 that believe and strictly follow the doctrine that even the smallest consideration makes the largest difference.

WE BELIEVE DETAILS MAKE THE DIFFERENCE.

Our investments in state of the art manufacturing units - Interiors, Glazing and Metal work, and Concrete products have further enhanced our ability to embrace our culture of detailing.

On our social responsibility initiatives: at our Sobha Academy, Hermitage and Health Care we spend considerable effort on all the finer aspects to ensure we provide best-in-class facilities, and make optimum utilization of these centers for the benefit of our society.

The task at hand, now and in the future, is a sustained focus and sharp eye for detail in our journey to deliver the best.

Yours sincerely,



PNC Menon

Letter to the Shareholder

Awards

Our Share

Board of Directors

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Awards

In the Financial Year 2010-11, Sobha Developers was recognized with 16 awards by various institutions of repute. This is the highest ever number of awards won by the Company in a single financial year.

The CNBC AWAAZ- CRISIL- CREDAI Real Estate Awards is India's most distinguished awards for excellence in the real estate sector and is India's biggest and most credible real estate platform for industry and consumers. Sobha was honored with the CNBC AWAAZ- CRISIL- CREDAI Real Estate Awards 2010 for Sobha Daffodil project under the category 'Best Residential Property with more than 5 lakh sq. ft.'

The Company was also honored with 'India's Top 10 Builders Award' by Construction World and the Best Real Estate Developer Award for IT Infrastructure by Construction Source India.

Sobha won three recognitions for the "Infosys Global Education Center-II, Mysore" built by it. They include the 'ACETECH Award for Excellence in Commercial Segment (Interior Design)' by The Economic Times, 'Achievement Award for Best Project (Building)' by Construction Industry Development Council (CIDC) and 'Birla Super Endowment Award for Outstanding Concrete Structure of Karnataka' by Indian Concrete Institute.

Sobha was felicitated with 'Best of the Best Award for Well Built Structure' for construction of 'Foodcourt-3, Infosys Technologies Ltd., Pune' by Builders Association of India (BAI), Pune. The same project was honored by the Architects, Engineers and Surveyors Association (AESA), Pune with the 'Best Building Award' under the Non-Residential Category.

Our leadership team was honored for their distinguishing careers by Realty Plus magazine. Mr. PNC Menon was awarded with the 'Lifetime Achiever's Award for Outstanding Contribution to Real Estate Sector' while Mr. JC Sharma was honored with the 'Pathfinder's Award for the most Enterprising CEO'.

Sobha's Annual Report of Financial Year 2009-10 won three League of American Communications Professionals (LACP) 2009 Vision Awards – Silver Award in the Real Estate Category, Best In-House Gold in Asia-Pacific Region and was ranked 93 among the top 100 Annual Reports worldwide.

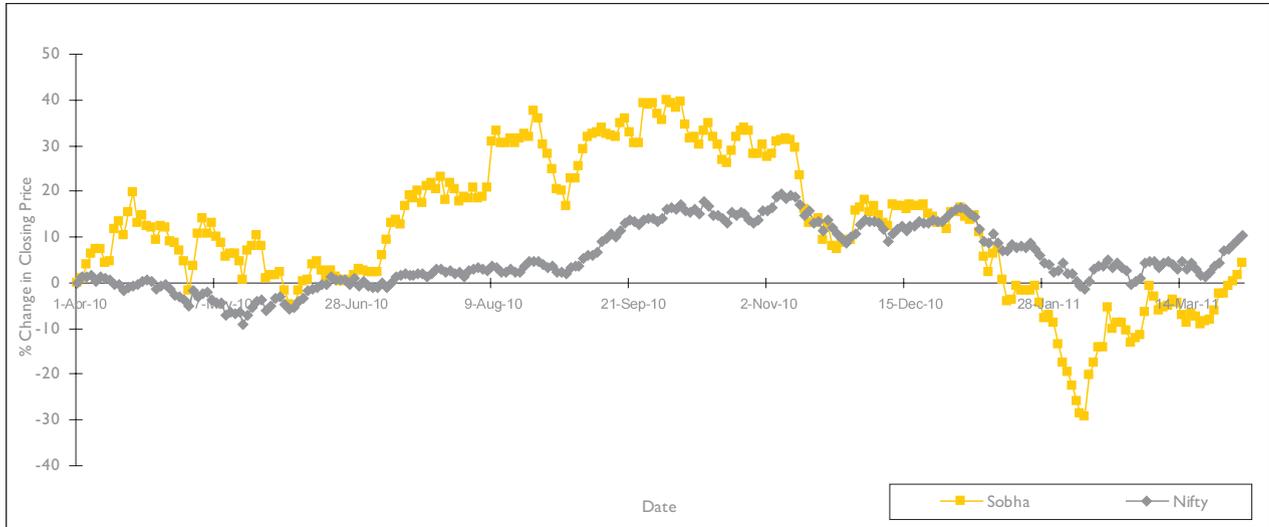
It was indeed a matter of distinction for the Company to receive the 'Best Use of Public Relations by Private Sector Entity – Corporate Award' from the Exchange4media Group. Sobha also won Gold Award for the 'Best House Journal' instituted by Public Relations Council of India (PRCI).

For its contribution to Corporate Social Responsibility in the filed of education, health care and other related areas, Sobha Developers was acknowledged with the 'Best Achievement Award for Social Responsibility' by Construction Industry Development Council.

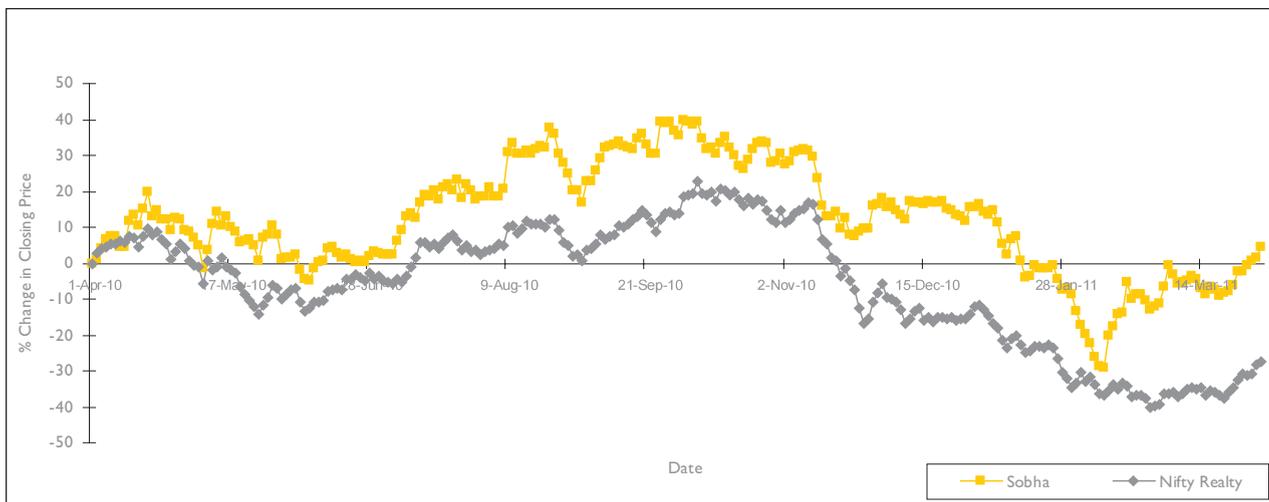


Our Share

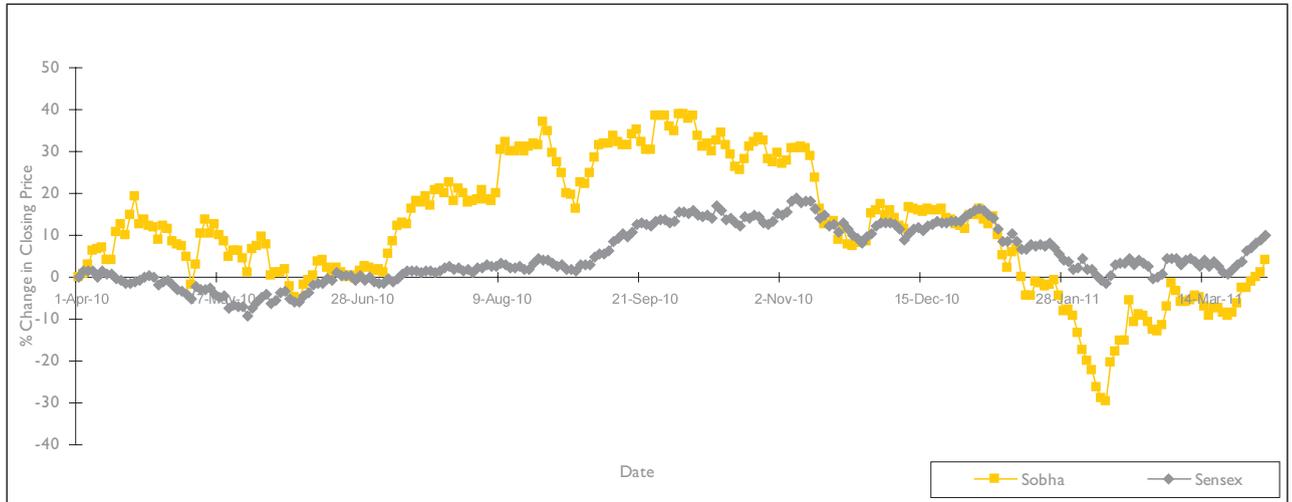
ONE YEAR CHART-NIFTY



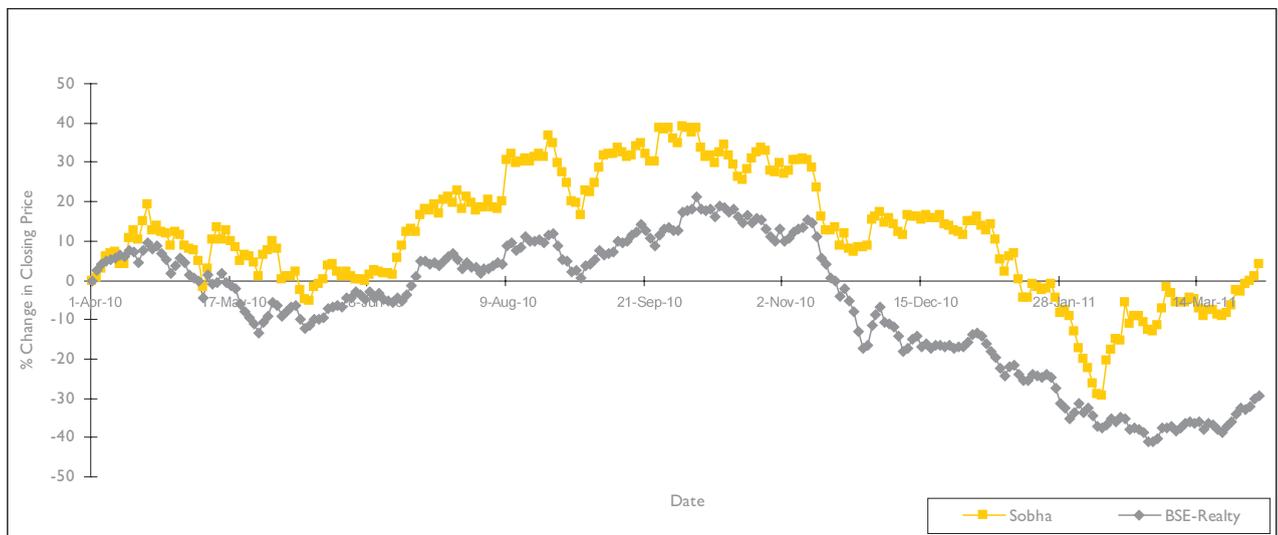
ONE YEAR CHART-NSE REALTY INDEX



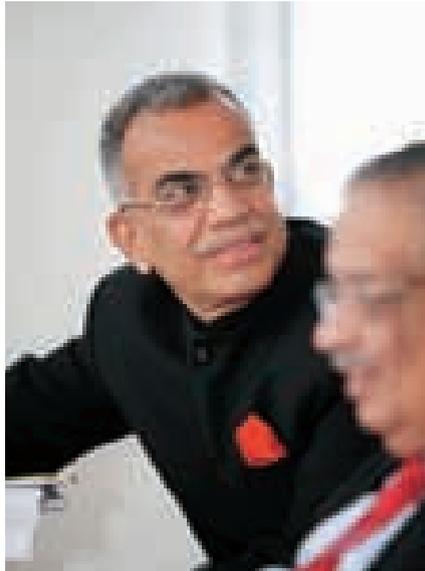
ONE YEAR CHART-SENSEX



ONE YEAR CHART-BSE REALTY INDEX



Board of Directors



PNC MENON
Chairman



RAVI MENON
Vice Chairman



RVS RAO
Independent Director



M DAMODARAN
Independent Director



DR. SK GUPTA
Independent Director



JC SHARMA
Managing Director



P RAMAKRISHNAN
Deputy Managing Director



ANUP SHAH
Independent Director

Board Committees

AUDIT COMMITTEE

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

INVESTORS GRIEVANCE COMMITTEE

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

EXECUTIVE SELECTION AND REMUNERATION COMMITTEE

Mr. Anup Shah (Chairman)
Mr. R.V. S. Rao (Member)
Mr. J.C. Sharma (Member)

SHARE TRANSFER COMMITTEE

Mr. J.C. Sharma (Chairman)
Mr. P. N.C. Menon (Member)
Mr. Ravi Menon (Member)

Corporate Information

BOARD OF DIRECTORS

Mr. P.N.C. Menon	Chairman
Mr. Ravi Menon	Vice Chairman
Mr. J.C. Sharma	Managing Director
Mr. P. Ramakrishnan	Deputy Managing Director
Mr. R.V.S. Rao	Independent Director
Mr. Anup Shah	Independent Director
Dr. S.K. Gupta	Independent Director
Mr. M. Damodaran	Independent Director

COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Kishore Kayarat

STATUTORY AUDITORS

S.R. Batliboi & Associates,
UB City, 'Canberra Block',
12th & 13th Floor,
No.24, Vittal Mallya Road,
Bangalore, India - 560 001

BANKERS

Allahabad Bank
Andhra Bank
Axis Bank
ICICI Bank
IDBI Bank
Indian Overseas Bank
Standard Chartered Bank
State Bank of India
State Bank of Travancore
Syndicate Bank
United Bank of India

LEGAL ADVISORS

Anup S Shah Law Firm

CORPORATE OFFICE

4, Neeladri Plaza,
Raja Ram Mohan Roy Road,
Richmond Circle, Bangalore,
India - 560 025
Tel: +91 80 22104561-6
Fax: +91 80 22104573
www.sobha.com

REGISTERED OFFICE

E-106, Sunrise Chambers,
22, Ulsoor Road,
Bangalore, India - 560 042
Tel: +91 80 25594139
Fax: +91 80 25594138
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Directors' Report

To,
The Members

We have pleasure in presenting the Sixteenth Annual Report on the business and operations of the Company together with the audited results for the financial year ended March 31, 2011.

FINANCIAL HIGHLIGHTS

(₹ in Million)

Particulars	Stand Alone Results		Consolidated Results	
	2010-11	2009-10	2010-11	2009-10
Net sales and other income	14,643.15	11,192.83	14,813.32	11,337.23
Profit before interest, depreciation and tax	3,143.03	2,424.63	3,235.42	2,501.85
Finance charges	429.33	498.82	443.51	520.84
Depreciation	277.73	323.10	277.73	323.10
Profit before Tax	2,435.97	1,602.71	2,514.18	1,657.91
Provision for Tax - Current	629.53	261.00	686.73	299.69
- Deferred tax credit	(22.27)	(20.83)	(22.27)	(20.83)
- MAT Credit Utilisation/ Entitlement	4.10	(4.10)	4.10	(4.10)
Wealth tax	-	0.02	-	0.02
Net profit after tax	1,824.61	1,366.62	1,845.62	1,383.13
Less: Minority Interest	-	-	32.90	42.15
Share of Profit/ (Loss) of Associate	-	-	(0.20)	0.01
Profit available for appropriations	1,824.61	1,366.62	1,812.92	1,340.97
Appropriations				
Proposed dividend (Includes tax on dividend)	343.05	286.81	343.05	286.81
Transfer to General Reserve	183.00	140.00	183.00	140.00
Balance carried to Balance Sheet	1,298.56	939.81	1,286.87	914.16

RESULT OF OPERATIONS

During the year under review, our Company has executed and handed over 11 residential projects covering an area of 4.12 million square feet and 25 contractual projects covering an area of 2.20 million square feet resulting in an aggregate development of 6.32 million square feet. Since inception, the Company has completed 71 residential projects and 191 contractual projects covering about 42.68 million square feet of area. The Company currently has 23 ongoing residential projects aggregating to 6.99 million square feet and 38 ongoing contractual projects aggregating to 7.42 million square feet under various stages of construction. The company has a geographic presence in 20 cities and 12 states across India.

TRANSFER TO RESERVES

An amount of ₹183.00 million is proposed to be transferred out of the current profits to the General Reserve.

DIVIDEND

The Board of Directors recommend dividend at the rate of ₹ 3.00 for every equity share of ₹ 10 each resulting in a dividend rate of 30% for the financial year 2010 - 2011.

BUSINESS

The Company's main operations can be divided into

1. Development and construction of residential and commercial projects
2. Contractual projects

The summary of the completed and ongoing projects as on March 31, 2011 have been detailed in the Management Discussion Analysis Report.

DEBENTURES

During the year under review, the Company has not issued any Debentures. The Company has redeemed various series of Non-Convertible Debentures aggregating ₹ 250 million.

DEPOSITS

The Company has not accepted any deposits in terms of provisions of Section 58A of the Companies Act, 1956, during the year under review.

DIRECTORS

As on date, the Board of Directors of the Company comprise of eight directors of which four are independent directors.

During the year, the shareholders in the fifteenth Annual General Meeting of the Company had reappointed Mr. P. N. C. Menon as a Wholetime Director designated as Chairman, Mr. Ravi Menon as a Wholetime Director designated as Vice Chairman and Mr. J. C. Sharma as Managing Director for a period of five years effective from April 01, 2010. Mr. P. Ramakrishnan who was earlier appointed as an Additional Director was appointed as a Wholetime Director for a period of five years and designated as Deputy Managing Director of the Company with effect from April 01, 2010.

In terms of Article 107, 108 and 109 of Articles of Association, Dr. S.K. Gupta and Mr. R.V.S. Rao, Independent Directors are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

The Notice convening the Annual General Meeting includes the proposals for the re-appointment of the Directors. Brief resumes of the Directors proposed to be re-appointed, nature of their expertise in specific functional areas and names of the companies in which they hold directorship/ membership/ chairmanship of the Board Committees, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges have been provided as an annexure to the Notice convening the Annual General Meeting.

AUDITORS

M/s S. R. Batliboi & Associates, Chartered Accountants, statutory auditors of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Board of Directors upon the recommendation of the Audit Committee proposes the re-appointment of M/s S. R. Batliboi & Associates, Chartered Accountants as the statutory auditors of the Company.

The Auditors had given certain observations in their Paragraph 4 of their report and the Board feels it expedient to address the same as follows:

The Registrar of Companies, Karnataka during the course of technical scrutiny conducted in the year 2007 had observed that the Company during the earlier years has undertaken certain transactions without the prior approval of the Central Government required under Section 297 of the Companies Act, 1956. These transactions were done on an arms length basis and in the normal course of business. The Company has filed an application for composition under Section 621A of the Companies Act, 1956 earlier and the same is pending before the Hon'ble Company Law Board, Chennai Bench, Chennai. However the Company has obtained necessary approvals for transactions covered under Section 297 of the Companies Act, 1956 undertaken during the year.

SUBSIDIARIES

There are no subsidiaries of the Company within the meaning of Section 4 of the Companies Act 1956 except investments as detailed in the financial statements forming part of the Annual Report.

HUMAN RESOURCES

Sobha Developers Limited is one of the leading real estate companies in India with a total workforce of 2,224 as on March 31, 2011. The Company aims to contribute to the overall development of its employees through extensive training and motivational programmes. It also strives to create an atmosphere of creativity by encouraging the employees to take initiative and further the Company's growth through innovative ideas and techniques.

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

However during the year there was an illegal stoppage of work by certain contractual workmen for a period of 71 days in the Interiors Division of the Company. The Department of Labour, Government of Karnataka ruled that this strike by such contractual workmen is illegal and based on this the operations were resumed in the Interiors Division of the Company. The impact of the strike was minimal on the operations of the Company as a whole and the Interiors Division is confident of meeting its delivery milestones.

A separate section on the Employees function is provided in the Annual Report.

QUALITY, SAFETY AND TECHNOLOGY

The Company gives paramount importance to deliver products conforming to world class quality standards. The Department of Quality, Safety and Technology (QST) is entrusted with the responsibility of monitoring the qualitative and safety aspects of works in our various projects. It is also responsible for inducting the latest construction technology thereby enabling project delivery on par with relevant specifications, norms and standards.

The department lays emphasis on the quality of construction, safety standards, infrastructure execution, civil maintenance works, geotechnical aspects, drawing detail development and importing/ implementing new tools and material for process up gradation.

CORPORATE GOVERNANCE

A detailed report on Corporate Governance and a Certificate from the Practicing Company Secretary regarding compliance with conditions of Corporate Governance have been furnished in the Annual Report.

RESPONSIBILITY STATEMENT OF THE BOARD OF DIRECTORS

The Director's Responsibility Statement, setting out compliance with the accounting and financial reporting requirements specified under Section 217(2AA) of the Companies Act, 1956, in respect of the financial statements, is furnished below and on behalf of the Board of Directors, it is hereby confirmed that:

i. In the preparation of the annual accounts, the applicable accounting standards had been followed along with the proper explanation relating to material departures, if any.

ii. The Directors had selected the accounting policies and applied them consistently and made judgements 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.

iii. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.

iv. The Directors had prepared the annual account on a "going concern" basis.

CORPORATE SOCIAL RESPONSIBILITY

Sobha Developers is a responsible corporate citizen and is committed to Corporate Social Responsibility. A separate section on Corporate Social Responsibility forms part of the Annual Report.

CODE OF CONDUCT

Pursuant to Clause 49 of the Listing Agreement, the declaration signed by the Managing Director affirming compliance of the Code of Conduct by the Directors and senior management personnel of the Company for the financial year 2010-11 is annexed and forms part of the Directors' and Corporate Governance Report

DISCLOSURE OF EMPLOYEES

The statement of employees in receipt of remuneration exceeding the limits prescribed under Section 217(2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time is attached herewith as an annexure to this report.

SECRETARIAL AUDIT REPORT

The Company has appointed Mr. Nagendra D Rao, Practicing Company Secretary to conduct the Secretarial Audit for the year ended March 31, 2011. The Secretarial Audit Report confirming compliance with all the applicable provisions of corporate laws and the Listing Agreement is provided separately in the Annual Report.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

In terms of Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988, the particulars of conservation of energy, technology absorption, foreign exchange earnings and outgo are set out as an annexure to this report.

ADDITIONAL INFORMATION TO SHAREHOLDERS

The Company ensures prompt and timely dissemination of all the latest information on the Company's projects and matters of interest to the investors such as financial results, investor presentations, press releases etc through the Company's website www.sobha.com.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

ACKNOWLEDGMENTS

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 place on record their appreciation for the contribution made by employees at all levels for sustaining the organizational growth especially during the challenging times. We thank the Government of India, state governments and other government agencies for their assistance and cooperation and look forward to their continued support in future. Finally, the Board expresses its gratitude to the members for their continued trust, cooperation and support.

For and on behalf of the Board of Directors



Ravi Menon
Vice Chairman



J C Sharma
Managing Director

Place: Bangalore
Date: May 10, 2011

ANNEXURE TO DIRECTORS' REPORT

Sobha Developers Limited is primarily engaged in the construction and development of residential and contractual projects and hence the information as required to be provided under the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988, to the extent applicable is as follows:

I. Conservation of Energy

The Company has adopted the following energy conservation measures

1. Use of energy efficient lamps, control gears, ballast VFD's highly efficient motors, PV cells, etc
2. Use of CFLs, flourescent tubes, metal halide, LED's etc., in the common area light fittings in our residential projects
3. Use of external street light fixtures with timers
4. Provision of back- up solar power for lighting in the residential projects
5. Use of lighting software in the design stage of our projects
6. Use of daylight sensors and occupancy sensors with dimmable ballasts
7. Use of the best quality wires, cables, switches, low self power loss breakers
8. Follow standard specifications like color codes, independent neutral and earthing for each circuit and avoid creating joints to curb energy leakage
9. Use of low- loss electronic ballast and also some times dimmable ballast
10. Selection of high efficiency transformers, DG sets and other equipments
11. Introduction of auto-correction power factor capacitor panels, harmonic filters.

The Company continues to make project level investments for reduction in consumption of energy. The total energy consumption, the energy consumption per unit of production and the impact of the measures implemented above for reduction of energy consumption cannot be quantified.

II. Technology Absorption

The Company uses German tools, waterproofing techniques and follows European standards in all our construction activity. We use both indigenous and imported technologies for implementation in all our projects. During the year the Company had taken the following initiatives in area of Technology:

1. Testing of new formwork systems (Peri & BSL) & testing of H-Beam for structure perfection.
2. Introduction of Laser Plummet for accurate marking.
3. Introduction of Scaff board for safety of workforce working at heights.
4. Software for BBS to generate fast and accurate bar bending schedules.
5. Grab & Trolley for Blocks shifting.
6. Debris Crusher for crushing & recycling the debris generated at site.

The Company has derived the 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 – testing for quality, durability and compatibility in consideration of cost and time for developing new systems and better technologies in par with International Standards.

III. Research and Development (R&D)

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 at 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 Light Weight 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.

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 adhere to world class standards.

Future plan of action

The success of R & D initiatives in the construction industry depends very much on selecting 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 has to be understood as an ongoing process.

Expenditure on R&D

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

IV. Foreign Exchange Earnings and Outgo

- (a) Activities relating to export, initiatives taken to increase exports, development of new export markets for products and services, and export plans

The Company caters to the domestic market only and has not undertaken any activities relating to export, initiatives to increase exports, development of new export markets for products and services or formulated any export plans.

- (b) Total foreign exchange used and earned

Total expenditure in foreign exchange: ₹ 18.05 million

Total income in foreign exchange: ₹ Nil

STATEMENT PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AMENDED VIDE NOTIFICATION G.S.R 289 (E) DATED 31.3.2011

Sl.No	Name	Age	Designation	Gross Remuneration (₹)	Qualification	Experience (Years)	Date of commencement of Employment	Previous Employment held
(A) EMPLOYED THROUGHOUT THE FINANCIAL YEAR								
1	Mr. P.N.C Menon	63	Chairman	33,065,696	Entrepreneur	35	August 7, 1995	Not Applicable
2	Mr. Ravi Menon	30	Vice Chairman	31,262,687	B.S.C.E	6	June 6, 2004	Not Applicable
3	Mr. J.C. Sharma	53	Managing Director	43,928,053	B.Com,ACA,ACS	27	June 1, 2001	Grasim Industries Limited
4	Mr. P. Ramakrishnan	48	Deputy Managing Director	9,255,960	BE, MBA	25	March 15, 2007	Enares Infranet Private Limited
5	Mr. Sanjay Khosla	53	Executive Vice President	6,672,900	BA, PGDBM	29	August 1, 2008	Ozone Group
(B) EMPLOYED FOR PART OF THE FINANCIAL YEAR								
1	Mr. Keshav Pandey	48	Executive Director	1,736,236	B.Com., MBA	22	January 1, 2009	ICICI Bank Limited
2	Mr. Arun Kumar Sodhani	53	Senior Vice President	2,482,889	B.Com,ACA	29	December 10, 2007	Global Steel Holdings Limited
3	Mr. Navneet Chak	39	Regional Director	4,415,380	B.Tech, PGDM	17	December 15, 2004	Minda Industries Limited

Notes

1. Gross Remuneration comprises of salary, allowances, Company's contribution to provident fund and taxable value of perquisites.
2. 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 ₹ 60,00,000 per annum.
 For (B) if the aggregate remuneration drawn by him during the part of the year was not less than ₹ 5,00,000 per month.
3. Apart from Mr. P N C Menon, Chairman and Mr. Ravi Menon, Vice Chairman being relatives in terms of Section 6 of the Companies Act, 1956, none of the other employees mentioned above are relatives of any Director of the Company.
4. All the employees referred above are in full time employment of the Company and there is no employee who is in receipt of remuneration in terms of the provisions of Section 217 (2A (a) (iii) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975

For and on behalf of the Board of Directors



Ravi Menon
 Vice Chairman



J C Sharma
 Managing Director

Place: Bangalore
 Date: May 10, 2011

Corporate Governance Compliance Certificate
Corporate Governance Report
Environment, Health & Safety
Corporate Social Responsibility
Employees

Corporate Responsibility

Corporate Governance Compliance Certificate

To the Members of Sobha Developers Limited,

I have examined all the relevant records of Sobha Developers Limited for the purpose of certifying compliance of the conditions of corporate governance under Clause 49 of the Listing Agreement with Stock Exchanges for the financial year ended March 31, 2011. 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 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 given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the said Listing Agreements.



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

Place: Bangalore
Date: May 10, 2011

Corporate Governance Report

CORPORATE GOVERNANCE PHILOSOPHY

Corporate Governance may be understood as a system of structuring, operating and managing a company with a view to achieve its long term strategic goals while at the same time complying with legal and regulatory requirements. It is the implicit rule that determines a management's ability to take sound decisions in the best interest of all its stakeholders, viz. shareholders, customers, employees, creditors, the state, etc. It takes a holistic view of the company and its impact on economic, legal, ecological and social environments.

The principles of Commonwealth Association for Corporate Governance have emphasized that Corporate Governance is essentially about leadership:

- leadership for efficiency
- leadership for probity
- leadership with responsibility
- leadership which is transparent and which is accountable

Our Company is in compliance with the guidelines on Corporate Governance as stipulated under various clauses of the Listing Agreement entered into with stock exchanges. In this regard, we submit a report on the matters mentioned in the said clauses and practices followed by the Company.

BOARD OF DIRECTORS

As on date, the Board of Directors comprise of eight directors of which four are independent directors. The composition of the Board of Directors is in compliance with the requirements of Clause 49 of the Listing Agreement.

The shareholders in the fifteenth Annual General Meeting of the Company had reappointed Mr. P.N.C. Menon as a Wholetime Director designated as Chairman, Mr. Ravi Menon as a Wholetime Director designated as Vice Chairman and Mr. J.C. Sharma as Managing Director for a period of five years effective from April 01, 2010. Mr. P. Ramakrishnan who was earlier appointed as an Additional Director was appointed as a Wholetime Director for a period of five years and designated as Deputy Managing Director of the Company with effect from April 01, 2010.

As per the declarations received by the Company, none of the Directors are disqualified under Section 274(1) (g) of the Companies Act, 1956 read with Companies (Disqualification of Directors under Section 274(1) (g) of the Companies Act, 1956) Rules, 2003.

Necessary disclosures have been made by the Directors stating that they do not hold membership in more than 10 Committees or act as a Chairman in more than 5 Committees in terms of Clause 49 of the Listing Agreement.

The composition of the Board of Directors as on May 10, 2011 is as follows:

Name	Category	Relationship with other directors	Number of directorships and committee memberships and chairmanships			No: of Board Meetings attended during the financial year	Whether attended last AGM
			Directorships*	Committee**			
				Memberships	Chairmanships		
Mr. P.N.C. Menon	Chairman	Father of Mr. Ravi Menon	14	None	None	3	Yes
Mr. Ravi Menon	Vice Chairman	Son of Mr. P.N.C. Menon	8	1	None	4	Yes
Mr. J.C. Sharma	Managing Director	None	12	2	None	4	Yes
Mr. P. Ramakrishnan	Deputy Managing Director	None	1	None	None	4	Yes
Mr. R.V.S. Rao	Independent Director	None	6	1	2	3	Yes
Mr. Anup Shah	Independent Director	None	4	2	None	3	Yes
Mr. M. Damodaran	Independent Director	None	9	3	2	3	Yes
Dr. S.K. Gupta	Independent Director	None	7	6	1	3	Yes

* Directorship in both public (listed and unlisted) and private limited companies have been considered

** In accordance with clause 49, Memberships/ Chairmanships of only Audit Committees and Investors Grievance Committee of all Public Limited Companies have been considered.

BOARD MEETINGS

Being the apex body constituted by the shareholders for overseeing the overall functioning of the Company, the Board evaluates the proposals involving strategic decision making on a collective consensus basis. Most Board meetings are held at the Company's Corporate Office: # 4, Neeladri Plaza, Raja Ram Mohan Roy Road, Richmond Road Circle, Bangalore – 560 025. The Company Secretary in consultation with Managing Director and Chairman drafts the Agenda for each Board meeting along with explanatory notes and distributes these in advance to the Directors.

The Company has a well-defined process in place for placing vital and sufficient information before the Board. Any matter requiring discussion or decision or approval of the Board or Committee are communicated to the Company Secretary well in advance, so that the same could be included in the Agenda of the respective meetings. All items mentioned under Clause 49 of the Listing Agreement are covered to the fullest extent and presentations covering the Sales, Delivery, Finance, Compliance, Human Resource and Risk Management practices are made to the Board. The Board meets at least once in a quarter and the maximum time gap between any two meetings is not more than four months.

During the financial year 2010 -11, four meetings of the Board of Directors were held on April 27, 2010, July 28, 2010, October 22, 2010 and January 24, 2011.

The Minutes of the Meetings of all the Committees of the Board of Directors and the Management Committees, namely, Audit Committee, Investors Grievance Committee, Share Transfer Committee, Executive Selection and Remuneration Committee, Investments and Borrowings Committee, Executive Committee, etc., are placed before the Board of Directors.

RESOLUTIONS PASSED BY CIRCULATION

During the financial year 2010 -2011, the Board of Directors has passed one resolution by way of circulation on January 24, 2011.

BOARD COMPENSATION

The Board is responsible for the appointment of new directors and the same is subject to approval by the shareholders at the Annual General Meeting. The compensation to the Board of Directors is approved by the shareholders and disclosed separately in Notes to

Accounts. Compensation to the Managing Director / Wholetime Director(s) consists of fixed salary and /or performance incentive. The Executive Selection and Remuneration Committee of Board of Directors reviews and recommends to the Board of Directors, remuneration payable to the Managing Director and the Wholetime Directors. The Executive Directors of the Company are not entitled to sitting fees for attending the Board meetings or the Committee Meetings.

INDEPENDENT DIRECTORS

Independent Directors are non-executive Directors who apart from receiving director's remuneration do not have any material pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries and associate companies, which in the opinion of the Board may affect their independence of judgment. Our Independent Directors with their relevant expertise and experience contribute to the development of strategies and also review the performance of the management. As per Clause 49, since the Chairman of the Company is an Executive Director, half of the Board comprises of Independent Directors.

INDEPENDENT DIRECTORS REMUNERATION

Section 309 of the Companies Act, 1956 provides that a Director who is neither in the Wholetime employment of the Company nor a Managing Director may be paid remuneration by way of commission, if the Company by special resolution, authorizes such payment. Members of the Company at their Annual General Meeting held on September 13, 2006, had approved the payment of remuneration by way of commission to Non- Executive Directors, at a rate not exceeding 1% per annum of the net profits of the Company for a period of five years commencing from April 01, 2006. The said resolution was in force until March 31, 2011.

The Board has proposed the passing of a special resolution for authorising the payment of remuneration to Non- Executive Directors for a further period of five years commencing from April 01, 2011 at the Annual General Meeting of the Company. The draft of the special resolution along with the explanatory statement as required under Section 173 (2) of the Companies Act 1956 is contained in the Notice to the Annual General Meeting.

As per the resolution of the Board dated September 20, 2006, Independent Directors who attend the Board Meetings are entitled to sitting fees of ₹10,000/- per meeting. Furthermore Independent Directors who are members of the Audit Committee, Investors

Grievance Committee and Executive Selection and Remuneration Committee are entitled to sitting fees of ₹ 5000/- per meeting.

The following is the Cash Compensation paid to the Directors for the year 2010 -11

(₹ in Million)

Sl No.	Name	Salary	Perquisites	Contribution to provident fund	Commission /incentive	Sitting fees	Total
1	Mr. P.N.C. Menon	28.81	2.10	2.16	-	-	33.07
2	Mr. Ravi Menon	28.81	0.30	2.16	-	-	31.27
3	Mr. J.C. Sharma	7.75	-	0.01	36.49	-	44.25
4	Mr. P. Ramakrishnan	9.21	0.04	0.01	-	-	9.26
5	Dr. S.K. Gupta	-	-	-	0.85	0.06	0.91
6	Mr. R.V.S. Rao	-	-	-	0.85	0.05	0.90
7	Mr. Anup Shah	-	-	-	0.85	0.05	0.90
8	Mr. M. Damodaran	-	-	-	0.75	0.04	0.79
	Total	74.58	2.44	4.34	39.79	0.20	121.35

SHAREHOLDING OF DIRECTORS IN THE COMPANY AS ON MARCH 31, 2011

Sl No.	Name of the Shareholder	No. of Shares	%
1	Mr. P.N.C. Menon	12,488,522	12.74
2	Mr. P.N.C. Menon jointly with Mrs. Sobha Menon	5,494,407	5.60
3	Mr. Ravi Menon *	30	0.00
4	Mr. J.C. Sharma	74,971	0.076
5	Mr. P. Ramakrishnan	-	-
6	Mr. Anup Shah * #	4,300	0.004
7	Mr. R V S Rao #	15,000	0.015
8	Dr. S K Gupta * #	1,935	0.002
9	Mr. M. Damodaran #	-	-
	Total	18,079,165	18.437

* Shareholding less than 0.01%

Non- Executive Independent Director

APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

According to Section 255 of the Companies Act, 1956, not less than two-thirds 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 the Articles of Association of the Company provides that one-third of the Directors shall retire by rotation every year and, if eligible, offer themselves for re-appointment at the Annual General Meeting of shareholders. In terms of Section 255 of Companies Act read with Article 107, 108 and 109 of Articles of Association, Dr. S. K. Gupta and Mr. R.V. S. Rao, Independent Directors retire at the ensuing Annual General Meeting. The Board has recommended the re-appointment of all the retiring Directors.

The detailed resumes of all these Directors are provided as an annexure to Notice convening the Annual General Meeting.

COMMITTEES OF THE BOARD

The Board of Directors of the Company has constituted the following Committees namely (i) Audit Committee, (ii) Investors Grievance Committee, (iii) Executive Selection and Remuneration Committee, (iv) Executive Committee (v) Share Transfer Committee.

AUDIT COMMITTEE

The Audit Committee of the Company was constituted on June 28, 2006 in accordance with the provisions of Clause 49 of the Listing Agreement.

The purpose of the Audit Committee is to ensure 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.

The composition, powers, role and terms of reference of the Committee are in consonance with the requirements mandated under Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

The role of the Audit Committee includes:

- Regular review of accounts, accounting policies, financial and risk management policies, disclosures, etc.
- Review of the major accounting entries, based on exercise of judgment by management and review of significant adjustments arising out of audit.
- Review of qualifications in the draft audit report and suggesting action points.
- Establishing and reviewing the scope of the independent audit including the observations of the auditors and review of the quarterly, half-yearly and annual financial statements before submission to the Board.
- The Committee shall have post audit discussions with the independent auditors to ascertain any area of concern.
- Establishing the scope and frequency of internal audit, reviewing the findings of the internal auditors and ensuring the adequacy of internal control systems.
- 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.
- Compliance with stock exchange legal requirements concerning financial statements, to the extent applicable.
- The Committee shall look into any related party transactions, i.e., transactions of the Company of a material nature, with promoters or management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the Company at large.
- Appointment and remuneration of statutory and internal auditors.
- 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.

The Audit Committee of the Company have the powers to:

- 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

The Audit Committee have inter alia reviewed the following information:

- Management discussion and analysis of financial condition and results of operations.
- Financial statements and draft audit report, including quarterly/ half-yearly financial information.
- Reports relating to compliance with laws and to risk management.
- Records of related party transactions.
- Management letters/ letters of internal control weaknesses issued by statutory/ internal auditors; and
- The appointment, removal and terms of remuneration of the head of the internal audit function.

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

The Audit Committee met 4 times during the financial year 2010 – 2011 on the following dates: April 26, 2010, July 28, 2010, October 22, 2010 and January 24, 2011.

The composition and attendance of the members of the Audit Committee as on March 31, 2011 is as follows:

Name	Category	Number of Meetings	
		Held	Attended
Mr. R.V.S. Rao (Chairman)	Non- Executive, Independent	4	3
Mr. Anup Shah (Member)	Non- Executive, Independent	4	3
Dr. S.K. Gupta (Member)	Non- Executive, Independent	4	3
Mr. M Damodaran*	Non- Executive, Independent	1	1
Mr. J.C. Sharma (Member)	Managing Director	4	4

* Co-opted as a member of the Audit Committee on January 24, 2011

In accordance with Clause 49 of listing agreement, Chairman of the Audit Committee is an independent director. The Chief Financial Officer and the Head of the Internal Audit Function along with the Statutory Auditors have attended all the Audit Committee Meetings in the capacity of invitees held so far by the Company. The Chairman and Vice Chairman of the Board are also invited to attend the Committee Meeting. The Company Secretary and Compliance Officer of the Company acted as the Secretary to the Committee.

INVESTORS GRIEVANCE COMMITTEE

The Investors Grievance Committee of the Company was constituted on June 28, 2006 in accordance with the provisions of Clause 49 of the Listing Agreement.

This Committee is specifically responsible for the redressal of shareholders'/ investors' grievances related to non-receipt of Annual Report, non-receipt of declared dividend, non- credit of shares or refund in the IPO, etc. The Committee also oversees the performance of the Registrar and Transfer Agents of the Company relating to investors services and recommend measures for improvement.

The terms of reference of the Investors Grievance Committee, inter alia, include the following:

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

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

The Investors Grievance Committee met four times on April 26, 2010, July 28, 2010, October 22, 2010 and January 24, 2011 during the financial year 2010 – 2011.

The composition and attendance of the members of the Investors Grievance Committee is as follows:

Name	Category	Number of Meetings	
		Held	Attended
Dr. S.K. Gupta (Chairman)	Non- Executive, Independent	4	3
Mr. Ravi Menon (Member)	Executive, Vice Chairman	4	4
Mr. J.C. Sharma (Member)	Managing Director	4	4

The Chairman of the Board was also invited to attend the Committee Meeting. The Company Secretary and Compliance Officer of the Company acted as the Secretary to the Committee.

REDRESSAL OF INVESTOR GRIEVANCES

The details of investor grievances received from April 1, 2010 to March 31, 2011 are as follows:

Nature of Complaint	Balance as on April 01, 2010	Received during the year	Resolved during the year	Balance as on March 31, 2011
Non-credit of shares	0	0	0	0
Non-receipt of refund	0	2	2	0
Correction in refund orders	0	134	134	0
Consumer Forum Cases	1	0	0	1
Others	0	1	1	0
Total	1	137	137	1

EXECUTIVE SELECTION AND REMUNERATION COMMITTEE

The Executive Selection and Remuneration Committee of the Company was constituted on May 14, 2007.

The Executive Selection and Remuneration Committee has been constituted to recommend and review compensation plans of the Managing Director, Wholetime Directors and the senior management, based on their performance, defined assessment criteria and job responsibilities.

The following are the terms of reference of the Executive Selection and Remuneration Committee:

- a) To review and approve/ recommend remuneration for the Wholetime Directors of the Company and senior management personnel of the Company.
- b) To review and recommend to the Board the remuneration policy of the Company.
- c) To review the Key Result Areas for Executive Directors, management council members and senior management personnel;
- d) To review the remuneration package offered by the Company to different grades of its employees;
- e) Produce an annual report on executive compensation for inclusion in the Company's Annual Report, in accordance with applicable rules and regulations;
- f) Take all necessary steps for the administration of the Employee Stock Option Scheme or the Employee Stock Purchase Scheme.
- g) To perform such functions as may be detailed in the Remuneration Committee under Schedule XIII of the Companies Act, 1956
- h) To perform such functions as may be performed by the Selection Committee under the provisions of Directors Relatives (Office or Place of Profit) Rules 2003 read with Section 314 of the Companies Act, 1956.

- i) To approve grant of stock options to the employees and/ or Directors of the Company and its subsidiaries.
- j) To discharge such other functions or exercise such powers as may be delegated to the Committee by the Board from time to time.

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

One meeting of the Executive Selection and Remuneration Committee was held on March 30, 2011 during the year under review.

The composition and attendance of the members of the Executive Selection and Remuneration Committee is as follows:

Name	Category	Number of Meetings	
		Held	Attended
Mr. Anup Shah (Chairman)	Non- Executive, Independent	1	1
Mr. R.V.S. Rao (Member)	Non- Executive, Independent	1	1
Mr. J.C. Sharma (Member)	Managing Director	1	1

The Chairman of the Committee is an independent director in accordance with Clause 49 of the listing agreement.

SHARE TRANSFER COMMITTEE

The Share Transfer Committee of the Company was constituted on December 12, 2006.

The Share Transfer Committee is specifically responsible for the redressal of issues related to transfer, split, consolidation and re-materialization of shares.

The important terms of reference of the Share Transfer Committee are:

1. To look into requests for transfer and transmission of shares.
2. To look into requests for the re-materialization of shares.
3. To issue Duplicate Share Certificate in lieu of the Original Share Certificate.
4. To issue Split Share Certificate as requested by the member.
5. To take all such steps as may be necessary in connection with the transfer, transmission, splitting and issue of Duplicate Share Certificate in lieu of the Original Share Certificate.

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

The Share Transfer Committee met five times on April 26, 2010, July 28, 2010, October 22, 2010, December 03, 2010 and March 25, 2011 during the financial year 2010-11.

The composition and attendance of the members of the Share Transfer Committee is as follows:

Name	Category	Number of Meetings	
		Held	Attended
Mr. J.C. Sharma (Member)	Managing Director	5	5
Mr. P.N.C. Menon (Member)	Executive, Chairman	5	4
Mr. Ravi Menon (Member)	Executive, Vice Chairman	5	5

MEANS OF COMMUNICATION

The quarterly, half yearly and annual results are published in the Business Standard and Vijaya Karnataka (regional language newspaper where the registered office of the Company is situated). The above information can also be viewed at the common portal platform www.corpfilings.in maintained by both NSE and BSE.

The above results along with the investor presentation is also displayed in the website of the Company – www.sobha.com

Press releases and presentations made to institutional investors or to analysts by the Company from time to time are informed to the stock exchange(s) and are also uploaded in the website of the Company.

The Directors Report, Management Discussion and Analysis Report, Chairman's Message and the Corporate Governance Report form part of the Company's Annual Report.

The Company has designated a separate e-mail id - investors@sobha.com for investor servicing.

GENERAL BODY MEETINGS

Annual General Meeting

Details of Annual General Meetings held during the last three years are as follows:

Financial Year ended	Date	Time	Venue
March 31, 2010	June 11, 2010	10.00 a.m	Sobha Academy, Sobha Suburbia, 107/108, Behind Jakkur Flying Club, Jakkur Village, Bangalore – 560 064
March 31, 2009	July 24, 2009	10.00 a.m	Sobha Academy, Sobha Suburbia, 107/108, Behind Jakkur Flying Club, Jakkur Village, Bangalore – 560 064
March 31, 2008	July 24, 2008	02.00 p.m	NIMHANS Convention Centre, Hosur Road, Bangalore – 560 029

Special Resolutions

15th Annual General Meeting held on June 11, 2010

1. Appointment of Mr. P. Ramakrishnan as a Wholetime Director designated as Deputy Managing Director of the Company.
2. Reappointment of Mr. P. N. C. Menon as a Wholetime Director designated as Chairman of the Company.
3. Reappointment of Mr. Ravi Menon as a Wholetime Director designated as Vice Chairman of the Company.
4. Reappointment of Mr J. C. Sharma as Managing Director of the Company.

14th Annual General Meeting held on June 24, 2009

Ratification of utilization of proceeds of Initial Public Offer of the Company

13th Annual General Meeting held on July 24, 2008

None

Extraordinary General Meeting

Details of Extraordinary General Meetings held during the last three years are as follows:

Financial Year	Date	Time	Venue
2010 – 2011	None		
2009 – 2010	June 17, 2009	10.00 a.m	Sobha Academy, Sobha Suburbia, 107 / 108, Behind Jakkur Flying Club, Jakkur Village, Bangalore 560 064
2008 – 2009	September 22, 2008	11.30 a.m	Sobha Academy, Sobha Suburbia, 107 / 108, Behind Jakkur Flying Club, Jakkur Village, Bangalore 560 064

Special Resolutions

Extraordinary General Meeting held on June 17, 2009:

- i. Approval under Section 81 and 81 (IA) for the issue of securities to qualified institutional buyers.
- ii. Approval for increase in limits of investment by foreign institutional investors in the equity shares of the Company from 24% up to 100% of the paid up share capital

Extraordinary General Meeting held on September 22, 2008

- i. Reclassification of the Authorized Share Capital of the Company
- ii. Approval for the Rights Issue

Postal Ballot

There are no ordinary or special resolutions that need to be passed by the shareholders through a postal ballot for the year ended March 31, 2011.

Disclosures

- a. There are no materially significant related party transactions, which have potential conflict with the interests of the Company at large.
- b. In accordance with Clause 49 of the Listing Agreement, the Company had adopted a Code of Conduct for the Board of Directors and senior management personnel of the Company. The same has been posted on the website of the Company. The code has been circulated to all the members of the Board and senior management personnel and the compliance of the same is affirmed by them on an annual basis.

Confirmation of the Code of Conduct by Managing Director

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

I confirm that the Company has, in respect of financial year ended March 31, 2011, 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
Managing Director

Place: Bangalore
Date: May 10, 2011

- c. The Company has adopted the Employee Share Dealing Code in terms of the SEBI (Prohibition of Insider Trading) Regulations 1992. This code is applicable to all Directors and designated employees. The code ensures prevention of dealing in shares by persons having access to unpublished price sensitive information. The Company regularly monitors the transactions in terms of the Employee Share Dealing Code undertaken by the employees of the Company. The Company also intimates the stock exchange(s) about the transaction(s) undertaken by the designated employees and their share holdings as mandated under the regulations.
- d. There has been no occurrence of non-compliance of any legal requirements nor has there been any restriction imposed by any stock exchange, SEBI, on any matters relating to the capital market.
- e. The Company has complied with the requirements of the stock exchanges / SEBI / any other statutory authority 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.
- f. The Company has established the whistle-blower process to promote ethical behavior in all its business activities and put in place a mechanism for employees to report any illegal, unethical behavior, suspected fraud or violation of laws, rules and regulation or conduct of their immediate supervisor, etc. The Policy also provides for adequate protection to the whistle-blower against victimization or discriminatory practices. The Company further confirms that no personnel have been denied access to the Audit Committee.
- g. Management Discussion and Analysis Report also forms part of the Annual Report. It includes among others a discussion on the following matters:
 - (i) Industry structure and developments.
 - (ii) Risks and concerns.
 - (iii) Internal control systems and their adequacy.
 - (iv) Discussion on financial performance with respect to operational performance.

- h. The Corporate Governance Certificate in terms of Clause 49 of the Listing Agreement issued by the Practicing Company Secretary forms part of the Annual Report.
- i. The Chief Executive Officer (CEO) / Chief Financial Officer (CFO) certification in terms of Clause 49 of the Listing Agreement forms part of the Annual Report.
- j. Fees paid to Statutory Auditors

During the financial year 2010 – 2011, the fees paid to the Statutory Auditors of the Company.

	(₹ in Million)
Audit fees	3.00
Other services [includes fees for quarterly reviews]	4.40
Out of pocket expenses (excluding service tax)	0.13
Total	7.53

- k. Clause 49 of the Listing Agreement states that the non-mandatory requirements may be implemented as per the Company's discretion. However, the 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:
 - The Company has established a mechanism for employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The said policy provides adequate safeguards against victimization of employees who avail of the mechanism and also provides direct access to the Chairman of the Audit committee and the existence of this mechanism has been appropriately communicated within the organization.
 - The Company has formed an Executive Selection and Remuneration Committee. A detailed note on this Committee is provided elsewhere in the report.
 - The information on financial and business performance is updated in the investors section of the website of the Company: www.sobha.com on a quarterly basis.

GENERAL SHAREHOLDER INFORMATION

Registered and Corporate Office

The registered office of the Company is situated at E – 106, Sunrise Chambers, 22 Ulsoor Road, Bangalore – 560 042

The corporate office of the Company is situated at #4, Neeladri Plaza, Raja Ram Mohan Roy Road, Richmond Circle, Bangalore – 560 025

Date and Venue of the Annual General Meeting (AGM)

Date: June 30, 2011

Venue: Sobha Academy, Sobha Suburbia, 107/108, Behind Jakkur Flying Club, Jakkur Village, Bangalore – 560 064

Time: 10.00 a.m.

Financial Year

The financial year of the Company starts from 1st April of every year and ends on 31st March of the succeeding year.

Date of Book Closure

The date of Book Closure for payment of dividend is June 25, 2011.

Recommendation of Dividend and Dividend Payment Date

The Board of Directors has recommended a dividend of ₹ 3.00 for each equity share of ₹ 10/- each aggregating to a 30% dividend to be paid for the financial year 2010 – 2011. The proposed Dividend, if approved at the ensuing Annual General Meeting, will be paid to the members as per the beneficiary positions and Register of members as on June 25, 2011.

The dividend amount shall be deposited in a separate bank account within 5 days from the date of Annual General Meeting, i.e., July 05, 2011.

Dividend History

Financial year	Rate of Dividend	Dividend per Share (in ₹)
2006-07	55.00	5.50 per equity share of ₹ 10 each
2007-08	65.00	6.50 per equity share of ₹ 10 each
2008-09	10.00	1.00 per equity share of ₹ 10 each
2009-10	25.00	2.50 per equity share of ₹ 10 each

Calendar of Board Meetings for the Financial Year (Tentative and Subject to Change)

For quarter ending June 30, 2011 – last week of July 2011

For quarter ending September 30, 2011 – last week of October 2011

For quarter ending December 31, 2011 – last week of January 2012

For the year ending March 31, 2012 – last week of April 2012

Listing on Stock Exchanges

The equity shares of the Company are listed on the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE) since December 19, 2006.

Listing Fees have been paid to all the above stock exchanges for 2011-12.

Stock Code

Stock Exchange	
The National Stock Exchange of India Limited	SOBHA
The Bombay Stock Exchange Limited	532784
Bloomberg	SOBHA:IN
Reuters	SOBH.NS (NSE) / SOBH.BO (BSE)

The International Securities Identification Number (ISIN) for the Company's shares in dematerialized form is INE671H01015.

Custodial Fee

The Company has paid custodial fees for the year 2011-12 to NSDL and CDSL on the basis of the number of beneficial accounts maintained by them as on March 31, 2011.

STOCK PRICE DATA

Month	National Stock Exchange (NSE)				Bombay Stock Exchange (BSE)			
	High	Low	Average	Volume	High	Low	Average	Volume
	₹	₹	₹	No.	₹	₹	₹	No.
April -10	353.40	273.05	310.02	7,696,848	352.95	278.00	310.55	2,820,932
May -10	335.50	275.00	303.95	5,453,497	335.80	276.00	303.91	1,964,511
June -10	305.00	262.15	284.54	3,336,627	305.00	265.20	284.66	919,514
July -10	354.35	283.15	324.70	5,551,322	355.00	283.80	324.46	1,676,688
August -10	390.25	320.45	358.67	7,212,474	394.00	320.60	358.75	1,424,985
September -10	401.80	331.00	373.50	5,537,389	401.70	332.05	373.47	953,950
October -10	404.00	351.20	375.71	5,422,760	403.90	346.55	375.49	1,207,574
November -10	378.90	290.00	336.75	4,785,652	378.00	288.50	336.78	554,667
December -10	337.80	292.20	325.42	2,566,163	339.85	306.00	324.86	265,048
January -11	330.00	252.00	290.80	2,979,661	329.70	252.00	290.57	561,469
February -11	271.35	184.95	237.21	10,131,355	271.00	185.00	237.55	1,169,514
March -11	330.00	249.90	269.78	4,105,198	303.15	250.00	269.68	408,503

SHAREHOLDING PATTERN

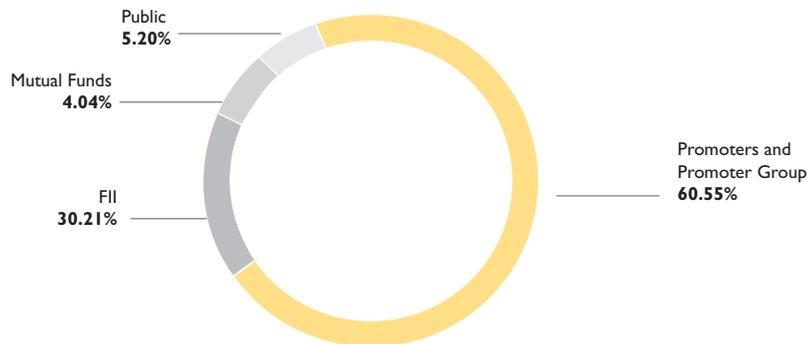
Distribution of Shareholding as on March 31, 2011

Range of equity shares held	No. of shareholders	%	No. of shares	%
1 – 5000	65,700	98.79	1,740,268	1.78
5001 – 10000	360	0.54	277,214	0.28
10001 – 20000	166	0.25	246,296	0.25
20001 – 30000	55	0.08	135,030	0.14
30001 – 40000	24	0.04	83,116	0.08
40001 – 50000	20	0.03	90,736	0.09
50001 – 100000	30	0.04	223,261	0.23
100001 and above	150	0.23	95,267,947	97.15
Total	66,505	100.00	98,063,868	100.00

CATEGORIES OF SHAREHOLDERS AS ON MARCH 31, 2011

Category	Shares	%
Clearing member	92,799	0.09
Other bodies corporate	1,461,706	1.49
Corporate financial institutions	543,869	0.56
Foreign institutional investors	29,620,839	30.21
Mutual Funds	3,958,742	4.04
Nationalized banks	10,850	0.01
Non nationalized banks	-	-
NRI	195,673	0.20
Non resident (Non repatriable)	22,751	0.02
Office bearers	47,628	0.05
Overseas corporate bodies	11	0.00
Public	2,612,505	2.66
Promoters	59,331,350	60.50
Relatives of director	45,030	0.05
Other directors	79,271	0.08
Trusts	4,085	0.00
GIC & its subsidiaries	34,759	0.04
Foreign venture capital	2,000	0.00
Total	98,063,868	100

DISTRIBUTION OF SHAREHOLDING



TOP 10 SHAREHOLDERS AS ON MARCH 31, 2011

Sl No.	Name Of Shareholders	Category	No. of Shares	%
1	Ms. Sobha Menon	Promoter	41,348,421	42.16
2	Mr. P. N. C. Menon	Promoter	12,488,522	12.74
3	Mr. P. N. C. Menon & Ms. Sobha Menon (Jointly)	Promoter	5,494,407	5.60
4	Aranda Investments (Mauritius) PTE LTD	FII	3,851,407	3.93
5	Emerging Markets Growth Fund INC	FII	3,594,606	3.67
6	Morgan Stanley Mauritius Company Limited	FII	3,089,942	3.15
7	PCA India Equity Open Limited	FII	2,827,016	2.88
8	Merrill Lynch Capital Markets Espana S.A. S.V.	FII	2,264,634	2.31
9	Capital International Emerging Markets Fund	FII	1,723,609	1.76
10	Comgest Growth Plc A/C Comgest Growth India	FII	1,300,000	1.33
	Total		77,982,564	79.53

R&T AGENTS

Link Intime (India) Private Limited (formerly Intime Spectrum Registry Limited)
C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West)
Mumbai 400 078,
Email: rnt.helpdesk@linkintime.co.in
Tel: +91 22 25946970, Fax: +91 22 2596 0329

SHARE TRANSFER SYSTEM

Share transfers would be registered and returned within a period of 20 days from the date of receipt, if the documents are clear in all respects. The Company holds Share Transfer Committee Meetings up to three times a month, as may be required, for approving the transfers / transmissions of equity shares. Share transfers and other communication regarding share certificates and change of address, etc., may be addressed to the R&T Agents as mentioned above.

SHARE CAPITAL HISTORY:

Date of Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Nature of Consideration	Reasons for Allotment	Cumulative No. of Equity Shares	Cumulative Paid-up share capital (₹)
August 7, 1995	30	10	10	Cash	Subscribers to Memorandum	30	300
February 11, 1998	1,174,729	10	10	Cash	Further allotment	1,174,759	11,747,590
October 16, 1998	1,934,823	10	10	Cash	Further allotment	3,109,582	31,095,820
December 22, 1998	855,000	10	10	Cash	Further allotment	3,964,582	39,645,820
March 25, 1999	3,000,000	10	10	Cash	Further allotment	6,964,582	69,645,820
July 11, 2002	14,175,898	10	10	Cash	Further allotment	21,140,480	211,404,800
June 28, 2006	42,280,960	10	10	-	Bonus Issue in the ratio of 2:1	63,421,440	634,214,400
October 28, 2006 (1)	97,245	10	617	Cash	Preferential Allotment-Pre IPO Placement to Bennett, Coleman & Co. Limited	63,518,685	635,186,850
October 28, 2006 (2)	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 (3)	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 (4)	25,162,135	10	209.40	Cash	Qualified Institutional Placement	98,063,868	980,638,680

1. 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.
2. 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.
3. 8,896,825 equity shares of ₹10 each, were issued as fully paid-up shares by IPO
4. 25,162,135 equity shares of ₹10 each, were issued as fully paid-up shares by way of Qualified Institutional Placement

SHARES HELD IN PHYSICAL AND DEMATERIALIZED FORM

As on March 31, 2011, 99.99 % of the Company's shares were held in dematerialized form and the rest in physical form. The following is the break up of the equity shares held in the electronic form and in the physical form.

Description	No of Shareholders	No of Shares	% of Equity
NSDL	49,323	96,902,509	98.82
CDSL	17,169	1,160,821	1.18
Physical	13	538	0.00*
Total	66,505	98,063,868	100.00

* % less than 0.01%

PROCEDURE FOR CLAIMING UNPAID DIVIDEND

In terms of Section 205A (5) of the Companies Act, 1956, monies transferred to the Unpaid Dividend Account of the Company, which remain unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund, established by the Central Government.

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

Financial year	Date of declaration of Dividend	Last date for claiming unpaid Dividend	Unclaimed amount (₹)	Due date for transfer to Investor Education and Protection Fund
2006 - 07	August 13, 2007	August 12, 2014	166,677.50	September 11, 2014
2007 - 08	July 24, 2008	July 23, 2015	311,330.50	August 22, 2015
2008 - 09	June 24, 2009	June 23, 2016	403,316.00	July 22, 2016
2009 -10	June 11, 2010	June 10, 2017	254,105.00	July 09, 2017

Members can claim the unpaid dividend from the Company before transfer to the Investors Education and Protection Fund. It may be noted that after the unpaid dividend is transferred to the said Fund, the same cannot be claimed. Members who have so far not encashed the dividend warrant(s) are requested to make their claim to the Secretarial Department at the Corporate Office of the Company situated at # 4, Neeladri Plaza, Raja Ram Mohan Roy Road, Richmond Circle, Bangalore – 560 025.

PROCEDURE FOR CLAIMING SHARES LYING IN THE UNCLAIMED SUSPENSE ACCOUNT

In terms of Clause 5A of the Listing Agreement, unclaimed shares shall be transferred to an "Unclaimed Suspense Account" opened by the Company for the purpose and the shares lying therein shall be dematerialized with a Depository Participant. The voting rights of such shares shall 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 shares lying in the Unclaimed Suspense Account:

Financial Year	Aggregate No. of Shareholders and outstanding shares as on April 1, 2010	Number of Shareholders who approached the Company for transfer of shares during the year	Number of Shareholders to whom shares were transferred	Aggregate No. of Shareholders and outstanding shares as on March 31, 2011
2010 - 2011	90 Shareholders and 911 outstanding shares	-	-	90 Shareholders and 911 outstanding shares

Allottees who have not yet claimed their shares are requested to make their claim to the Secretarial Department at the Corporate Office of the Company situated at # 4, Neeladri Plaza, Raja Ram Mohan Roy Road, Richmond Road Circle, Bangalore – 560 025.

OUTSTANDING GDRS / ADRS / WARRANTS / CONVERTIBLE INSTRUMENTS AND THEIR IMPACT ON EQUITY

As on March 31, 2011, the Company does not have any outstanding GDRs / ADRs / Warrants / Convertible Instruments.

PLANT LOCATIONS

Glazing Division

Plot No.10, JBLR Industrial Area, Hennagara (Post), Anekal Taluk, Bommasandra, Bangalore – 562 106

Interiors Division

Plot No.9, JBLR Industrial Area, Hennagara (Post), Anekal Taluk, Bommasandra, Bangalore – 562 106

Concrete Products Division

Plot No.329, JBLR Industrial Area, Hennagara (Post), Anekal Taluk, Bommasandra, Bangalore – 562 106

Legal Proceedings

There are no legal proceedings against the Company which are of material nature.

NOMINATION

Pursuant to the provisions of Section 109A of the Companies Act, 1956, members may file nomination in respect of their shareholdings. Any member willing to avail this facility may submit

to the Company the prescribed Form 2B (in duplicate), if not already filed. Form 2B can be obtained with the help of the R&T Agents. Members holding shares in electronic form are requested to give the nomination request to their respective Depository Participants directly.

ADDRESS FOR CORRESPONDENCE

For any queries, please write to:

Mr. Kishore Kayarat
Company Secretary & Compliance Officer
Sobha Developers Limited
E – 106, Sunrise Chambers, 22 Ulsoor Road,
Bangalore – 560 042
Telephone: +91 80 2559 4139
Fax: +91 80 2559 4138
Email: kishore.kayarat@sobha.com
investors@sobha.com

For queries relating to financial statements, please write to

Mr. S Baaskaran
Chief Financial Officer
Sobha Developers Limited
E – 106, Sunrise Chambers, 22 Ulsoor Road,
Bangalore – 560 042
Telephone: +91 80 2559 4139
Fax: +91 80 2559 4138
Email: baaskaran.s@sobha.com
investors@sobha.com

WEBSITE

The Company's website www.sobha.com contains comprehensive information about the Company, current and forthcoming projects, press releases and investor relations. It serves to provide the shareholders key information like Board of Directors and the committees, financial results, shareholding pattern, dividends, investor presentations etc.

SECRETARIAL AUDIT REPORT FOR THE YEAR ENDED
MARCH 31, 2011

To,
The Board of Directors,
Sobha Developers Limited,
Bangalore- 560 042.

I have examined the records, registers and documents of Sobha Developers Limited (hereinafter referred to as ["the Company"]) for the financial year ended on March 31, 2011, required to be maintained under the provisions of -

- i) The Companies Act, 1956, hereinafter referred to as ("the Act"), rules made there under and also the provisions contained in the Memorandum of Association and Articles of Association of the Company;
- ii) The Equity Listing Agreements with Bombay Stock Exchange Limited and National Stock Exchange of India Limited (Designated Stock Exchange).
- iii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');
 1. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997;
 2. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

Based on my examination and verification of the registers, records and documents produced to me and according to the information and explanations given to me by the Company, I report that the Company has in my opinion, complied with:

- i) The provisions of the Companies Act, 1956 ('the Act') and the Rules made there under the Act and the Memorandum and Articles of Association of the Company, with specific reference to:
 1. The Company has kept and maintained the requisite registers and other records required under the Act, the Rules made there under and Secretarial Standards as per the Institute of Company Secretaries of India.

2. The Company has filed required forms, returns, documents, and resolutions required to be filed with the Registrar of Companies, Ministry of Corporate Affairs.
3. The Company closed its Register of Members and Share Transfer Books on June 05th, 2010 and necessary compliance of Section 154 of the Act has been made.
4. The Board of Directors of the Company is duly constituted in accordance with the Act.
5. The Board of Directors of the Company met 4 times, during the financial year viz. April 27, 2010, July 28, 2010, October 22, 2010 and January 24, 2011 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes book.
6. During the financial year, 1 (One) Circular Resolution was passed on January 24, 2011 by the Board of Directors of the Company.
7. As per the declarations received by the Company, the Directors have disclosed their interest in other firms/companies to the Board of the Directors pursuant to the Provisions of Section 299 of the Act.
8. As per the declarations received by the Company, None of the Directors are disqualified under section 274(1) (g) of the Act read with the Companies (Disqualification of Directors under section 274(1) (g) of the Companies Act, 1956) Rules, 2003.
9. The Audit Committee constituted as per the requirement of Section 292A of the Act and listing agreement duly met 4 times during the financial year, viz. April 26, 2010, July 28, 2010, October 22, 2010 and January 24, 2011 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes book.
10. The meetings of the other Committees of the Board were duly and properly convened and minutes of such meetings have been properly recorded and signed in the Minutes book maintained for the said purpose.

11. The Annual General Meeting for the financial year ended on 31st March 2010 was held on June 11th, 2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
12. During the Financial Year, no Extraordinary General Meeting of the Company was held.
13. The company has not advanced any Loan to its directors and/ or persons or firms or companies referred in the section 295 of the Act.
14. The Company has obtained approvals of the Members of the Company, the Board of Directors, and the Committees of Directors, wherever required.
15. The appointment and remuneration of Managing Director, Whole-time Director, and other Directors of the Company have been made in accordance with the Articles of Association of the Company and with the relevant provisions of the Act.
16. The Board of Directors had appointed Mr. M Damodaran and Mr. P. Ramakrishnan as Additional Directors of the Company with effect from January 29, 2010. During the year under review, the Company has appointed Mr. M Damodaran and Mr. P. Ramakrishnan as Directors of the Company at the Annual General Meeting held on June 11, 2010. Mr. M. Damodaran acts in the capacity of the Independent Director of the Company. The Members at the Annual General Meeting have further approved the appointment of Mr. P. Ramakrishnan as a Whole time Director of the Company for a period of 5 years, with effect from January 29, 2010. In the said Annual General Meeting, Mr. P. Ramakrishnan has been redesignated as Deputy Managing Director of the Company with effect from April 01, 2010.
17. The Company has re-appointed M/s. S. R. Batliboi & Associates, Chartered Accountants, as Statutory Auditors of the Company in accordance with the Act. The remuneration paid to them is with prior approval of Members of the Company.
18. The Company has deposited the amount of dividend declared at the Annual General Meeting held on June 11th, 2010, in a separate bank account on June 15th, 2010 with IDBI Bank, Double Road, Bangalore within 5 days from the date of declaration of such dividend in accordance with the provisions of Section 205 of the Act.
19. The Company is not required to effect any transfer of the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have been remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund as there were no cases.
20. The Company has not issued any Redeemable Non Convertible Debentures / Commercial Paper during the financial year.
21. The Company has not issued any redeemable preference shares and there was no redemption of preference shares during the financial year.
22. The Company has redeemed Redeemable Non Convertible Debentures amounting to ₹ 250,000,000 (Rupees Twenty Five Crore) only during the year.
23. The Company has not bought back any shares during the financial year.
24. The Company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one State to another during the year under scrutiny.
25. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
26. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the Share Capital of the Company during the year under scrutiny.
28. The Company has not altered its Articles of Association during the financial year under report.

29. The Company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section and has obtained prior approval from the Regional Director, Southern Region, Chennai, for entering in to a contract by the Company with Mr. Ravi Menon, Vice Chairman of the Company for rendering services of construction of the residential house.

30. The Company has filed 2 (Two) applications before the Learned Company Law Board, Chennai, in pursuance to Section 141 of the Companies Act 1956, for condoning delayed filing of Modification of Charges with the Registrar of Companies, Karnataka. The Company is in receipt of the Order under Section 141 of the Companies Act 1956, from the Learned Company Law Board condoning delayed filing of the modification of charges with the Registrar of Companies, Karnataka.

31. Consequent to the preliminary observations made during the Technical scrutiny and Inspection under section 209A of the Companies Act, 1956, the Company has filed an application for compounding of offence in pursuance to Section 621A of the Companies Act, 1956, for not taking prior approval of the Central Government with regards to certain contracts entered by the Company in terms of section 297 of the Companies Act, 1956. The said application is pending before the Company Law Board, Chennai.

The Office of the Registrar of Companies, Karnataka has vide their letter dated November 30, 2010 and Inspection Note dated February 02, 2011, sought for further information and explanations. The Company has suitably replied to the above letter and Inspection Note.

ii) I further report that

1. The Company is a listed Company with Bombay Stock Exchange Limited bearing Stock Code no. 532784 and National Stock Exchange of India Limited, bearing Stock Symbol "SOBHA" and has complied with the requirements under the Equity Listing Agreements entered into with the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

iii) I further report that,

1. The Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 including the provisions with regard to disclosures and maintenance of records required under the Regulations.
2. The Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading Regulations, 1992) including the provisions with regard to disclosures and maintenance of records required under the Regulations.

NAGENDRA D. RAO
Practising Company Secretary
543/A, 7th Main, 3rd Cross,
Hanumanthanagar,
Bangalore – 560 019.
Membership No. FCS - 5553
Certificate of Practice No. 7731

Place: Bangalore
Date: May 10, 2011

Environment, Health & Safety



Being an environmentally responsible organization a healthy eco friendly atmosphere reiterated by water harvesting, extensive plantation and effective utilization of non-conventional sources of energy is always integrated into the design philosophy at Sobha. Customers derive maximum efficiency while obtaining the intended benefits.

All the environmental facility design is done by our in house team. Our focus has always been on implementing the best practices or technologies that help enhance efficiency in cost, quality, time and safety. We constantly strive to review and ensure that our tools, skills, applications and processes are updated to meet the current and future needs.

Award of recognition is endowed for incorporating Sustainable design concepts in water, waste water, solid waste and energy management by Centre for Sustainable Development (CSD) which was held during Energy Symposium and vendors Conclave 2011.

1. WATER MANAGEMENT

Water is a precious resource and to ensure its judicious use and conservation the following best practices are followed:

1.1 Sewage Treatment Plant

1.1.1 General:

STP is installed to treat the wastewater generated from the buildings / apartments. Treated water of STP is used for flushing, gardening and other secondary urban uses like floor washing.

1.1.2 Design Features:

- STP is designed with more operating space and ease of maintenance works.
- Forced ventilation system is provided for the supply and exhaust air from the underground plant.
- Level switch is provided for auto operation of the pumps to avoid dry run of motors and overflow of tanks.
- For fine polishing of STP treated water, fully automatic Ultrafiltration system is provided and the product of UF is

used for flushing. UF system is designed for 40% of the total STP capacity i.e., STP treated water required for flushing. Thus, reducing the cost of the system, fresh water consumption, power consumption and chemical consumption.

- Electro magnetic flow transmitters are provided at the outlet of activated carbon filter (ACF) outlet and UF product to monitor the flow of the treated water from STP.
- Dual Plumbing System - STP treated water is reused for flushing by dual piping system which is provided in our apartments. Water efficient plumbing fixtures which consume less water are also used for water conservation

1.2. Water Treatment Plant

1.2.1. General:

WTP is installed to treat the raw water from different sources and achieve the desired quality parameters for domestic purpose.

1.2.2 Design Features:

- WTP is designed with more operating space and ease of maintenance works.
- WTP is provided with space for storage of chemicals required for regeneration and disinfection.
- WTP is designed to cater the fresh water requirement by providing softeners to domestic purpose and Reverse Osmosis (RO) system for drinking purpose thus reducing the load on RO plant. This common RO plant for building helps in reducing the power consumption, chemical consumption and RO reject.
- Electro magnetic flow transmitter is provided at the outlet of softener to monitor the flow of the treated water from WTP.
- Level switch is provided for auto operation of the pumps and avoid dry run of motors and overflow of tanks.

1.3 Rain Water Harvesting

1.3.1 General

Rain water-harvesting system is mandatory for all projects. Rain water is from two areas viz., terrace water and storm water (hard paved areas and roads).

1.3.2 Design Features:

- Rain water from terrace is collected in tanks and used for domestic purposes after treatment. During the monsoons, this meets 50% to 60% of the fresh water demand.
- Ground water is recharged by diverting the run-off water from hard-paved areas of the building to rain water percolation pits through external drains thereby recharging the water table.
- Rain water is percolated between the pavers to the ground thus, not allowing the water to stagnate in the paved area and increasing the ground water recharge.

2. WASTE MANAGEMENT

Waste is an unavoidable outcome of any process but effective management practices help in minimizing waste generation and controlling the pollution caused by its disposal. Waste management practices are based on the Reduce, Reuse and Recycle principle. Some of the waste management practices followed is:

- Segregation of waste at the source is practiced.
- Useful packaging materials, recyclables, surplus building materials are recovered and given to authorized recyclers for recycling and reusing.
- Hazardous waste is disposed through authorized recyclers.
- Organic waste converters are installed at projects to convert organic waste into manure which is used for landscaping. Thus the burden and costs associated with disposal of such waste are totally avoided, reducing the cost of purchasing In-organic manure.
- Sludge from STP is mixed with landscape dry waste and is processed in OWC to get rich organic manure.

3. MONITORING

Environmental attributes (Air, Soil, Noise & Water) are monitored during construction and warranty period.

3.1.1 Quarterly monitoring is done by KSPCB approved external agency

- Pollution control measures are adopted when the monitoring results exceed the permissible limits prescribed by KSPCB.
- We check all our activities by strict monitoring and adhering to standards ensuring our sustainable contribution to environment.

3.1.2 Quarterly review are done In-house

- Quarterly review are regularly carried out at the sites during pre-construction and construction phase.
- Every year based on the ratings of quarterly review, we award

Winner and Runner of Best Practices among the projects. Also, a Certificate of Participation is issued for the projects on Environment Day 5th of June.

4. ENVIRONMENTAL LABORATORY AT ACADEMY, BANGALORE

We have set up an Environmental laboratory to test the water and waste water samples from sites during construction and warranty period. The salient features are as follows:

- This laboratory is fully equipped with instruments, reactors and reagents for testing the chemical parameters of water and waste water samples.
- During construction phase, water sample is collected and is tested as per IS: 456/2000 to confirm its suitability for construction.
- Water samples are collected and tested as per IS 10500:1991 to confirm the suitability for domestic purpose.
- During warranty period, the samples are collected as per the schedule.
- The samples are tested for the required parameters of STP & WTP. Based on the test results, the plants are monitored and necessary action shall be initiated to avoid non compliance if any.
- This helps us to closely monitor the performance of the plant and take corrective action within short time.

ENSURING HEALTH & SAFETY

The Health & Safety of our people is an important aspect of our daily construction activities.

The Company is committed to develop and construct residential and non-residential buildings and associate infrastructure, exhibiting a passion for excellence in all its projects. It is also committed to the Environment, Health & Safety of the individual & the society at large. The Organization has utmost concern towards the workers engaged in its construction activities. Sobha aims to provide an "ultimate lifestyle" for its clients, but also to accomplish this task without compromising on the quality of the work executed or the safety & welfare of the personnel's involved in making this dream, a reality.

We believe in educating, training and creating awareness amongst all its workers and hence there is more emphasis on training the workers to do the job the right way, with the right tool for the first time.

Safety Initiatives / Safeguards to control Accidents at sites

An “Accident Free” site is generally termed as a “Safe” site, the main goal of any safety program would be to prevent accidents, injuries and damages to properties.

- Implementation of labor ID cards to identify, train, regulate / track workers & prevents unauthorized access.
- Imposing of penalty for safety violations in order to curb unsafe acts like PPE violations, unauthorized usage of power tools, engaging of underage labors, etc.
- Training for all critical activity to prevent accidents & injuries.
- Emergency Preparedness programs to render life saving support systems in case of emergency/ accidents & to avoid fatality.
- Safety Video education & Tool box training given to workers for creating Safety awareness.
- Safety Awareness training on PPE's & power tools usage for Workforce.
- Barricading and safety net protection in excavated areas, building periphery, lift shafts, cutouts, floor openings, material hoists, manpower hoists, etc to prevent falling objects.
- Ensuring Electrical safety by regular checks on RCCB's, Industrial sockets and display of danger signs.
- Emergency Evacuation Mock drills conducted for staff & workforce at regular intervals for emergency preparedness.
- Safety Day Celebration at site to create awareness on Safety among workers at site.
- Implementation of Scaffold anchorage system to ensure safety for workers working on scaffolds.
- Scaffolds with Safety nets are installed at vertical interval of 6 meters to avert any casualty due to fall.
- Implementation of Work permits system.
- A team of Safety Auditors are deployed to cater to day-to-day safety requirements at every site through regular training & inspection of critical activities and other activities ongoing at the sites.
- Inspection of Labor camps for ensuring safety & welfare measures.

Health Initiatives for welfare of Human Resource

- MCC/ First aid centre/ Ambulance room and an emergency vehicle are made available with the presence of medical facilities and a trained first aid person to take care of any casualties / accidents at sites.
- A well equipped clinic is mandatory on every site to treat cases of first aids, minor accidents and illness.
- Occupational health related medical evaluation is undertaken at

regular intervals through medical camps for all our site laborers and their families.

- Day care centers are provided at labor camps to take care of the children of labors. Elementary education is imparted to these children and food is provided at such centers.
- Superior sanitation practices are followed and instilled into our laborers.
- Regular pest control activities are undertaken to prevent occurrence of any serious illness in labor camps.
- These programs help us in ensuring the welfare of our most valuable resource, namely our people, by enabling them to lead a balanced, rewarding and productive life.

Safety Training

The details of safety training programs conducted during the financial year 2010 -11 are listed below:

Training Details	Number of Programs	Number of Employees/ Workers (or % age) who participated	Remarks
First Aid Training Program	21	653	Conducted with the help of In-house resources
Fire Fighting Training Program	68	1,562	
Medical Camps conducted	41	8,486	
Environment, Health and Safety Awareness	9	101	
Evacuation Drills Conducted	59	95%	Average participation during each drill
Safety Tool Box Talks	5,992	113,085	Conducted for Workers at site on daily basis

Corporate Social Responsibility

Corporate Social responsibility at Sobha is a sincere devotion to comprehensive and sustainable development of rural India. Like in business, the company has paid great attention to details in understanding the requirements of the community and accordingly designing strategies and infrastructure to ensure development at the grass root level.

To begin with, the key challenge was to identify the right beneficiaries in the adopted two grama panchayats of Vadakkenchery and Kizhakkenchery in the Palakkad District of the State of Kerala. The entire BPL population of the two panchayats, comprising 2,500 families has been adopted through an in-depth scientific mapping called the Social Empowerment Mapping Exercise. Sri Kurumba Trust, the CSR arm of the company, as a result has a detailed and authentic data about each beneficiary and his individual requirements.

A unique social development initiative, Gramasobha, was then launched for the empowerment of these selected families. The program covers key human development verticals like education, health, employment, water, sanitation and housing. Besides, various institutions of development have been established for the development of the poor.

Corporate Governance Compliance Certificate
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SOBHA ACADEMY

The Sobha Academy has been created to empower the rural poor to break away from the vicious circle of poverty, ignorance, deprivation, and exclusion by providing their children high quality education comparable to anywhere in the world. Selection of candidates to the Academy is being made through an open draw from list of eligible candidates short-listed after intense research. Once admitted, all the requirements of the children are met free of cost including food, transportation, uniform, books, medical care etc. The Trust has also started a strategic Social Empowerment Education Program for the parents of the students of the Academy to avoid any parent-child divide that may arise in the future.

The Trust has launched yet another educational initiative, called Sobha Icon, which aims at creating 'Icons for India' by making available high quality learning opportunities to meritorious students who have exceptional skills but not the opportunities to grow. Regular academic professionals have been engaged to enhance the performance of students. The project is carried out in tandem with the various school authorities, teachers, parents and other stake holders in the education sector.



SOBHA HEALTH CARE

The Sobha Health Care Center has redefined the limits of a primary healthcare institution run anywhere in the country. The target group comprises of BPL families of the adopted panchayats, senior citizens of Sobha Hermitage, students of the Academy and their parents. The facilities include free consultation, diagnosis, tests, treatment and medicines. It has also set up outreach counters to reach out to the needy at their door steps. A School Health Program has been initiated in which comprehensive medical screening of students is carried out and provided preventive care. It has also been decided to establish a gynecology and pediatric ward next year. Besides, a comprehensive medical insurance scheme for the entire population of BPL families is being envisaged.

SOBHA HERMITAGE

Sobha Hermitage is the most humane home one can ever find for the deprived. It is the epitome of humanity, tendering love, care and support to the most neglected sections of the society – senior citizens as well as young widows with their children. These young widows are referred as 'young mothers' at the Hermitage. Highly customized resources and facilities have been set up totally free for the residents.

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OTHER INITIATIVES

The Trust has also taken a series of Women Empowerment initiatives.

The Trust has already unveiled a program for comprehensive rehabilitation of young mothers living in the Hermitage. While they are presently employed on salary basis in the Academy, they all have to complete graduation for which the Trust will provide the necessary support and resources. After graduation, they will be placed in suitable positions in the Trust institutions. Separate living apartments are being constructed for them which they can move into as the children grow older. Support will also be provided in case they want to get married.

In another widow assistance program, 49 widowed mothers and their 90 school-going children selected from the designated project area have been brought under a safety net since 2007. These widows are provided with resources and facilities to meet their basic life expenditure including a monthly living allowance. Special tuition classes are arranged for their children. The Trust also plans to provide them with a housing complex in future through an exclusive social housing & employment initiative.

The Trust also lays emphasis on providing maximum employment opportunities to the women. In fact, 90 percent of the staff working in the Trust comprises of lady members. In addition, all staff-girls when married are given a special marriage allowance of ₹ 60,000 to meet their expenses in addition to the other entitlements.

Social Wedding Program is a constructive response of the Trust to help out extremely poor families to get their daughters married. The Trust not only arranges weddings but also provides basic resources to the couples to start a life. Pre and post marriage counseling is carried out for all the couples. Over 300 marriages have been arranged so far.

Sobha CSR initiatives are one of its kind, undertaken with so much detail and planning in designing, developing and delivering the best of infrastructure to the poorest of the poor without any discrimination of caste and creed. It has become a successful model to usher development at the village level.

Employees



Our people practices are such that we ingrain in each employee the zeal to make the difference through detailed understanding of processes, technology and work practices. Our yearly goals are planned in to the minutest level through detailed planning in terms of training requirement, manpower requirement, and skills and knowledge upgrade requirement, which helps in delivering our projects to world-class standards in terms of quality and timely execution.

Financial year 2010-11 was a year of consolidation, introspection and further strengthening our employees' capacity building in the areas of processes, technology and work practices. Our employee strength went up from 1852 as on March 31, 2010 to 2224 on March 31, 2011, primarily on account of business growth

We started the year with focus to induct the right talent by hiring bright civil engineers as Management Trainees from top institutes across the country. The brightest young engineers were put through intensive classroom training at Sobha Academy. The emphasis during their month long program was on bringing them in tune with our processes and also on their all-round development through various competency building required for the job, which included on-the-job training at our project sites in order to be groomed into our future Project Delivery Managers. We are sure with this approach every year we will be able to meet the requirement of the right project execution staff at the right time to meet our business requirements in future.

Training has been a key to Sobha's success and the detailed emphasis on training helps us to leverage and to get healthier dividends in the future.

We have created a new department named "Leadership Development and Training" with a clear mandate to bring transformational changes in the attitude, behavioral and leadership qualities and take the organization to greater heights in terms of execution and detailing capabilities.

The focus of "Leadership Development & Training" will be based on an integrated, detailed and new training methodology. Few of the key steps taken are:

- (a) All training will be under one umbrella
- (b) There will be greater emphasis on development of leaders at various levels of engineers
- (c) The best of the staff available in the Company is nominated as Trainers to bring focus on processes, best work and engineering methods amongst others
- (d) A special & new category of “Technician Supervisors” is being created by selecting outstanding technicians and training them to become efficient leaders

Some of the key activities undertaken by the Leadership Development and Training department included:

- i) MOU with Don Bosco Technology for bringing in superior technicians and training them to our standards
- ii) Specialized training for the engineers at all level, with emphasis to upgrade detailed engineering skill set
- iii) Value Engineering courses which allow our engineers to give greater emphasis on matching the highest quality requirement of the company at optimum cost and meeting the functionally and aesthetically desirable elements in our construction activity
- iv) Communication skills and management techniques for our front line staff of Sales, Marketing and CRM department who interact with prospects and customers of Sobha
- v) Training in planning tool like Primavera and ERP system enabling faster and better operations management within the organization.
- vi) Partnered with Karnataka Skill Development Corporation for more than 1100 of workmen for technical, behavioral and multi-skill development within our work force
- vii) Implemented the practices of “Productivity linked wages” in construction industry for our technicians for the first time, thereby increasing the capacity utilization and higher ROI on our human resources

The Company has taken a great leap in implementation in Lean Practices including 5S & Kaizen in our factories and roll out of project on “Lean Construction Management Techniques” at our sites. We expect this will give the company a great boost in coming years in terms of waste reduction, process improvement, and above all enthusiasm at the work place to see visible and direct improvement.

The Company has also been working towards a process driven organization where each and every process for all the departments and functions are being outlined and are available on the Document Management System. This will result in greater role clarity and enhanced efficiency.

Innovation within the organization is promoted by an Innovation Committee through a program called ‘Ideaspace’. Employees are encouraged to give ideas and suggestions related to their work or other functional areas on this intranet portal.

In order to propagate a healthy, amicable and safe environment we have also initiated the practice of celebrating special occasions such as Safety Day, Environment Day, Women’s Day, Earth Hour and Quality Month amongst others.

Innervive, our in-house magazine, has emerged as one of the most important means of communication and information sharing within the organization. The company has also implemented an intranet based HR ERP module for the benefit of its employees.

Our Sobha Creative Club brings out the team spirit within the Company by organizing various social, cultural and sports activities. The club has also taken the initiative of collecting voluntary monthly contribution from Sobha Employees towards the Sobha Employees Welfare fund to extend financial help to employees during medical emergencies.

Our attention to employees is our way to facilitate “attention to details” at work.



Management's Discussion & Analysis
Corporate Structure
Vision, Mission, Philosophy
Sobha Offices
Presence in India



Group Management Report

Management's Discussion & Analysis

A. GENERAL ECONOMIC SCENARIO

Global Economy

The global economic growth started to accelerate on a broad front in the year 2010 and this growth is expected to continue into 2011 and 2012. Middle East and North Africa continue to influence the global economies, with oil prices moving higher on the back of events in Libya (WTI breached \$100/bbl) and the dollar price of internationally traded food commodities (World Bank index) increasing to 2.9% in February, coming to match its June 2008 peak. Higher fuel and food prices and capacity constraints in a number of developing countries are contributing to rising inflation and a tightening of monetary policies. Domestic food prices in developing countries, the key driver for current inflation, are up 8% since June 2010. It is predicted that the recovery will be uneven in global context for some more time.

According to Global Investment Atlas, Global investment rose 42% in 2010 to USD 564 billion (Euro 430 billion), the third highest in the past ten years. As against expectations, the recovery in the world economy gathered pace in the second half of 2010 despite more hesitant economic mood reflecting higher liquidity and more disposable incomes apart from high growth trajectory.

The Indian Economic environment

Despite a slow recovery in the world economies, it is heartening to see that India has recorded admirable growth post recession. India has moved up to fifth position in a list ranking the governments of 112 countries in terms of their ability to project the economy into the international sphere. As per the Economic Survey 2010-11, in the year 2000, the country was ranked 10th in the Index of Government Economic Power (IGEP). As per the IGEP, the Survey said India was among the best performers on the globe in terms of its ability to raise resources, credit-worthiness and credibility in international financial markets.

The Indian economy has shown remarkable resilience to both external and domestic shocks. It not only recovered rapidly from the global economic downturn, but also took the monsoon failure last year in its stride and is now showing robust growth. If services and agriculture pick up, the economy will perform much better than expected in the year ahead.

Going by simple macro economic data a reasonable forecast for the year 2010-11 is that the economy will improve its GDP growth by around 1 percentage point from that witnessed in 2009-10. Thus, allowing for factors beyond the reach of domestic policymakers such as the performance of the monsoon and the rate of recovery of the global economy, the Indian GDP can reasonably be expected to grow around 8.5 +/- 0.25 per cent, with a full recovery, breaching the 9 per cent mark in 2011-12.

(Source : Economic Survey 2010-11)

Real Estate Sector

The real estate sector in India involves the development of residential housing, commercial buildings and office space, industrial facilities, warehouses, hotels and other commercial spaces, purchase and sale of land and its development rights. Historically, the real estate sector in India has been highly unorganized and characterized by various factors that impeded organized dealing such as, an absence of centralized title registry providing title guarantee, lack of uniformity in local laws, non-availability of bank finance, high interest rates and taxes, lack of transparency in transactions etc. In recent years, however, the real estate sector has exhibited greater maturity and value due to economic compulsions, regulatory reforms and active consumerism. This trend has made it possible for the sector to obtain organized investments by both private and public financial institutions thus improving its liquidity and planned investments. Demand for residential, commercial and retail real estate increased throughout India until first half of 2008, accompanied by an increased demand for hotels and infrastructure projects. Thereafter, there was a lull in the market due to the ill-effects of the worst ever recession. The demand started picking up again in the course of 2010. The growth witnessed in real estate business in India has essentially been due to high GDP growth in the economy, increased urbanization, increasing number of nuclear families, higher disposable family income, good growth in sectors such as IT, ITES, retail, consumer durables, automobiles, telecommunication, infrastructure, banking, insurance, tourism, entertainment and hospitality. Indian real estate has always been one of the mainstays of our country's economy. Construction sector is also the second largest employer after agriculture, employing about

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25 million people. Construction Industry's contribution to GDP's growth is around 2-3 percentage points.

The following factors generally affect demand and supply in real estate sector:

- *Economic growth*
IMF projects a positive growth for the Indian economy and it is expected to be faster than the advanced and the developing economies.
- *Demographic profile of the population*
The earning population of India (persons in the age group of 20-59) is expected to increase in the overall population creating more demand for housing
- *Interest rates and availability of bank finance*
The lowering of interest rates for value housing is expected to increase the new house purchases since large portions of housing needs are met through bank financing.
- *Government policies and tax incentives*
Foreign Direct Investment (FDI) Policy and other liberalization initiatives of the Government will help channelize more investments into real estate sector. Extension of Tax benefits for investments in self occupied and let out properties will also help improve the demand.

This is not to say that construction industry is unaffected by a few issues such as:

- Highly fragmented markets
- Dominance of unorganized regional players
- High interest, inflation and transaction costs
- Vexed local laws and bureaucracy
- Lack of Industry status and limited finance
- Multiple taxation

In order to reduce the ill-effects of recession and to support sustainable growth, Government has been taking several initiatives but the progress has been somewhat tardy. Most important among these are:

- Repeal of Urban Land Ceiling Act (introduced in 1976)
- Amendments to Rent Control Act
- Rationalization of stamp duties and other property taxes
- Conversion of land records in electronic form
- Liberal FDI inflows into the real estate sector
- Initiative towards Real Estate Investment Trusts (REIT) and Real Estate Mutual Funds (REMF).

B. THE COMPANY AND ITS BUSINESS ENVIRONMENT

Sobha Developers Limited is one of the leading real estate and construction majors in India with a unique business model and delivery mechanism. The Company is built on rock solid values, benchmark quality standards, uncompromising business ethos, focused customer centric approach, robust engineering and in-house research and development, which have all contributed to making it a strong brand in both real estate and contractual segments. The company has created an enviable brand in all the segments and regions of its operations and the brand is synonymous with high quality products and transparency in dealing with its customers.

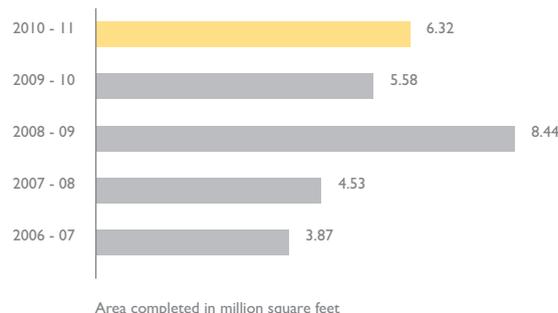
The Company has a strong business presence in South India particularly in Bangalore. Bangalore residential real estate is largely dependent on the performance of the IT/ITES sector which was severely impacted by the global economic slowdown. However, with the gradual recovery in the economy in general and real estate sector in particular, the demand for real estate has increased substantially during calendar year 2010, one can now see a greater optimism, higher employment opportunities and improvement in investor confidence. CRISIL Research expects capital values in real estate to rise by 5-8% in calendar year 2011. So far as Bangalore is concerned, city centers are fully congested and suburban areas have great demand potential. Development of projects in these areas will not only reduce the burden on main cities but also ease traffic, pollution and overcrowding. Better connectivity such as signal-free outer ring roads, wider, multi-lane arterial roads, express highways, Metro Rail covering main hubs in the city, have all given a major thrust to housing demand in Bangalore. The buyer in Bangalore has also become very selective in his choice and

looks for standard features such as social, recreational, shopping and other facilities in a safe and peaceful environment. They are also environment sensitive and look for complexes which are eco-friendly with proper waste management, plantation, energy conservation and rain water harvesting.

Demand for houses in Bangalore is likely to increase in all the segments such as luxury, semi luxury, villas, townhouses and plotted developments. The company has presence in all these segments. Affordable housing segment is also growing with more public and private partnerships in its development. Price is expected to remain stable, given the developers focus on volumes. Long term investors will return to real estate sector soon. This trend is seen not only in Bangalore but also in other centers where the Company plans to grow such as in NCR, Chennai, Coimbatore and Pune as these are turning out to be high growth centres. On the whole, the demand is back in the real estate sector in Bangalore and else where. This business is poised for a better growth with a greater focus on organized and quality development.

The Delivery Excellence

The Company has achieved a phenomenal growth since inception compared to its peers. It has entered the league of companies with 50 million square feet of delivery in just 15 years of existence. It has so far delivered projects covering across 20 cities in India, aggregating more than 42 million square feet. Currently, over 14 million square feet of space is under execution in 10 cities both in real estate and contractual projects. It has forthcoming projects of over 16 million square feet under various geographical and business areas. Company's major strength has been in residential segment and its delivery excellence in this segment over the period is as given:



The Company has completed and handed over 13.94 million square feet of area in the first 11 years of its existence until the year 2006-07, whereas it has completed and handed over 28.74 million square feet of area in next 5 years from the year 2007-08 to 2010-11, thus showing a phenomenal growth in development and delivery of projects in latter period as compared to the previous 11 years since inception. This also shows that the Company is well focused on its execution and delivery capabilities.

Its sales revenue during the year under review crossed the ₹ 10 billion mark from real estate development with an average realization of about ₹ 4000/- per square foot. In the real estate space, it is primarily focused on middle to high end residential housing in Tier I and Tier II cities. The residential projects developed by it primarily comprise of a wide range of luxury apartment complexes, lifestyle villas and row houses with world class infrastructure and best-in-class amenities. One of the most outstanding features of Company's sales performance has been that there has been a faster movement of high end products in the real estate segment.

In the contracting segment, the Company is the largest developer of Grade A commercial office space in India through mega scale campuses built for Infosys Technologies Limited, one of the leading IT companies in India. In addition, it has undertaken and completed contractual projects for other corporate giants such as Hewlett Packard, Dell, Timken, Mico-Bosch, HCL, Bharat Forge, Bayer, Taj Hotels & ITC Group of Hotels. The Company bagged contractual orders worth over ₹ 1.32 Billion during the current year from other prestigious clients like Biocon, Institute of Public Enterprises(IPE), GMR, Hotel Leela Venture, Blue Horizon Hotel and many others.

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Recognition and Rewards

The Company has received numerous awards for its exceptional achievements and have been duly recognized by prestigious institutions, some of which are:

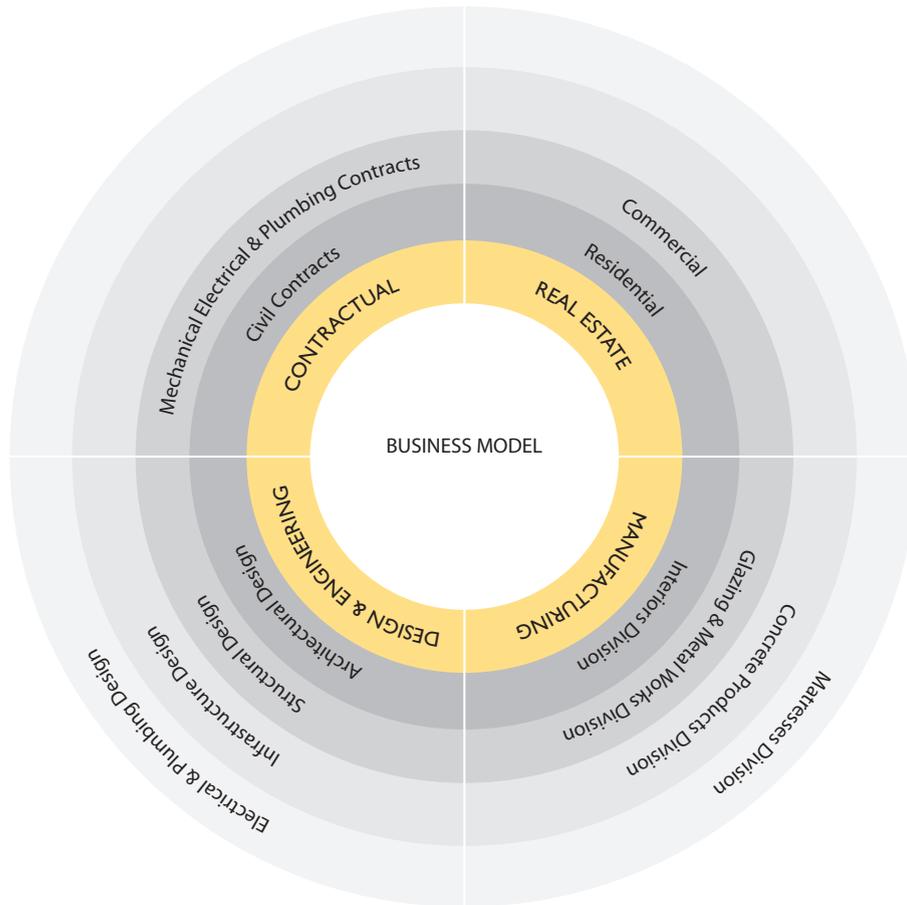
- India's Most Admired Company Award by Construction World - NICMAR
- Architect and Builder's Award by Construction World, for being among India's top ten builders
- Best Developer From South India by Real Estate Observer
- Best Executed Project in India Award for residential project Sobha Malachite at Jakkur, Bangalore jointly by CNBC, ICICI and CRISIL
- 'Best of the Best' Award for Employee Care Centre (ECC), built for Infosys, Pune

A separate section on the Awards received by the Company during the year is provided elsewhere in the Annual Report.

C. BUSINESS MODEL AND DELIVERY MECHANISM

The Company has developed a unique business model in the Indian Real Estate and Construction industry. It's primary business is development of own real estate spaces. However, it has successfully leveraged its construction expertise to grow into other associated business segments – Contracting, Manufacturing and Services catering to third party customers as well. This unique business model has proved to be very successful and is characterized by the following features:

- Superior control over the delivery time and quality
- Continuous enhancement of construction expertise through adoption of market
- innovations and best practices
- Stable source of revenue
- Flexibility to grow into associated businesses in future



D. INTEGRATED DELIVERY AND SUPPORT MECHANISM

The Company's philosophy is to continuously strive towards enhancing customer value by delivery of high quality products at the best prices, understanding the customers' changing needs and catering to them in the best possible manner. Customer satisfaction is the primary motto in its philosophy. Over the years, the Company's "Backward-integrated Delivery Model" has helped immensely to achieve this objective due to better control on quality, cost and delivery. The Company has a great potential to optimize its manufacturing capacity to increase its scale and margins in the coming years.

The Company has developed in-house expertise in the entire gamut of construction activity space – including design (through a design studio of architectural, structural and MEP), planning & estimation, project execution (civil, mechanical, electrical, infrastructure, metal works, interiors) and integrated project management. Additionally, it has set up a separate quality and safety department, headed by German master masons, which ensures the best quality product for the customers.

Sobha Training Academy supports the execution team by providing intensive in-house training to technicians. So far, over 6,500 technicians have undergone training in the Academy.

The Customer Relationship Management department, first of its kind in Indian real estate industry, assists customers in the purchase and possession process and works towards enhancing customer satisfaction. The Company has set up and implemented a model in which a strong in-house expertise is developed for the entire range of activities in real estate and construction.

E. COMPANY'S COMPETITIVE STRENGTHS

Strong presence in the South

The Company has good knowledge of the market and regulatory environment in Southern states where it predominantly operates. Most of its completed and ongoing projects are located in Tier 1 or Tier 2 cities of Karnataka, Maharashtra, Kerala and Tamil Nadu. It is also planned to launch projects in NCR region, in line with a pursuit for a pan-India presence. The Company is in to attractive real estate markets in terms of return on investment, product positioning and depth of demand for all segments and price points.

Established brand image and reputation

The Company's brand is the differentiating factor which helps it to establish confidence in customers.

More variety of projects in the pipe line

The Company's planned projects are catering to the needs of different segments of society and therefore offer good potential of demand. The Company's sale model is robust and time-tested.

Better cash flow visibility

With the proposed launch of 11 Million square feet of space and expected better realization on its projects, there is a better cash flow visibility for the Company.

Strong and stable management team with proven ability

The Company has a well experienced management team which has extensive and structured knowledge of all processes. The team has a long term vision to carry out the Company's strategic initiatives.

Financial strengths

The Company follows a conservative debt policy and has reduced its debts substantially during the year and has further plans to reduce it in the coming years.

Strategically located land bank

It is a distinct advantage to the Company that it has a good land bank in strategic areas which can be used by the Company in the best possible manner.

Proven execution capability

The Company is a knowledge-based organization and encourages research for projects and training for people. It has a strong and resourceful execution team. The Company has experience in developing the properties in diverse conditions, yet delivering the same on time. The Company has trained staff and has demonstrated continuous improvement and scalability so also execution skills in various projects.

Control over supply chain through backward integration

The Company has a unique business model which gives it a comfort of total control on some of the major inputs, its quality, delivery and services.

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Attention to details

The Company has always been giving enormous importance to the motto 'attention to details'. It has been continuously making concerted efforts to improve the quality by paying detailed attention to every aspect of construction from design, drawing and approval stage to finishing and handover. The detailing is facilitated by attention to focus, flexibility and speed. The Company believes that ultimately, the key to quality in every aspect of our lives is, doing even little things correctly all the time, every time, so that each action produces an excellent result.

F. OVERALL STRATEGY

On the basis of learning from the past and also keeping in line with the business motto to get pace with the potential growth phase in future, the Company has developed a tightly integrated strategy to achieve "Sustainable and Profitable Growth, Consistent Operating Margin and Improving the Cash Flow".

Revenue Growth

- New project launches in existing locations and focus on higher market share
- Entry into new cities
- Increased growth in the contractual business
- Higher capacity utilization in factories

Brand Focus

- Adopting innovative marketing strategy
- Brand building and sustenance

Execution, delivery and customer delight

- Greater emphasis on details
- Timely delivery
- Assured quality at all costs

Cost control

- Better product mix
- Specialization and economies of scale
- Reducing wastage
- Time management in execution
- Better labour productivity
- Proper debt equity ratio, to reduce cost of borrowing and capital
- Matured systems of checks and balances in processes

Land policy

- Proper due diligence
- Timely risk assessment and management
- Monetization as per needs

As an integrated approach in core strength, the Company has planned and initiated large projects with over one million square feet of development in Chennai. It has also made a concrete plan to launch township projects in new markets of NCR, Pune and Coimbatore. Of the 11 million square feet area of development planned in next year, over 90% would be in the residential segment.

G. KEY CHALLENGES

There are certain key challenges and threats that need to be actively addressed and mitigation steps to be taken as and when required. These challenges can be summarized as follows:

- Increasing input material costs leading to higher cost of construction.
- Hardening of interest rates with a potential risk of lower demand, delay in getting project funding and higher interest cost for the Company
- Increasing labor cost and shortage of skilled and technically qualified manpower
- Land prices still continue to be high
- Lack of desirable progress in development of infrastructure specifically in the areas of roads, water and sewage systems, power, etc.
- Absence of industry status and institutional financing for land procurement
- Bureaucracy and lack of transparency in land dealings

H. RISK MANAGEMENT

The Company has a risk management policy in place and is continuously working towards improving the same. The risk management process, inter-alia, provides for review of the risk assessment and mitigation procedure, laying down procedure to inform/report to the management in time and periodical review of the procedures to ensure that identified risks are adequately controlled through a properly defined process.

The potential risks include:

- Assets Risks - Purchase, pricing, deployment, efficiency and usage
- Market Risks - Price, customers tastes, sentiments, preferences, income and location
- Competitor Risks - Quality, quantity, price, discounts and level-playing
- Human Resource Risk - Ability to attract, train, motivate, retain and reward people
- Interest Rate and Credit Risk - Fluctuation in interest rates and monetary situations
- Information Technology (IT) Risks - IT resource planning, managing, controlling, Disaster Recovery Plan (DRP)
- Land purchase Risks - Risks related to legal titles, ownership, transfers
- Project execution Risk - Project management, time, cost, quality and delivery
- Raw material Risks - Availability and pricing of raw materials and other items
- Regulatory Risks - Tax & tariff regulations, environment regulations etc.
- Statutory approval Risk - Legal clearance for building plans and governmental clearances

I. INTERNAL CONTROL SYSTEM

The Company has an appropriate internal control system for the business processes, with regard to the efficiency of operations, financial reporting, compliance with applicable laws and regulations. Clearly defined roles and responsibilities for all the managerial persons have been established. The Company practises quality management system for design, planning and construction that complies with International quality standards. All operating parameters are periodically monitored and well controlled. Concurrent internal audits and checks ensure that responsibilities are executed effectively. The Audit Committee of the Board of Directors reviews the effectiveness of internal controls and suggests improvements for strengthening it, whenever required.

J. OPERATIONAL REVIEW

The Company has taken several initiatives during the year to make it more lean, operationally efficient and innovative. Some of the initiatives are as follows:

- Continued focus on innovation, quality, execution, cost control and delivery
- Selective monetization of land bank and sale of developed plots
- Aggressive marketing strategy
- Rationalization to reduce costs

PROJECT DETAILS

This year is a very special year in the history of company on many important counts. Firstly, the top line is highest ever achieved in the history of the company. In fact, the Company is the ₹1000 crore real estate company of South India. Most importantly, the growth has been more in the higher end apartment sale. Secondly, it has delivered maximum number of projects in last financial year and this is a record. It completed and handed over 36 projects aggregating 6.32 million square feet of space in the last year. Thirdly, the Company added more than fifteen new clients in contractual business during the year. Further, it has drawn a detailed plan to enter new territories such as NCR, Chennai and Mysore in the next financial year which will give it an advantage of better visibility and further revenue growth in real estate development.

Summary of the completed and current projects as on March 31, 2011 is as follows:

(a) Completed Projects

All the completed residential projects are located in Bangalore, Thrissur and Coimbatore, The completed commercial projects are located solely in Bangalore and the contractual projects are located in eighteen cities across India.

i. Contractual Projects

The Company has completed construction of 191 projects on a contractual basis in eighteen cities, covering 24.27 million square feet of Super Built up area. Typically, under a contractual assignment, it undertakes to perform construction for third parties on pre-agreed terms and conditions. The scope of work in contractual projects includes designing, civil and finishing works, electrical works, plumbing works, metal and glazing works as well as interior works. In certain cases, it undertakes finishing and interiors related work on structures that have already been built by others.

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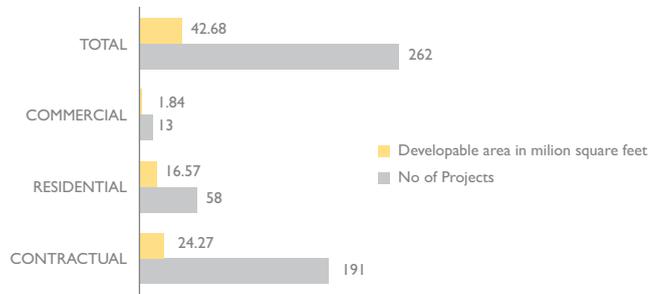
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ii. Residential Projects

Till date the Company has developed and constructed 58 residential projects in Bangalore, Thrissur and Coimbatore aggregating 7,547 units and covering approximately 16.57 million square feet of Super Built-up area.

iii. Commercial Projects

The Company has till date completed a total of 13 commercial projects measuring 1.84 million square feet of Super Built up area.



(b) Current Projects

Currently, the Company is developing residential projects in four cities and contractual projects in nine cities across India.

i. Contractual Projects

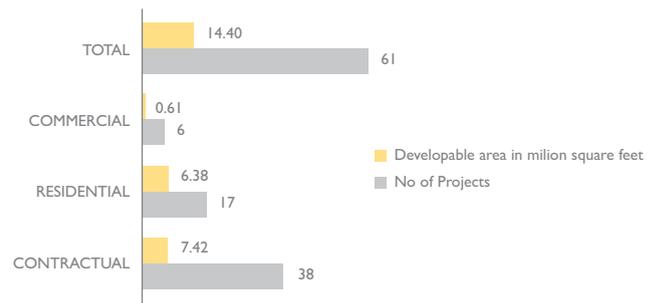
The Company is currently executing construction of 38 contractual projects for various corporate and other entities in a number of cities such as Bangalore, Mysore, Mangalore, Hyderabad, Pune, Chennai, Trivandrum, Coimbatore and Ooty, aggregating 7.42 million square feet of Super Built up area.

ii. Residential projects

The Company is presently developing 17 residential projects in Bangalore, Thrissur, Coimbatore and Pune which are at various stages of construction, aggregating 6.38 million square feet of Super Built up area comprising of 2,838 units.

iii. Commercial Projects

The Company is presently developing six commercial projects in Bangalore, Thrissur and Coimbatore, which are at various stages of construction, aggregating 0.61 million sq. ft. of Super Built up area.



K. FINANCIAL RESULTS AND OVERALL BUSINESS PERFORMANCE OF THE COMPANY

The overall performance of the Company during the current financial period has been excellent. The Net Sales of the company stood at ₹ 14,560.89 million for the year ended March 31, 2011 showing an increase of 30.71% from ₹ 11,139.92 million during last year and net profit before tax was ₹ 2,434.96 million for the year ended March 31, 2011 resulting an increase of 52.00% from ₹ 1,602.71 million during the corresponding previous year.

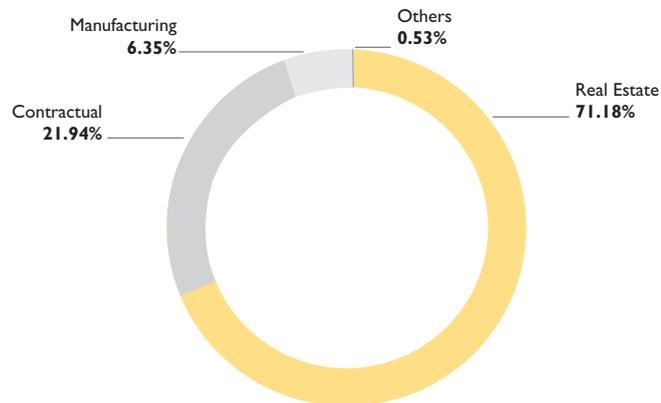
The summarized analysis of financial statements, viz. the Profit and Loss account and Balance Sheet is given below:

Profit and Loss Account

I. Income

The Company operating in the area of real estate development and construction focuses on residential and contractual projects. For the purpose of analysis, its revenue can be segregated as follows:

Income from Operations



(₹ in Million)

Income from Operations	Year ended March 31		Growth %
	2011	2010	
Income from property development, sale of land & development rights	10,386.89	8,024.58	29.44
Income from contractual activity	3,202.24	2,098.73	52.58
Income from manufacturing	927.33	982.79	(5.64)
Share in profits of partnership firm (post tax)	76.79	67.73	13.38
Total	14,593.25	11,173.83	30.60

The increase in revenue was primarily on account of better sales volume and better realization from the second half of the current financial year and also due to selective monetization of land. The Company has achieved an overall growth of about 30.60% in the total revenue during the year. The increase in net revenue was primarily on account of improvement in real estate and contractual business.

2. Other Income:

Other Income has increased from ₹ 52.91 million in the year ended March 31, 2010 to ₹ 82.26 million for the year ended March 31, 2011, mainly due to receipt of sale of scrap etc.

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3. Expenditure

The total expenditure during the year and also the percentage of expenditure with respect to the net revenue of the year is as follows:

(₹ in Million)

		Year ended March 31, 2011	%	Year ended March 31, 2010	%
	Revenue from operations (net)	14,560.89	100.00	11,139.92	100.00
3.1	Cost of sales	8,607.76	59.12	6,497.21	58.32
3.2	Personnel expenses	1,035.17	7.11	768.27	6.90
3.3	Operating and other expenses	1,857.20	12.75	1,502.72	13.49
3.4	Financial expenses	429.33	2.95	498.82	4.48
3.5	Depreciation / Amortization	277.73	1.91	323.10	2.90
	Total	12,207.19	83.84	9,590.12	86.09

The detailed analysis of expenditure is given below:

3.1 Cost of Sales

(₹ in Million)

	Year ended March 31, 2011	%	Year ended March 31, 2010	%
Net Revenue	14,560.89	100.00	11,139.92	100.00
Cost of sales				
Land Cost	1,713.44	11.77	1,464.82	13.15
Construction cost	5,490.21	37.71	3,847.24	34.54
Raw material	700.67	4.81	665.86	5.98
Production expenses	237.18	1.63	213.15	1.91
Decrease/ (increase) in inventories	466.26	3.20	306.14	2.75
Total Cost of Sales	8,607.76	59.12	6,497.21	58.33

a) Land Cost

The Company, while obtaining clear and marketable titles free from all encumbrances and transfer of legal title in its name, charge the amount to land cost from loans and advances paid to the seller/intermediary. When income is not recognized for the undivided share of land, it is transferred to work-in-progress.

b) Construction Cost

Construction cost mainly consists of materials towards civil, electrical and finishing works. Due to more number of projects (real estate) and works carried out during the year, the overall construction cost has increased to ₹ 5,490.21 million in the current year from ₹ 3,847.24 million in the previous year resulting in increase in construction cost from 34.54% of net revenue in the previous year to 37.71% of net revenue in the current year. This increase was mainly due to increase in the cost of materials and its procurement.

c) Raw Materials

It represents the total raw material cost of manufacturing divisions. The raw materials costs are increased to ₹ 700.67 million from ₹ 665.86 million during the previous year mainly due to increase in prices of raw materials and logistic costs.

d) Production Expenses

This expense represents the production expenses of the manufacturing divisions. It includes the following heads of expenses for the manufacturing divisions during the year.

Production and productivity were affected partially due to cessation of activities in the Interior Division factory during March 2011

e) Decrease/ (increase) in inventories:

Inventory consists of Building materials, work in progress, stock in trade-flats and finished goods at factories.

The costs associated with un-recognized revenue are transferred to work-in-progress. This includes the construction cost, land cost, etc. Closing inventory is less by ₹ 466.26 million as on March 31, 2011 as compared to ₹ 306.14 million as on March 31, 2010, mainly due to the effect of reduction in the closing work in progress and increased stock-in-trade of property reflected in the closing inventory of the current year. The revenue from the work-in-progress will get realized in subsequent years based on the sales made of those projects which were lying as work-in-progress as on the last day of the year.

3.2 Personnel Expenses

The personnel expenses have increased to ₹ 1,035.17 million in the current year from ₹ 768.27 million during last year. These expenses include salaries & bonus, contribution to funds, gratuity & leave encashment provision, staff welfare and other expenses.

(₹ in Million)

Particulars	Concrete Products		Interior		Glazing		Total	
	Year ended March 31		Year ended March 31		Year ended March 31		Year ended March 31	
	2011	2010	2011	2010	2011	2010	2011	2010
Direct wages	6.23	4.75	85.18	84.23	69.29	92.81	160.70	181.79
Power and fuel	5.20	5.02	10.70	9.34	3.11	2.70	19.01	17.06
Labour charges & Other direct expenses	-	0.17	22.69	13.13	34.78	1.00	57.47	14.30
Total	11.43	9.94	118.57	106.70	107.18	96.51	237.18	213.15

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The total strength of employees has increased from 1,852 as on March 31, 2010 to 2,224 as on March 31, 2011 resulting in an increase of 20.08% in absolute strength over previous year. Personnel expenses have gone up from 6.90% of the net revenue during the last year to 7.11% of the net revenue in the current year. Increase in personnel expenses was not only on account of higher number of employees employed during the year but also due to increase in salaries, increments and other consequential benefits given to employees. In spite of the negative business sentiment that was seen in the preceding years, the Company announced its annual increments of salaries to employees during the first quarter of the current year. Increment rate was about 10% which was above industry average for the performance year.

3.3 Operating and other expenses

The operating expenses have increased to ₹ 1,857.20 million in the current year from ₹ 1,502.72 million of the previous year. The Company had taken several steps to reduce fixed costs of operation, reduce operational overheads and improve the efficiency. Efforts were made to reduce wastages at all levels. As a result, the operating and other expenses which were about 13.49% of net revenue during last year have come down to 12.75% of net revenue during the current year.

(₹ in Million)

Particulars	Year ended March 31, 2011	%	Year ended March 31, 2010	%
Net Revenue	14,560.89	100.00	11,139.92	100.00
Electricity charges	51.00	0.35	36.06	0.32
Insurance charges	20.41	0.14	17.49	0.16
Sales tax & others	634.46	4.35	509.74	4.57
Freight outwards	28.05	0.19	28.11	0.25
Donation	36.21	0.25	99.87	0.90
Registration expenses - flats	191.75	1.32	210.20	1.89
Rent	128.08	0.88	112.45	1.01
Legal and professional charges	113.92	0.78	117.21	1.05
Repairs and maintenance	33.51	0.23	25.80	0.23
Advertisement and sales promotion expenses	228.53	1.57	123.13	1.11
Bad debts written off	18.25	0.13	-	-
Traveling and conveyance	83.10	0.57	59.90	0.54
Miscellaneous expenses	289.93	1.99	162.76	1.46
Total	1,857.20	12.75	1,502.72	13.49

4. Operating profits (Profit before interest, depreciation and tax)

(₹ in Million)

The company has earned an operating profit of ₹ 3,143.02 million, representing 21.59% of total revenues as compared to ₹ 2,424.63 million, representing 21.77% of total revenues during the previous year. Reduction in operating profit is marginally less by 0.18% over the previous year. It shows that while achieving increased turnover, the operations were carried out more efficiently and economically in order to maintain the operating profit at almost the same level.

5. Financial Expenses

Financial expenses include interest on term loans, bank loans etc. and bank charges. The Company has charged interest and finance charges to profit & loss account to the extent of ₹ 429.33 million and ₹ 498.82 million for the year ended March 31, 2011 and March 31, 2010 respectively. Finance expenses represented about 2.95% of total revenue in the current year as compared to 4.48% in the last year which was possible mainly due to reduction in borrowings. Average interest cost of debt was contained at 12.91% during the year.

6. Depreciation and Amortization

The Company has provided for ₹ 277.73 million and ₹ 323.10 million towards depreciation and amortization during year ended March 31, 2011 and March 31, 2010 respectively, representing 1.91% and 2.90% of total revenue in respective year. The depreciation amount as a percentage of average gross block (excluding land) is 9.12 % and 11.50% for the year ended March 31, 2011 and 2010 respectively.

7. Net profit

The net profit after tax has increased from ₹ 1,366.62 million for the year ended March 31, 2010 to ₹ 1,824.60 million for the year ended March 31, 2011 showing an excellent growth rate of about 33.51% in net profit over previous year.

Particulars	For the year ended March 31	
	2011	2010
Total Revenue	14,560.89	11,139.92
Profit before Tax (PBT)	2,435.96	1,602.71
Profit after Tax (PAT)	1,824.60	1,366.62
PBT as % of total revenue	16.73%	14.39%
PAT as % of total revenue	12.53%	12.27%

The Company has performed well during the year and is able to improve its profit before tax (PBT) rate from 14.39% of total turnover during the previous year ended March 31, 2010 to 16.73% of total turnover during the current year ended March 31, 2011.

The Company's revenues, EBIDTA margins and profits have significantly grown during the year as compared to previous year as shown below:

Revenue and Profit Scenario

(₹ in Million)

Particulars	For the year ended March 31		Growth
	2011	2010	%
Real Estate Income	10,464	8,092	29
Contractual Income	4,130	3,082	34
Earning before interest, depreciation and taxes (EBIDTA)	3,143	2,425	30
Profit before taxes (PBT)	2,436	1,603	52
Profit after taxes (PAT)	1,825	1,367	34

Note: Real Estate income includes sale of land and development rights and share of profits from a partnership firm. Contractual income includes income from manufacturing as well.

Revenue and PAT are growing at a Compounded Annual Growth Rate (CAGR) of about 31% and 34% respectively since the financial year 2008-09. The Company's performance in terms of profitability has improved considerably over a period of 3 years

Balance Sheet

With a net worth of ₹18,566.23 million and Debt Equity Ratio of 0.65 as on March 31, 2011, the Company has consistently improved its financial position and the leverage ratio. The Company has met stakeholders' interests in time during the year including commitments towards repayment of loan, interest servicing to banks and payment of statutory dues.

1. Shareholders Funds

The share capital remained constant at ₹ 980.64 million as on March 31, 2011 while Reserves and Surplus have increased from ₹ 16,104.04 million as on March 31, 2010 to ₹ 17,585.59 million as on March 31, 2011 showing a healthy capital gearing ratio.

2. Loan Funds

Secured loans saw a reduction from ₹ 14,465.85 million as on March 31, 2010 to ₹ 12,026.17 million as on March 31, 2011 showing a better debt equity ratio in the current year. Unsecured loans marginally went up from ₹ 74.50 million as on March 31, 2010 to ₹ 83.48 million as on March 31, 2011,

3. Fixed Assets

Gross Fixed assets grew marginally to ₹ 3,147.69 million from ₹ 2,942.11 million mainly on account of additions in the asset blocks of plant and machinery, buildings, computers etc.

4. Investments

Trade and non-trade investments of the Company increased from ₹ 429.35 million as on March 31, 2010 to ₹ 516.09 million as on March 31, 2011

5. Deferred Tax Assets (Net)

Deferred tax assets/liability represents timing differences in the financial and tax books primarily arising from depreciation of assets with different rates and expenditure disallowed under section 43 B of the Income Tax Act, 1961, which are allowed in the year of payment. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets (net) increased from ₹51.52 million as on March 31, 2010 to ₹ 73.79 million as on March 31, 2011.

6. Current Assets, Loans and Advances

Inventories were brought down from ₹10,173.94 million as on March 31, 2010 to ₹ 9,726.35 million as on March 31, 2011. A major portion of inventory was attributed to work-in progress which was reduced from ₹ 9,882.39 million as on March 31, 2010 to ₹ 9,193.91 million as on March 31, 2011.

Sundry Debtors were ₹ 3,913.93 million and ₹ 4,165.80 million as on March 31, 2011 and March 31, 2010 respectively. Since the ownership of apartments is transferred to clients only upon full settlement of their dues, the Company considers the debtors as good and realizable.

Loans and Advances were ₹ 21,516.60 million as on March 31, 2011 as compared to ₹ 20,093.23, million as on March 31, 2010. Advances are primarily towards amounts paid in advance for purchase of land or for other value and services to be received in future. The Company considers the advances/deposits towards land as good since these advances are backed by arrangements/memoranda of understanding / agreements executed by the Company and the Company/seller/intermediary in the course of obtaining clear and marketable titles free from all encumbrances.

With good collection efforts, the overall debtors were brought down from ₹ 4,165.80 million as on March 31, 2010 to ₹ 3,913.93 million. As on March 31, 2011.

Cash and Bank Balances reduced from ₹ 800.36 million as on March 31, 2010 to ₹ 275.35 million as on March 31, 2011 mostly held in current account and deposit accounts maintained at various banks. The deposit accounts represent deposits for short tenures, margin money deposits towards loan escrow account and other non-fund based utilization of limits.

7. Current Liabilities and Provisions

Current Liabilities include sundry creditors for supply of materials and provision of services, bank overdraft, advance from customers and interest accrued but not due and other liabilities. This has increased from ₹ 5,613.19 million as on March 31, 2010 to ₹ 6,455.31 million as on March 31, 2011. Advance from customers in current liabilities denote monies received for the delivery of final products on future dates and amount received towards this income is yet to be recognized in the books of accounts.

Provisions include proposed dividend, corporate dividend tax, provision for leave encashment and gratuity, provision for taxation etc. Total Provisions were ₹ 537.09 million and ₹ 931.70 million as on March 31, 2010 and March 31, 2011, respectively.

The Company has considerably improved its financial position during the year showing improvement in all the important ratios and financial parameters such as in Profitability, Liquidity, Leverage and Cash Flow.

1. Liquidity

The Company broadly defines liquidity as its ability to generate sufficient funds from both internal and external sources to meet its obligations and commitments. It has financed capital requirements primarily through funds generated from its operations and borrowings. Working capital requirements were met by short term borrowings and internal accruals

2. Leverage

The debt equity ratio of the company as on 31st March 2011 is at 0.65 as compared to 0.85 as on March 31, 2010.

Equity and debts positioning

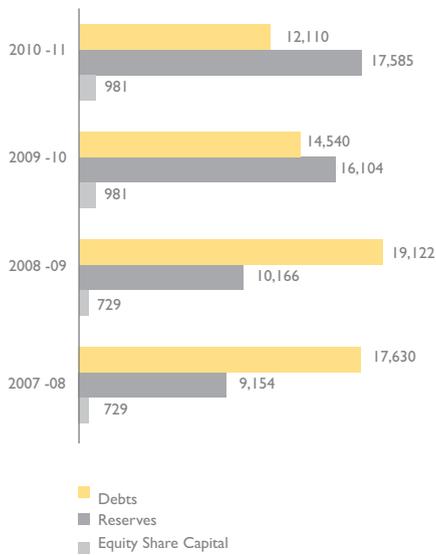
(₹ in Million)

Particulars	As on March 31			
	2011	2010	2009	2008
Equity Share capital	981	981	729	729
Reserves	17,585	16,104	10,166	9,154
Debts	12,110	14,540	19,122	17,630
Net Worth	18,566	17,085	10,895	9,883
Debt Equity Ratio	0.65	0.85	1.76	1.78

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Debt Equity ratio has come down substantially from 1.78 as on March 31, 2008 to 0.65 as on March 31, 2011 showing a healthy and improved leverage ratio. The Company's gross debts which were at ₹ 14,540 million at the beginning of the year has been reduced to ₹12,110 million as at the year end which indicates that we have been able to achieve a good positive cash flow from operations during the year to repay the debt. The targeted debt equity ratio is 0.50 to 0.60 by the end of the next fiscal. The Company is confident of achieving this target.



3. Cash flow

The table below summarizes the Company's cash flow for the periods indicated:

(₹ in Million)

Particulars	2010 -11	2009 -10
Net cash generated from / (used in) operating activities	4,143.60	3,277.63
Net cash generated from / (used in) investing activities	(218.68)	(124.07)
Net cash generated from / (used in) financing activities	(4,449.93)	(2,563.71)
Net cash increase / (decrease) in cash and cash equivalents	(525.01)	589.85

(i) Operating Activities

Net cash generated from operating activities was ₹ 4,143.60 million in Fiscal 2011. Net cash generated from operating activities consisted of profit before tax of ₹ 2,435.96 million as adjusted for interest expenses of ₹ 352.36 million and non-cash items such as depreciation and amortization of ₹ 277.73 million. This amount was partially offset by a decrease in cash generated from working capital movements which was primarily due to increase in loan and advances amounting to ₹ 506.26 million. Meanwhile, there was also a ₹ 863.74 million decrease in inventory, ₹ 251.87 million decrease in debtors and a ₹ 862.32 million increase in current liabilities and provisions.

As against above, Net cash used in operating activities was ₹ 3,277.63 million in Fiscal 2010. The company had a profit before tax of ₹ 1,602.71 million, which was adjusted for and interest expenses of ₹ 438.11 million and non-cash items such as depreciation and amortization of ₹ 323.10 million. This amount was offset by a decrease in cash generated from working capital movements which was primarily due to an increase in debtors of ₹ 612.56 million. Meanwhile, there was also ₹ 569.28 million decrease in inventory, ₹ 523.74 million decrease in loans and advances and ₹ 623.57 million increase in current liabilities and provisions.

(ii) Investing Activities

Net cash used in investing activities was ₹ 218.68 million in Fiscal 2011. We had used ₹ 229.78 million for the purchase of fixed assets, which was partially offset in a small way by way of ₹ 5.44 million, generated from the sale of fixed assets and ₹ 15.61 million towards interest received during the period.

As against above position, Net cash used in investing activities was ₹ 124.07 million in Fiscal 2010. We had used ₹ 650.00 million for the purchase of investments and ₹ 139.41 million for the purchase of fixed assets, which was partially offset by ₹ 650.00 million, generated from the sale of investments.

(iii) Financing Activities

Net cash used in financing activities was ₹ 4,449.93 million in Fiscal 2011, which primarily included ₹ 6,408.27 million for the re-payment of secured loans and interest payment of

₹ 1,732.12 million. There was also an outflow due to dividend paid amounting to ₹ 245.46 million. This amount was partially offset by ₹ 3,968.59 million coming from proceeds of fresh inflows from secured loans.

Net cash used in financing activities was ₹ 2,563.71 million in Fiscal 2010, which primarily included ₹ 6,407.21 million for the repayment of secured loans and interest payment of ₹ 2,447.98 million. There was also an outflow due to refund of share application money amounting to ₹ 474.70 million. This amount was partially offset by ₹ 5,094.00 million coming from proceeds of issue of shares and ₹ 1,838.00 million fresh inflows from secured loans.

L. EMERGING TRENDS AND FUTURE OUTLOOK

Improved demand for housing space during 2010 was witnessed across most residential markets, mainly driven by economic recovery and positive market sentiments. Chennai witnessed the highest rental and capital value appreciation during the year compared to other major cities in the country mainly due to improved quality of new projects.

The residential segment in select micro markets of NCR witnessed growth during the year with significant increase in rental and capital values, says a Cushman & Wakefield report.

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Bangalore Market

Bangalore's residential market and its price have to a large extent remained stable during 2010. The demand in the end-user driven mid-segment was considerably better. A number of projects were close to completion /ready for occupation in 2010. As such, the genuine end-users had a variety of projects to choose from. Capital values across all micro markets however, recorded appreciation in the range of 6-19 per cent compared to the values as at the end of 2009. Rental values too demonstrated stabilization during the year. However, the micro markets in South Bangalore were observed to record significant rise across both segments on account of continued strong demand. Better infrastructure coupled with better connectivity to prime business districts too has propelled the northward movement in the rentals.

Buoyant demand and positive outlook in the IT/ITES sector is likely to increase the capital values marginally in central and northern micro markets of the city whereas others are expected to continue with a stable trend in 2011. Rental values too are likely to remain stable in the short term

The demand for up-market homes which has been lying low for some time has triggered a new wave of buyers now. The predominant requirement obviously emanates from the top and middle rungs in society towards lifestyle homes that blend ethnic architecture with contemporary features. Increase in affordability levels, improved lifestyle and international travels are attributed as

predominant reasons for the shift in trend among Indians to go in for spacious homes for which they are prepared to pay the extra premium. Companies have to have an ability to conceive, innovate and provide value for money at the same time. Features like aqua gym and home automation incorporating the green building concept are among the expectations of niche segment customers.

The outlook in the medium term appears bright also in the background of infrastructure impetus, fiscal incentives and the ambitious growth targets aimed at by the Government.

M. CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the company's objectives, projections, estimates, expectations may be "forward looking statements" within the meaning of applicable security laws and regulations. Actual results could differ materially from those expressed or implied. In accordance with the Code of Corporate Governance approved by the Securities and Exchange Board of India, shareholders and readers are cautioned that in the case of data and information external to the company, no representation is made on its accuracy and comprehensiveness though the same are based on sources believed to be reliable. Utmost care has been taken to ensure that the opinions expressed by the management herein contain its perceptions on the material impacts on the company's operations but it is not exhaustive.

Corporate Structure

SOBHA PASSION AT WORK

REAL ESTATE	CONTRACTUAL	MANUFACTURING	DESIGN & ENGINEERING
RESIDENTIAL	CIVIL CONTRACTS	INTERIORS DIVISION	ARCHITECTURE DESIGN
COMMERCIAL	MECHANICAL, ELECTRICAL & PLUMBING CONTRACTS	GLAZING & METAL WORKS DIVISION	STRUCTURAL DESIGN
		CONCRETE PRODUCTS DIVISION	INFRASTRUCTURE DESIGN
		MATTRESSES DIVISION	ELECTRICAL & PLUMBING DESIGN

Transform the way people
perceive Quality

VISION

No shortcuts to Quality

MISSION

Passion at Work

PHILOSOPHY

Sobha Offices

REGISTERED OFFICE

E-106, Sunrise Chambers,
22, Ulsoor Road,
Bangalore, Karnataka,
India - 560 042.
Tel: +91 80 25597260/ 94139/ 50696
Fax: +91 80 25594139

CORPORATE OFFICE

4, Neeladri Plaza,
Raja Ram Mohan Roy Road,
Richmond Circle,
Bangalore, Karnataka,
India - 560 025.
Tel: +91 80 22104561-66
Fax: +91 80 22104570

MARKETING OFFICE

368, 7th Cross,
Wilson Garden,
Bangalore, Karnataka,
India - 560 027.
Tel: +91 80 22295936-38
Fax: +91 80 22120852

FINANCE & INTERNAL AUDIT OFFICE

43, 2nd floor,
Dickenson Road,
Bangalore, Karnataka,
India - 560 042.
Tel: +91 80 25307244/ 25564980-81
Fax: +91 80 25304278

BRANCHES

GURGAON

Rider House, 5th floor,
Plot No: I36-P, Sector 44,
Gurgaon, Haryana,
India - 122 003.
Tel: +91 124 4855555

PUNE

Gera Legend, 4th floor,
North Main Road,
Koregaon Park, Pune,
Maharashtra,
India - 411 001.
Tel: +91 20 26136177
Fax: +91 20 26128256

CHENNAI

#115, Kothari Building, 1st floor,
Mahatma Gandhi Salai,
Nungambakkam,
Chennai, Tamil Nadu,
India - 600 034.
Tel: +91 44 28331901-06
Fax: +91 44 28331906

THRISSUR

Sobha City, Puzhakkal,
Guruvayoor Road,
Thrissur, Kerala,
India - 680 553.
Tel: +91 487 2389770-71
Fax: +91 487 2389773

COIMBATORE

Harishree Gardens,
Thondamuthur Main Road,
Vedappatti, Coimbatore,
Tamil Nadu,
India - 641 007.
Tel: +91 422 2617905-06

MANUFACTURING UNITS

INTERIORS DIVISION

Plot No: 9, JBLR Industrial Area,
Anekal Taluk, Hennagara P O,
Bommasandra, Bangalore,
Karnataka, India - 560 105
Tel: +91 80 22631700/ 27839012-15
Fax: +91 80 27839017

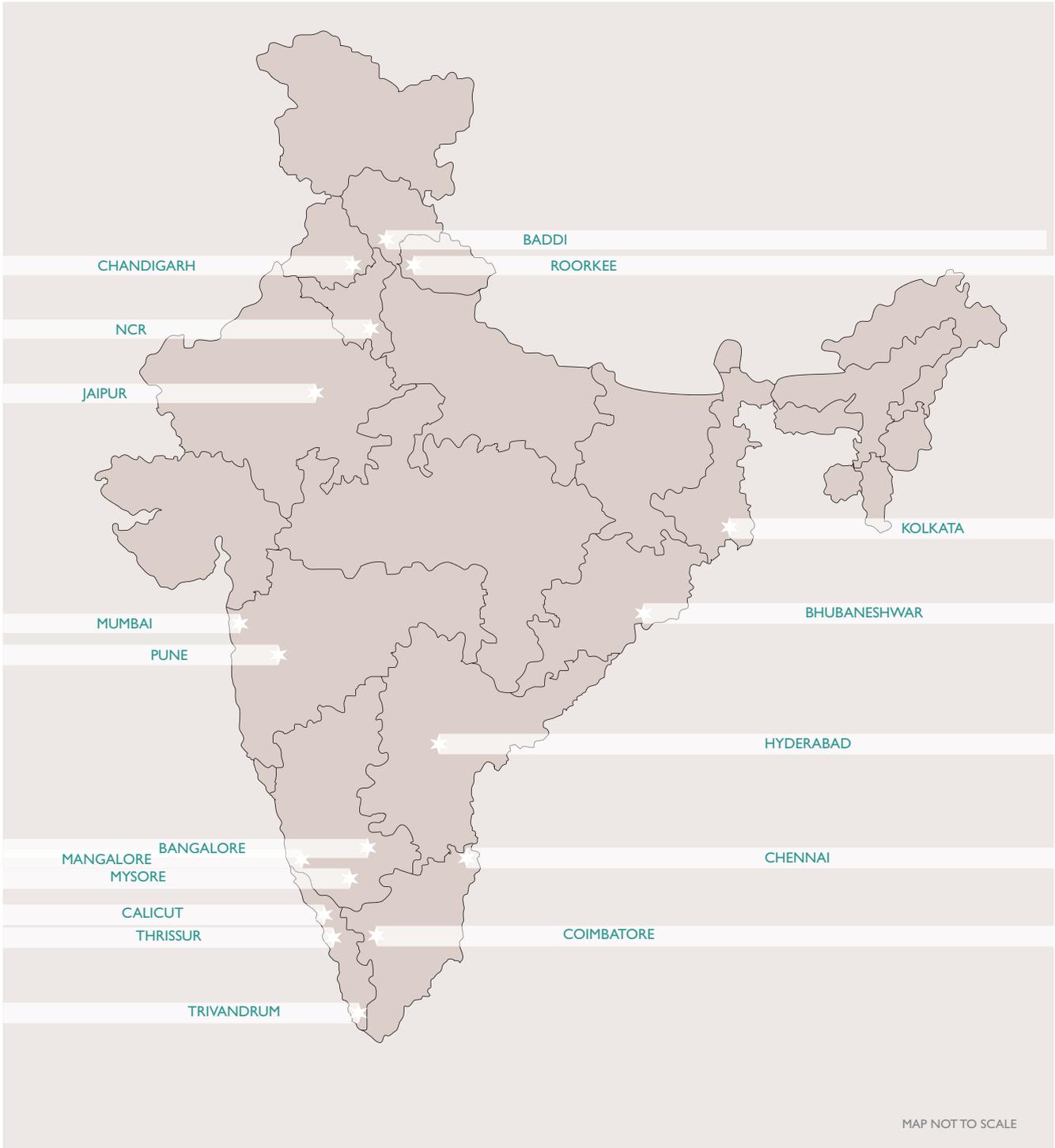
GLAZING & METAL WORKS DIVISION

Plot No: 10, Bommasandra
Industrial Area, Bommasandra -
Jigani Link Road, Anekal Taluk,
Hennagara P O, Bommasandra ,
Bangalore, Karnataka, India - 560 105
Tel: +91 80 27839018-20
Fax: +91 80 27839021

CONCRETE PRODUCTS DIVISION

Plot No: 329, Bommasandra
Industrial Area, Bommasandra -
Jigani Link Road, Anekal Taluk,
Hennagara P O, Bommasandra ,
Bangalore, Karnataka, India - 560 105
Tel: +91 80 7825177
Fax: +91 80 7825777

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NOTE: LOCATIONS INCLUDE BOTH REAL ESTATE AND CONTRACTUAL PROJECTS

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J C SHARMA
Managing Director



S BAASKARAN
Chief Financial Officer

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MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER CERTIFICATE
 (As per Clause 49 of the Listing Agreement)

We certify that:

1. We have reviewed the financial statements and cash flow statement of Sobha Developers Limited for the year ended 31st March 2011 and to the best of our knowledge and belief;
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) 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.
2. To the best of our knowledge and belief, there are, no transactions entered into by the Company during the year, which are fraudulent, illegal or violating the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls over financial reporting and we have evaluated the effectiveness of Internal Control Systems of the Company over financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls over financial reporting, if any, of which we are aware and the steps we have taken, propose to take to rectify these deficiencies. In our opinion, there are adequate internal controls over financial reporting.
4. We have indicated to the auditors and the audit committee that there are:
 - (i) significant improvement in internal controls over financial reporting during the year.
 - (ii) significant changes in accounting policies made during the year as have been disclosed in the notes to the financial statements.
 - (iii) no instances of 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 on financial reporting.



J C Sharma
 Managing Director



S Baaskaran
 Chief Financial Officer

Place: Bangalore
 Date: May 10, 2011

Auditors' Report

To
The Members of Sobha Developers Limited

1. We have audited the attached balance sheet of Sobha Developers Limited ('the Company') as at March 31, 2011 and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Without qualifying our opinion, we draw attention to Note 25 under Schedule 19, regarding the purchase of material and services in the prior years from private limited companies/firms, covered under section 297 of the Act, which require prior approval of the Central Government. As indicated in the said note, the Company has filed an application for compounding and obtaining approval from the Company Law Board under Section 621A of the Act. The Company is confident of obtaining the approvals, and pending obtaining such approvals, no adjustments have been made in the financial statements.
5. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) In the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;
 - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) In the case of cash flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & ASSOCIATES

Firm registration number: 101049W
Chartered Accountants



per Adarsh Ranka
Partner
Membership No.: 209567

Bengaluru, India
May 10, 2011

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Annexure referred to in paragraph 3 of our report of even date
Re: Sobha Developers Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The Company has granted loan to one party covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was ₹ 87.11 million and the year-end balance was ₹ 87.11 million.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company
- (c) The loans granted are re-payable on demand. We are informed that the Company has not demanded repayment of any such loan or interest during the year, and thus, there has been no default on the part of the parties to whom the money has been lent.
- (d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956
- (e) The Company has taken loan from two parties covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was ₹13.45 million and the year end balance was ₹13.45 million.
- (f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loan are prima facie not prejudicial to the interest of the Company.
- (g) The loans taken are re-payable on demand. As informed to us, the lenders have not demanded repayment of any such loan during the year, and thus, there has been no default on the part of the Company. The payment of interest has been regular.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) In respect of transactions made in pursuance of such contracts or arrangements exceeding value of ₹ 0.50 million entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the

transactions were made at prevailing market prices at the relevant time.

- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, excise duty, wealth-tax, service tax, customs duty, cess and other material statutory dues applicable to it.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, wealth-tax, service tax, sales-tax, income-tax, customs duty, excise duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount* (₹ in Million)	Period to which amount relates	Forum where dispute is pending
Andhra Pradesh Sales Tax Act	Basis of charge of sales tax	5.25	2002-04	Sales Tax Appellate Tribunal
Andhra Pradesh Sales Tax Act	Basis of charge of sales tax	1.61	2005-08	Sales Tax Appellate Tribunal
Karnataka Sales Tax Act	Basis of charge of sales tax	70.97	1998-06	Joint Commissioner of Commercial Taxes
Karnataka Sales Tax Act	Basis of charge of sales tax	64.55	2003-05	High Court
Income Tax Act	Differential tax treatment	3.54	1999-01	High Court
Income Tax Act	Disallowances	205.69	2005-07	Income Tax Appellate Tribunal
Income Tax Act	Disallowances	0.04	2008-09	Assessing Officer
Finance Act, 1994 (Service Tax Provisions)	Basis of valuation	95.67	2006-08	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994 (Service Tax Provisions)	CENVAT credit	202.94	2005-08	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994 (Service Tax Provisions)	CENVAT credit	13.41	2009-10	Commissioner of Central Excise and Service Tax
Finance Act, 1994 (Service Tax Provisions)	Disallowances	4.23	2002-07	Commissioner of Central Excise and Service Tax

*Net of ₹ 73.45 million, paid under protest

- | | | | |
|--------|--|---------|---|
| (x) | The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year. | (xvii) | According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment. |
| (xi) | Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders. | (xviii) | The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956. |
| (xii) | According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. | (xix) | According to the information and explanations given to us, the Company has not issued any debentures during the year. The Company had created security or charge in respect of debentures issued in prior years, which were outstanding during the current year. |
| (xiii) | In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company. | (xx) | The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable to the Company. |
| (xiv) | In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company. | (xxi) | Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year. |
| (xv) | According to the information and explanations given to us, the Company has given guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof in our opinion are not prima facie prejudicial to the interest of the Company considering Company's economic interest in such entities. | | |
| (xvi) | Based on information and explanations given to us by the management, term loans (representing loans with a repayment period beyond 36 months) were applied for the purpose for which the loans were obtained. | | |

For S.R. BATLIBOI & ASSOCIATES

Firm registration number: I01049W
Chartered Accountants



per Adarsh Ranka
Partner

Membership No.: 209567

Bengaluru, India
May 10, 2011

Standalone Financial Statements

BALANCE SHEET

(₹ in Million)

	Schedules	Balance as at March 31	
		2011	2010
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	980.64	980.64
Reserves and surplus	2	17,585.59	16,104.04
		18,566.23	17,084.68
Loan funds			
Secured loans	3	12,026.17	14,465.85
Unsecured loans	4	83.48	74.50
		12,109.65	14,540.35
		30,675.88	31,625.03
APPLICATION OF FUNDS			
Fixed assets	5		
Gross block		3,147.69	2,942.11
Less: Accumulated depreciation/ amortisation		1,774.92	1,512.97
Net block		1,372.77	1,429.14
Capital work in progress including capital advances		668.01	631.97
		2,040.78	2,061.11
Investments	6	516.09	429.35
Deferred tax asset (net)	19(15)	73.79	51.52
Current assets, loans and advances			
Inventories	7	9,726.35	10,173.94
Sundry debtors	8	3,913.93	4,165.80
Cash and bank balances	9	275.35	800.36
Loans and advances	10	21,516.60	20,093.23
		35,432.23	35,233.33
Less: Current liabilities and provisions			
Current liabilities	11	6,455.31	5,613.19
Provisions	12	931.70	537.09
		7,387.01	6,150.28
Net current assets		28,045.22	29,083.05
		30,675.88	31,625.03
Notes to accounts	19		

The schedules referred to above and notes to accounts form an integral part of the balance sheet.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
Firm registration number: 101049VV
Chartered Accountants

per Adarsh Ranka
Partner
Membership No: 209567
Place: Bengaluru, India
Date: May 10, 2011

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

P.N.C. Menon
Chairman

Ravi Menon
Vice Chairman

J. C. Sharma
Managing Director

S. Baaskaran
Chief Financial Officer

Kishore Kayarat
Company Secretary and
Compliance Officer

Place: Bengaluru, India
Date: May 10, 2011

PROFIT AND LOSS ACCOUNT

(₹. in Million)

	Schedules	Year ended March 31	
		2011	2010
INCOME			
Income from operations	13	14,593.25	11,173.83
Less : Excise duty		32.36	33.91
Income from operations (net)		14,560.89	11,139.92
Other income	14	82.26	52.91
		14,643.15	11,192.83
EXPENDITURE			
Cost of sales	15	8,607.76	6,497.21
Personnel expenses	16	1,035.17	768.27
Operating and other expenses	17	1,857.20	1,502.72
Depreciation/ amortisation	5	277.73	323.10
Financial expenses	18	429.33	498.82
		12,207.19	9,590.12
Profit before tax		2,435.96	1,602.71
Provision for tax:			
Current tax		629.53	261.00
Deferred tax credit		(22.27)	(20.83)
Wealth tax		-	0.02
MAT Credit utilisation / (entitlement)		4.10	(4.10)
Profit after tax		1,824.60	1,366.62
Appropriations			
Proposed final dividend		294.19	245.16
Corporate dividend tax - Equity		48.86	41.65
Transfer to general reserve		183.00	140.00
Surplus carried to balance sheet		1,298.55	939.81
Earnings per share in ₹			
[Nominal value per equity share ₹10]			
Basic and Diluted	19(7)	18.61	14.91
Notes to accounts	19		

The schedules referred to above and notes to accounts form an integral part of the profit and loss account.
 As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
 Firm registration number: 101049W
 Chartered Accountants

per Adarsh Ranka
 Partner
 Membership No: 209567

Place: Bengaluru, India
 Date: May 10, 2011

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

P.N.C. Menon Chairman	Ravi Menon Vice Chairman	J. C. Sharma Managing Director
S. Baaskaran Chief Financial Officer	Kishore Kayarat Company Secretary and Compliance Officer	

Place: Bengaluru, India
 Date: May 10, 2011

CASH FLOW

(₹ in Million)

	Year ended March 31	
	2011	2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	2,435.96	1,602.71
<i>Adjustments for</i>		
Share in profits of partnership firm	(76.79)	(67.73)
Depreciation / amortisation	277.73	323.10
(Profit)/loss on sale of fixed assets	(3.06)	(3.90)
Dividend income	-	(0.36)
Interest income	(15.60)	(7.89)
Interest expense	352.36	438.11
Operating profit before working capital changes	2,970.60	2,284.04
<i>Movements in working capital:</i>		
(Increase)/ decrease in inventories	863.74	569.28
(Increase)/ decrease in debtors	251.87	(612.56)
(Increase)/ decrease in loans and advances	(506.26)	523.74
Increase/ (decrease) in current liabilities and provisions	862.32	623.57
Cash generated from/ (used in) operations	4,442.27	3,388.07
Direct taxes paid (net)	(298.67)	(110.44)
Net cash generated from/ (used in) operating activities - (A)	4,143.60	3,277.63
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(229.78)	(139.41)
Proceeds from sale of fixed assets	5.44	6.94
Purchase of investments	-	(650.00)
Purchase of equity investments	(9.95)	-
Sale of investments	-	650.00
Interest received	15.61	8.04
Dividends received	-	0.36
Net cash (used in)/ from investing activities - (B)	(218.68)	(124.07)

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(₹. in Million)

	Balance as at March 31	
	2011	2010
SCHEDULE I - SHARE CAPITAL		
Authorised		
150,000,000 (Previous year - 150,000,000) equity shares of ₹.10 each	1,500.00	1,500.00
5,000,000 (Previous year - 5,000,000) 7% redeemable preference shares of ₹.100 each	500.00	500.00
	2,000.00	2,000.00
Issued, subscribed and paid-up		
98,063,868 (Previous year - 98,063,868) equity shares of ₹10 each fully paid up	980.64	980.64
Of the above:		
a) 42,280,960 (Previous year - 42,280,960) equity shares of ₹10 each, were allotted as fully paid-up bonus shares by capitalisation of accumulated profits		
b) 583,468 (Previous year - 583,468) equity shares of ₹10 each, were issued as fully paid-up shares by pre initial public offering ['IPO'] placement		
c) 8,896,825 (Previous year - 8,896,825) equity shares of ₹10 each, were issued as fully paid-up shares by IPO		
d) 25,162,135 (Previous year - 25,162,135) equity shares of ₹10 each, were issued as fully paid-up shares to qualified institutional buyers ['QIB']		
	980.64	980.64

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(₹. in Million)

	Balance as at March 31	
	2011	2010
SCHEDULE 2 - RESERVES AND SURPLUS		
Capital redemption reserve		
Balance as per last account	87.29	87.29
	87.29	87.29
Securities premium account		
Balance as per last account	10,497.27	5,638.95
On allotment of Nil (Previous year - 25,162,135) equity shares to QIB	-	5,017.33
	10,497.27	10,656.28
Less: Share issue expenses	-	(159.01)
	10,497.27	10,497.27
Debenture redemption reserve		
Balance as per last account	203.65	480.00
Less: Transfer to general reserve	(41.35)	(276.35)
	162.30	203.65
General reserve		
Balance as per last account	1,116.79	700.44
Add: Transfer from profit and loss account	183.00	140.00
Add: Transfer from debenture redemption reserve	41.35	276.35
	1,341.14	1,116.79
Profit and loss account		
Balance as per last account	4,199.04	3,259.23
Add: Transfer from profit and loss account	1,298.55	939.81
	5,497.59	4,199.04
	17,585.59	16,104.04

(₹ in Million)

	Balance as at March 31	
	2011	2010
SCHEDULE 3 - SECURED LOANS		
[Refer note 3 of notes to accounts for securities offered]		
Debentures [Refer note 5 of notes to accounts]	750.00	1,000.00
Term loans		
From banks	5,553.92	6,658.86
From others	2,526.24	4,109.74
Loans and advances from banks		
Cash credit and other facilities	3,167.69	2,614.96
Other loans and advances	28.32	82.29
	12,026.17	14,465.85
SCHEDULE 4 - UNSECURED LOANS		
Loans and advances other than short term loans		
From parties other than bank	83.48	74.50
[Due within one year ₹ 70 million (Previous year - ₹ 60 million)]		
	83.48	74.50

SCHEDULE 5 - FIXED ASSETS

(₹ in Million)

Description	Gross block				Depreciation / amortisation				Net block	
	As at April 01, 2010	Additions	Deletions	As at March 31, 2011	As at April 01, 2010	For the year	Deletions	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
A. Tangible assets										
Freehold land	42.72	-	-	42.72	-	-	-	-	42.72	42.72
Leasehold land	26.49	-	-	26.49	-	-	-	-	26.49	26.49
Factory buildings	340.15	-	-	340.15	103.82	23.64	-	127.46	212.69	236.33
Other buildings	90.92	91.54	-	182.46	4.88	5.58	-	10.46	172.00	86.04
Plant and machinery	1,171.67	76.33	-	1,248.00	507.36	100.88	-	608.24	639.76	664.31
Scaffolding items	932.16	25.58	-	957.74	651.59	116.99	-	768.58	189.16	280.57
Furniture and fixtures	41.19	4.78	0.11	45.86	23.72	3.63	-	27.35	18.51	17.47
Vehicles	72.77	0.09	17.23	55.63	48.39	6.09	15.01	39.47	16.16	24.38
Computers	115.16	14.51	0.82	128.85	93.85	10.59	0.77	103.67	25.18	21.31
Office equipments	44.92	3.59	-	48.51	20.86	3.82	-	24.68	23.83	24.06
	2,878.15	216.42	18.16	3,076.41	1,454.47	271.22	15.78	1,709.91	1,366.50	1,423.68
B. Intangible assets										
Software	63.96	7.32	-	71.28	58.50	6.51	-	65.01	6.27	5.46
	63.96	7.32	-	71.28	58.50	6.51	-	65.01	6.27	5.46
Total	2,942.11	223.74	18.16	3,147.69	1,512.97	277.73	15.78	1,774.92	1,372.77	1,429.14
Capital work in progress (including capital advances)									668.01	631.97
Previous year	2,930.22	23.08	11.19	2,942.11	1,198.02	323.10	8.15	1,512.97	1,429.14	

1. On April 13, 2005, Karnataka Industrial Areas Development Board ('KIADB') allotted land to the Company on a lease cum sale basis until December 17, 2010 (further extended till September 29, 2012), to be sold to the Company at the end of lease period upon fulfillment of certain conditions. The lease has been registered in favour of the Company. The Company is confident of fulfilling the conditions. Accordingly, the initial and subsequent lease payments in this regard have been capitalised as leasehold land.

2. Amount of borrowing cost aggregating ₹ 30 million (Previous year - ₹ Nil) incurred during the year, is included under capital work in progress.

(₹ in Million)

	Balance as at March 31	
	2011	2010
SCHEDULE 6 - INVESTMENTS		
Long term investments (Unquoted, at cost)		
A. TRADE		
<i>Investment in the capital of partnership firm (Subsidiary)</i>		
Sobha City	200.00	200.00
Sobha City - Partner current account	279.16	202.37
<i>Equity shares</i>		
100,000 (Previous year - 100,000) equity shares of ₹.1 each fully paid-up in Sobha Developers (Pune) Private Limited	0.10	0.10
B. Other than trade		
<i>Government securities</i>		
National savings certificates	0.08	0.08
<i>Equity shares</i>		
2,680,000 (Previous year - 2,680,000) equity shares of ₹10 each fully paid-up in Sobha Renaissance Information Technology Private Limited ["SRIT"]*	26.80	26.80
Current investments (unquoted, lower of cost and fair value)		
995,000 (Previous year - Nil) equity shares of ₹10 each fully paid up in Sobha Puravankara Aviation Private Limited	9.95	-
	516.09	429.35
Aggregate amount of unquoted investments	516.09	429.35
*The Company holds 19.70 % of the equity share capital in SRIT. There has been an erosion in the networth of SRIT. The management is of the view that the erosion in the networth of SRIT is temporary as SRIT has initiated steps to restructure its operations. The Company is confident that SRIT will achieve profitable operations in future and no provision for diminution in the value of investments is necessary.		
SCHEDULE 7 - INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)		
Raw materials	178.39	159.72
Building materials	23.75	12.96
Work-in-progress	9,193.91	9,882.39
Stock in trade - Flats	317.45	101.22
Finished goods	12.85	17.65
	9,726.35	10,173.94

(₹ in Million)

	Balance as at March 31	
	2011	2010
SCHEDULE 8 - SUNDRY DEBTORS (UNSECURED, CONSIDERED GOOD)**		
Debts outstanding for a period exceeding six months	588.32	532.08
Other debts*	3,325.61	3,633.72
	3,913.93	4,165.80
*Includes unbilled revenue (net of advances) for ongoing projects of ₹ 3,006.21 million (Previous year - ₹ 2,172.29 million)		
**Include balance amount of ₹ 331 million pertaining to sale of land and development rights amounting to ₹ 3,247 million, recoverable on conveyance of title to the land. The management is in the process of completing these legal procedures.		
SCHEDULE 9 - CASH AND BANK BALANCES		
Cash on hand	4.37	4.23
Balances with scheduled banks (including cheques on hand)		
On current accounts	157.07	430.17
On deposit accounts	113.91	365.96
	275.35	800.36
[Including ₹ 58.82 million (Previous year - ₹ 24.49 million) held by banks under margin money deposit and ₹ 56.48 million (Previous year - ₹ 59.28 million) held towards loan escrow account]		
SCHEDULE 10 - LOANS AND ADVANCES		
(Refer note 14 of notes to accounts)		
Unsecured considered good		
Advances recoverable in cash or kind or for value to be received		
Land advance*	19,811.35	18,777.00
Others	487.80	376.52
Deposits - others	1,024.41	796.26
Inter-corporate deposit	87.11	87.11
Advance fringe benefits tax (net of provision)	1.75	1.38
MAT credit asset	-	4.10
Interest accrued but not due	-	0.01
Balances with customs, port trusts, sales tax and excise authorities	104.18	50.85
	21,516.60	20,093.23
* Advances/ deposit 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.		

(₹ in Million)

	Balance as at March 31	
	2011	2010
SCHEDULE 11 - CURRENT LIABILITIES		
Sundry creditors for goods, services and expenses		
Due to micro and small enterprises (Refer note 21 of notes to accounts)	-	-
Others	1,039.84	866.13
Book overdraft from scheduled banks	87.71	148.78
Advance from customers	2,005.72	2,080.54
Interest accrued but not due on loans	52.37	65.13
Investor protection & education fund shall be credited for unclaimed dividends when due	0.71	1.01
Other liabilities	3,268.96	2,451.60
	6,455.31	5,613.19
SCHEDULE 12 - PROVISIONS		
Proposed dividend	294.19	245.16
Corporate dividend tax	48.86	41.65
Provision for compensated absences	42.07	50.51
Provision for gratuity	30.72	15.14
Provision for taxation (net of advance tax payments)	515.20	183.92
Provision for wealth tax (net of advance tax payments)	0.66	0.71
	931.70	537.09
Year ended March 31		
	2011	2010
SCHEDULE 13 - INCOME FROM OPERATIONS		
Income from property development	8,847.27	6,245.19
Income from sale of land and development rights	1,539.62	1,779.39
Income from contractual activity	3,202.24	2,098.73
Income from manufacturing	927.33	982.79
Share in profits of partnership firm (post tax)	76.79	67.73
	14,593.25	11,173.83

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(₹ in Million)

	Year ended March 31	
	2011	2010
SCHEDULE 14 - OTHER INCOME		
Interest income [Tax deducted at source ₹ 0.64 million (Previous year - ₹ 1.51 million)]	15.60	7.89
Dividend from current investments (other than trade)	-	0.36
Foreign exchange fluctuation (net)	0.51	0.02
Profit on sale of fixed assets (net)	3.06	3.90
Miscellaneous income	63.09	40.74
	82.26	52.91
SCHEDULE 15 - COST OF SALES		
Land cost	1,713.44	1,464.82
Construction cost		
Civil works	3,670.95	2,833.23
Electrical works	629.14	305.67
Interiors and other miscellaneous works	1,190.12	708.34
	5,490.21	3,847.24
Raw material		
Opening stock	159.72	171.58
Add: Purchases	719.34	654.00
Less: Closing stock	(178.39)	(159.72)
	700.67	665.86
Production expenses		
Direct wages and labour charges	207.38	188.86
Power and fuel	19.02	17.03
Other direct expenses	10.78	7.26
	237.18	213.15
Decrease/ (increase) in inventories		
Closing inventory		
- Building materials	23.75	12.96
- Work-in-progress	9,193.91	9,882.39
- Stock in trade - flats	317.45	101.22
- Finished goods	12.85	17.65

(₹ in Million)

	Year ended March 31	
	2011	2010
Opening inventory		
- Building materials	12.96	13.70
- Work-in-progress	9,882.39	10,206.96
- Stock in trade - flats	101.22	83.29
- Finished goods	17.65	16.41
	466.26	306.14
	8,607.76	6,497.21
SCHEDULE 16 - PERSONNEL EXPENSES		
Salaries and bonus	952.02	722.95
Contribution to provident and other defined contribution funds	29.48	28.04
Gratuity	15.58	(1.18)
Compensated absence	0.12	(4.54)
Staff welfare and other expenses	37.97	23.00
	1,035.17	768.27
SCHEDULE 17 - OPERATING AND OTHER EXPENSES		
Electricity charges	51.00	36.06
Insurance charges	20.41	17.49
Rates and taxes		
Sales tax	627.02	506.08
Others	7.44	3.66
Freight outwards	28.05	28.11
Donation	36.21	99.87
Registration expenses - flats	191.75	210.20
Rent	128.08	112.45
Legal and professional charges	113.92	117.21
Repairs and maintenance		
Plant and machinery	15.35	12.25
Others	18.16	13.55
Advertisement and sales promotion expenses	228.53	123.13
Bad debts written off	18.25	-
Travelling and conveyance	83.10	59.90
Miscellaneous expenses	289.93	162.76
	1,857.20	1,502.72

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(` in Million)

	Year ended March 31	
	2011	2010
SCHEDULE 18 - FINANCIAL EXPENSES		
Interest*		
- On term loans and debentures	138.54	234.75
- On bank loans	207.31	187.44
- Others	6.51	15.92
Bank charges	76.97	60.71
	429.33	498.82
* Net of ₹ 1,367.00 million (Previous year - ₹ 1,718.94 million) inventorised/ capitalised for qualifying assets and reimbursements.		

SCHEDULE 19: NOTES TO ACCOUNTS

1. Background

Sobha Developers Limited ('Company' or 'SDL') was incorporated on August 7, 1995. SDL 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 SDL's turnkey projects.

2. Statement of significant accounting policies

a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the accounting standards notified by Companies (Accounting Standards) Rules 2006, (as amended) and the relevant provisions of the Companies Act, 1956 ("the Act"). The financial statements have been prepared under the historical cost convention on an accrual basis in accordance with accounting principles generally accepted in India. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Significant estimates used by the management in the preparation of these financial statements include computation of percentage completion for projects in progress, project cost, revenue and saleable area estimates, estimates of the economic useful lives of fixed assets, provisions for bad and doubtful debts. Any revision to accounting estimates is recognised prospectively.

c) Fixed assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Borrowing costs relating to acquisition of fixed assets 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.

d) Depreciation/ amortisation

Depreciation on assets is provided using written down value method at the rates prescribed under schedule XIV of the Companies Act, 1956, which is also estimated by the management to be the estimated useful lives of the assets.

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.

Assets individually costing less than or equal to ₹ 5,000 are fully depreciated in the year of purchase.

Leasehold land where title does not pass to the Company and leasehold improvements are amortised over the remaining primary period of lease or their estimated useful life, whichever is shorter, on a straight-line basis.

Intangible assets – Expenditure incurred on software is amortised using straight line method over a period of 3 years, which is estimated to be the useful life of the asset.

e) Impairment

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/ external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value

in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

f) Leases

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 recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, 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 charged directly against income.

g) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

h) Inventories

Related to contractual and real estate activity

Direct expenditure relating to construction activity is inventorised. Indirect expenditure (including borrowing costs) during construction period is inventorised to the extent the expenditure is related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is neither related to the construction activity nor is

incidental thereto is charged to the profit and loss account. 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.

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.

i) 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. Income from operations (gross) is gross of sales tax/ value added tax and net of adjustment on account of cancellation/ returns.

i. Recognition of revenue from contractual projects

Revenue from fixed price contractual projects 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.

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.

a. Recognition of revenue from property development

Recognition of revenue from construction activity

Revenue from real estate under development/ sale of developed property 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, except for contracts where the Company still has obligations to perform substantial acts even after the transfer of all significant risks and rewards. In such cases, the revenue is recognised on percentage of completion method, when the stage of completion of each project reaches a reasonable level of progress. Revenue is recognised in proportion that the contract costs incurred for work performed

up to the reporting date bear to the estimated total contract costs. Land costs are not included for the purpose of computing the percentage of completion.

Recognition of revenue from sale of undivided share of land [group housing]

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 and/ or minimum level of collection of dues from the customer.

Recognition of revenue from sale of villa plots

Revenue from sale of villa plots 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 real estate projects include charges collected from clients are accounted based upon the contracts/ agreements entered into by the Company with its customers.

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.

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. Excise duty deducted from

turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arising during the year. 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 unitholders' right to receive payment is established by the balance sheet date.

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

Income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

j) 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 closing rate. 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.

k) Taxes

Tax expense comprises of current and deferred tax.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable

income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised.

Minimum Alternative tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

l) Retirement and other employee benefits

Retirement benefits in the form of provident fund is a defined contribution scheme and the contributions are charged to the profit and loss account of the year when

the contributions to the provident fund are due. There are no other obligations other than the contribution payable to the government administered provident fund.

The Company makes contributions to Sobha Developers Employees Gratuity Trust ('the trust') to discharge the gratuity liability to employees. Payments to the trust are charged to the profit and loss account in the year of payment. Provision towards gratuity, defined benefit plan, is made for the difference between actuarial valuation by an independent actuary and the fund balance, as at the year-end. The actuarial valuation is performed using the projected unit credit method.

Provision in respect of compensated absences is made based on the extent of leave credit available to the employees as at the year end. Short-term compensated absences are provided for on based on estimates. Long-term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

Actuarial gains/ losses are immediately taken to profit and loss account and are not deferred.

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.

m) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

n) Provisions

A provision is recognised when an enterprise has a

present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

o) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

p) Borrowing costs

Borrowing costs relating 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 revenue.

q) 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 work-in-progress.

Deposits paid by the Company to the seller towards right for development of land in exchange of constructed area are recognised as land advance under loans and advances, unless they are non-refundable, wherein they are transferred to work-in-progress on the launch of project.

The Company has entered into agreements with land owners/ possessor to develop properties on such land in lieu which, the Company has agreed to transfer certain percentage of constructed area. The development and transfer of constructed area in exchange of such development rights/ land is being settled on a net basis.

3. Details of secured loans and securities offered

(₹ in Million)

Details of securities offered	Year ended March 31	
	2011	2010
Debentures		
Secured by equitable mortgage of certain lands of the Company	750.00	1,000.00
Term loans		
Secured by equitable mortgage of land and building, receivables, lease hold rights in respect of the factory land and building and hypothecation of plant and machinery and inventory of specific real estate/ contractual projects.	8,080.16	10,768.60
Other loans		
From banks		
Cash credit and other facilities		
Secured by hypothecation of receivables of specific real estate and contractual projects, equitable mortgage of land and building of specific real estate projects, fixed deposit, leasehold land and hypothecation of stock of building materials.	3,167.69	2,614.96
From others		
Vehicle/ equipment loan		
Secured by specific assets / vehicles.	28.32	82.29
	12,026.17	14,465.85

Note: All the above loans except to the extent of ₹ 1,046.91 million (Previous year - ₹ 3,025.13 million) have been personally guaranteed by certain directors of the Company.

4. Details of collateral securities offered by related companies in respect of loans availed by the Company

(₹ in Million)

Name of Company	Nature of loan	Nature of security	Year ended March 31	
			2011	2010
Sobha Innercity Technopolis Private Limited	Cash credit	Equitable mortgage of land and building	499.37	483.70
Sobha Interiors Private Limited	Term loans	Equitable mortgage of lease hold rights in respect of the factory land and building	-	80.00
Bikasa Realtors Private Limited	Term loans	Equitable mortgage of land	-	100.00
Perambakkam Builders Private Limited	Term loans	Equitable mortgage of land	-	100.00

(₹ in Million)

Name of Company	Nature of loan	Nature of security	Year ended March 31	
			2011	2010
SBG Housing Private Limited	Term loans	Equitable mortgage of land	-	500.00
Sengadu Builders Private Limited	Term loans	Equitable mortgage of land	-	100.00
Sengadu Developers Private Limited	Term loans	Equitable mortgage of land	-	100.00
Sengadu Properties Private Limited	Term loans	Equitable mortgage of land	-	100.00
Sobha Glazing & Metal Works Private Limited	Term loans	Equitable mortgage of leasehold rights in respect of factory, land & building	410.00	1,000.00
Vayaloor Properties Private Limited	Term loans	Equitable mortgage of land	2,000.00	2,000.00
Vayaloor Builders Private Limited	Term loans	Equitable mortgage of land	2,000.00	2,000.00
Vayaloor Developers Private Limited	Term loans	Equitable mortgage of land	2,000.00	2,000.00
Vayaloor Real Estate Private Limited	Term loans	Equitable mortgage of land	2,000.00	2,000.00
Valasai Vettikadu Realtors Private Limited	Term loans	Equitable mortgage of land	2,000.00	2,000.00
Megatech Software Private Limited	Term loans	Equitable mortgage of land	505.00	275.00
Tirur Cyber City Developers Private Limited	Term loans	Equitable mortgage of land	505.00	275.00
Thakazhi Developers Private Limited	Term loans	Equitable mortgage of land	505.00	275.00
Kuthavakkam Developers Private Limited	Term loans	Equitable mortgage of land	-	250.00
Kuthavakkam Properties Private Limited	Term loans	Equitable mortgage of land	-	250.00
Allapuzha Fine Real Estate Private Limited	Cash credit	Equitable mortgage of land	949.00	976.00
Rusoh Modern Properties Private Limited	Cash credit	Equitable mortgage of land	949.00	976.00
Mapedu Realtors Private Limited	Cash credit	Equitable mortgage of land	949.00	976.00
Chimangaloor Properties Private Limited	Cash credit	Equitable mortgage of land	949.00	976.00
Rusoh Marina Properties Private Limited	Cash credit	Equitable mortgage of land	949.00	-
Mepedu Real Estates Private Limited	Cash credit	Equitable mortgage of land	949.00	-
Chikmangaloor Realtors Private Limited	Cash credit	Equitable mortgage of land	949.00	-
Rusoh Fine Builders Private Limited	Cash credit	Equitable mortgage of land	949.00	-
Mannur Real Estate Private Limited	Cash credit	Equitable mortgage of land	949.00	-
Kilai Builders Private Limited	Cash credit	Equitable mortgage of land	949.00	-
Kilai Properties Private Limited	Cash credit	Equitable mortgage of land	949.00	-
Thirur Cyber Real Estates Private Limited	Cash credit	Equitable mortgage of land	949.00	-
Thakazhi Realators Private Limited	Cash credit	Equitable mortgage of land	949.00	-
Kilai Super Developers Private Limited	Cash credit	Equitable mortgage of land	949.00	-
Thakazhi Developers Private limited	Cash credit	Equitable mortgage of land	949.00	-
Sri Kanakadurga Property Developers Private Limited	Term loans	Equitable mortgage of land	1,437.79	-
Sri Durga Devi Property Management Private Limited	Term loans	Equitable mortgage of land	130.00	-

5. Redeemable non-convertible debentures amounting to ₹ 750 million
 (Previous year - ₹ 1,000 million) are to be redeemed in cash on the following dates

(₹ in Million)

Particulars	Interest rate	Redemption date	Redemption amount March 31, 2011
LIC 25 certificates of ₹10 million each	Rate 12.00%	11-Jun-11	250.00
LIC 25 certificates of ₹10 million each	Rate 12.00%	11-Sep-11	250.00
LIC 25 certificates of ₹10 million each	Rate 12.00%	11-Dec-11	250.00

(₹ in Million)

Particulars	Interest rate	Redemption date	Redemption amount March 31, 2010
LIC Mutual Fund 5 certificates of ₹10 million each	Rate 12.25%	26-Jul-10	50.00
LIC Mutual Fund 5 certificates of ₹10 million each	Rate 12.25%	26-Aug-10	50.00
LIC Mutual Fund 15 certificates of ₹10 million each	Rate 12.25%	26-Sep-10	150.00
LIC Mutual Fund 25 certificates of ₹10 million each	Rate 12.00%	11-Jun-10	250.00
LIC Mutual Fund 25 certificates of ₹10 million each	Rate 12.00%	11-Sep-10	250.00
LIC Mutual Fund 25 certificates of ₹10 million each	Rate 12.00%	11-Dec-10	250.00

6. RELATED PARTY DISCLOSURE

a. List of related parties

Subsidiaries

Direct Subsidiaries

Sobha City

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

Key management personnel

Mr. P. N. C. Menon

Mr. Ravi Menon

Mr. J. C. Sharma

Mr. P. Ramakrishnan [from January 29, 2010]

Mr. S. Baaskaran

Mr. N. Venkatramani [upto July 29, 2009]

Mr. Kishore Kayarat [from July 29, 2009]

Relatives of key management personnel

Mrs. Sobha Menon

Mr. P. N. Haridas

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

- Al Barakah Financial Services Limited
- Allapuzha Fine Real Estate Private Limited
- Architectural Metal Works FZCO
- Bikasa Properties Private Limited
- Bikasa Realtors Private Limited
- Chauma Properties and Construction Private Limited
- Chikmangaloor Realtors Private Limited
- Chimangaloor Properties Private Limited
- Cochin Cyber City Private Limited
- Cochin Cyber Golden Properties Private Limited
- Cochin Cyber Value Added Properties Private Limited
- Cochin Super City Developers Private Limited
- Daram Cyber Developers Private Limited
- Daram Cyber Properties Private Limited
- Daram Land Real Estate Private Limited
- Greater Cochin Cyber City Private Limited
- Greater Cochin Developers Private Limited
- Greater Cochin Properties Private Limited
- Greater Cochin Realtors Private Limited
- HBR Consultants Private Limited
- Hill and Menon Securities Private Limited
- Kilai Builders Private Limited
- Kilai Properties Private Limited
- Kilai Super Developers Private Limited
- Kuthavakkam Developers Private Limited
- Kuthavakkam Properties Private Limited
- Mannur Real Estate Private Limited
- Mapedu Realtors Private Limited
- Megatech Software Private Limited
- Mepedu Real Estates Private Limited
- Moolamcode Traders Private Limited
- Oman Builders Private Limited.
- Padmalochana Enterprises Private Limited
- Pallavur Projects Private Limited
- Perambakkam Builders Private Limited
- PNC Technologies Private Limited
- Punkunnam Builders and Developers Private Limited
- Puzhakkal Developers Private Limited
- Red Lotus Realtors Private Limited
- Royal Interiors Private Limited
- Rusoh Fine Builders Private Limited
- Rusoh Marina Properties Private Limited
- Rusoh Modern Properties Private Limited
- SBG Housing Private Limited
- Sengadu Builders Private Limited
- Sengadu Developers Private Limited
- Sengadu Properties Private Limited
- Services and Trading Co. LLC
- Sobha Aviation and Engineering Services Private Limited
- Sobha Contracting LLC (Dubai)
- Sobha Developers (Pune) Private Limited (An associate of the Company under AS 18)
- Sobha Electro Mechanical Private Limited
- Sobha Glazing & Metal Works Private Limited
- Sobha Innercity Technopolis Private Limited
- Sobha Interiors Private Limited
- Sobha Jewellery 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 Trust
- Sunbeam Projects Private Limited
- Technobuild Developers Private Limited
- Thakazhi Developers Private Limited
- Thakazhi Realtors Private Limited
- Tirur Cyber City Developers Private Limited
- Tirur Cyber Real Estates Private Limited

b. Transactions with related parties

(₹ in Million)

Description of the nature of transaction	Description of relationship	Related party	March 31, 2011	March 31, 2010
Income from contractual activity	Subsidiary	Sobha City	765.49	410.20
	Other related parties	Sri Kurumba Trust	7.70	4.51
		Sobha Developers (Pune) Private Limited	236.23	-
Income from sale of land	Key management personnel	Mr. Ravi Menon	59.14	-
Income from property development	Key management personnel	Mr. J.C. Sharma	1.19	2.81
		Mr. P. Ramakrishnan	2.66	-
Interest recharge	Other related parties	Technobuild Developers Private Limited	140.66	901.38
		SBG Housing Private Limited	9.00	-
Interest received	Other related parties	Sobha Renaissance Information Technology Private Limited	-	4.45
Purchase of goods, contractual services and reimbursement of expenses	Other related parties	Sobha Projects & Trade Private Limited	86.46	33.33
Share in profits of partnership firm	Subsidiary	Sobha City	76.79	67.73
Investment in Equity share capital	Other related parties	Sobha Puravankara Aviation Private Limited	9.95	-
Directors' remuneration	Key management personnel	Mr. P. N. C. Menon	33.07	21.76
		Mr. Ravi Menon	31.26	19.92
		Mr. J. C. Sharma	44.25	34.01
		Mr. P. Ramakrishnan	9.26	0.48
Dividend	Key management personnel	Mr. P. N. C. Menon	-	16.49
		Mr. P. N. C. Menon and Mrs. Sobha Menon (Jointly held shares)	-	5.49
		Mr. J. C. Sharma	-	0.07
	Relatives of key management personnel	Mrs. Sobha Menon	-	41.35

(₹ in Million)

Description of the nature of transaction	Description of relationship	Related party	March 31, 2011	March 31, 2010
Salary (including perquisites)	Key management personnel	Mr. S. Baaskaran Mr. N.Venkatramani Mr. Kishore Kayarat	4.77 - 1.26	2.93 0.88 0.65
	Relatives of key management personnel	Mr. P. N. Haridas	0.69	0.63
Interest paid	Relatives of key management personnel	Mrs. Sobha Menon	0.54	0.54
Donation paid	Other related parties	Sri Kurumba Trust	31.30	90.40
Purchase of land	Other related parties	Technobuild Developers Private Limited	23.70	260.00
		Sobha Space Private Limited	87.30	-
Guarantees given	Subsidiary	Sobha City	250.00	-
	Other related parties	Sobha Developers (Pune) Private Limited	310.00	-
Advance paid	Other related parties	Sobha Space Private Limited	-	41.98
		Sobha Developers (Pune) Private Limited	4.05	14.87
Rent paid	Other related parties	Sobha Interiors Private Limited	12.14	12.14
		Sobha Glazing & Metal Works Private Limited	4.29	4.76
	Relatives of key management personnel	Mrs. Sobha Menon	0.67	0.67
Inter-corporate deposit	Other related parties	Sobha Renaissance Information Technology Private Limited	87.11	87.11
Land advance	Other related parties	Technobuild Developers Private Limited	7,983.62	7,789.68
		SBG Housing Private Limited	230.01	165.41
Rent deposit	Other related parties	Sobha Glazing & Metal Works Private Limited	103.56	105.96
		Sobha Interiors Private Limited	258.91	269.84

(₹ in Million)

Description of the nature of transaction	Description of relationship	Related party	March 31, 2011	March 31, 2010
Balance receivable	Subsidiary	Sobha City - Partner current account	279.16	202.37
	Other related parties	Sobha Projects & Trade Private Limited	96.58	-
		Architectural Metal Works FZCO	0.29	0.29
		Hill and Menon Securities Private Limited	0.01	-
		Chauma Properties and Construction Private Limited	-	0.02
		Puzhakkal Developers Private Limited	2.90	2.97
		Punkunnam Builders and Developers Private Limited	0.03	-
		Sobha Contracting LLC (Dubai)	4.94	4.76
		Sobha Interiors Private Limited	0.44	-
		Sri Kurumba Trust	12.25	4.54
		Sobha Space Private Limited	-	33.97
		Sobha Developers (Pune) Private Limited	-	95.12
	Key management personnel	Mr. Ravi Menon	14.50	-
Balance payable	Other related parties	Royal Interiors Private Limited	9.79	10.12
		Sobha Interiors Private Limited	-	1.34
		Oman Builders Private Limited	15.30	11.46
		Services and Trading Co. LLC	0.03	-
		Sobha Glazing & Metal Works Private Limited	10.19	10.93
		Sobha Developers (Pune) Private Limited	57.80	-
		Sobha Projects & Trade Private Limited	-	8.47
		Sobha Puravankara Aviation Private Limited	8.95	-
		Sobha Innercity Technopolis Private Limited	1.34	0.32
		Sobha Technocity Private Limited	0.77	1.02
		Sobha Space Private Limited	56.37	-
	Subsidiary	Sobha City	281.18	118.48
	Key management personnel	Mr. J. C. Sharma	43.06	21.17
Relatives of key management personnel	Mrs. Sobha Menon	7.24	7.96	

Also, refer note 3 (Schedule 19) as regards loans personally guaranteed by certain directors of the Company and refer note 4 (Schedule 19) as regards collateral securities offered by related companies in respect of loans availed by the Company.

7. Earnings per share ['EPS']

(₹ in Million)

Particulars	March 31, 2011	March 31, 2010
Profit after tax attributable to shareholders	1,824.60	1,366.62
Weighted average number of equity shares of ₹10 each outstanding during the period used in calculating basic and diluted EPS	98,063,868	91,652,694

8. Leases

a. Assets taken on lease

Operating lease obligations: The Company has taken office, other facilities and other equipments under cancelable and non-cancelable operating leases, which are renewable on a periodic basis with escalation as per agreement.

(₹ in Million)

Particulars	March 31, 2011	March 31, 2010
Lease payments recognised as an expense in profit and loss account	128.08	112.45

Minimum lease payments outstanding in respect of these lease for non-cancelable period are as follows:-

(₹ in Million)

Particulars	March 31, 2011	March 31, 2010
Not later than one year	29.62	33.57
Later than one year and not later than five years	87.50	81.00
Later than five years	267.74	286.35
	384.86	400.92

9. Capital commitments

(₹ in Million)

Particulars	March 31, 2011	March 31, 2010
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	227.16	25.27

10. Donation to political parties

(₹ in Million)

Particulars	March 31, 2011	March 31, 2010
Congress (I)	0.51	0.01
Bhartiya Janata Party	-	5.25
Communist Party of India (M)	-	0.27
Others (Comprising of Communist Party of India, Janatha Dal United, United Democratic Front, Left Democratic Front, Bahujan Samaj Party)	0.02	0.22
	0.53	5.75

11. Contingent liabilities not provided for

(₹ in Million)

Particulars	March 31, 2011	March 31, 2010
i. Guarantees and counter guarantees given by the Company	1,193.39	677.09
ii. Claims against the Company, not acknowledged as debts*	846.72	-
iii. Income tax matters in dispute	209.63	226.94
iv. Sales tax matters in dispute	125.06	60.51
v. Service tax matters in dispute	1,078.06	939.59
	3,452.86	1,904.13

* During the year, a customer has initiated arbitration proceedings against the Company for ₹ 846.72 million for breach of contractual obligation for which the Company has filed a statement of objection and counter claim for non payment. Based on legal advice obtained by the management, the Company is confident of recovering full dues. Pending settlement, the claims made against the Company have been disclosed as contingent liability.

Note:

The Company is also involved in certain litigation for lands acquired by it for construction purposes, either through joint development agreements or through outright purchases. 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.

12. Employee benefits

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service subject to a maximum of ₹ 1,000,000. The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for gratuity benefit

Profit and loss account

Net employee benefit expense (recognised in personnel cost)

(₹ in Million)

Particulars	March 31, 2011	March 31, 2010
Current service cost	11.80	13.47
Interest cost on benefit obligation	2.87	3.40
Expected return on plan assets	(1.86)	(1.65)
Net actuarial loss/ (gain) recognised	2.77	(16.40)
Net benefit expense	15.58	(1.18)

Balance sheet

(₹ in Million)

Particulars	March 31, 2011	March 31, 2010
Defined benefit obligation	52.67	38.21
Fair value of plan assets	21.95	23.07
Plan (asset)/liability	30.72	15.14
Changes in the present value of the defined benefit obligation		
Opening defined benefit obligation	38.21	37.70
Interest cost	2.87	3.40
Current service cost	11.80	13.47
Benefits paid	(2.72)	(1.61)
Actuarial (gains)/ losses on obligation	2.51	(14.75)
Closing defined benefit obligation	52.67	38.21
Changes in the fair value of plan assets		
Opening fair value of plan assets	23.07	21.38
Expected return	1.86	1.65
Contributions by employer	-	-
Benefits paid	(2.72)	(1.61)
Actuarial gains / (losses)	(0.26)	1.65
Closing fair value of plan assets	21.95	23.07
Actual return on plan assets		
Expected return on plan assets	1.86	1.65
Actuarial gain/ (loss) on plan assets	(0.26)	1.65
Actual return on plan assets	1.60	3.30
Investment details of plan assets		
Investment with insurer - 100% in debt instruments		
The principal assumptions used in determining gratuity obligation		
Discount rate	7.50%	7.50%
Expected rate of return on assets	8.00%	8.00%
The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.		
Increase in compensation cost	5.00%	5.00%

(₹ in Million)

Experience adjustment	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Defined benefit obligation	52.67	38.21	37.70	25.08	18.77
Plan asset	21.95	23.07	21.38	23.04	14.18
Surplus / (deficit)	30.72	15.14	16.32	2.04	4.59
Experience adjustments on plan liabilities	3.86	9.97	(2.13)	(6.98)	(0.55)
Experience adjustments on plan assets	(0.45)	1.65	(0.70)	0.36	1.54

Notes:

- The Company expects to contribute ₹ 5 million (Previous year - ₹ 7 million) to the trust towards gratuity fund in 2011-12.
- A limited revision to AS 15 (revised) allows an entity to make disclosures required by paragraph 120(n) of AS 15 (revised) prospectively from the transition date.
- The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other several factor such as supply and demand factor in the employment market. Employee turnover varies based on various age groups.

13. Segment reporting

As the Company operates on a backward integration model and its business activity primarily falls within a single business segment which constitutes real estate development, there are no additional disclosures to be provided under Accounting Standard 17 'Segment Reporting'. The Company operates primarily in India and there is no other significant geographical segment.

14. Amounts due from companies under the same management as defined in sub-section (1-B) of Section 370 of the Companies Act, 1956, are as under:

(₹ in Million)

Particulars	March 31, 2011		March 31, 2010	
	Closing balance	Maximum amount due	Closing balance	Maximum amount due
- Included under loans and advances				
Sobha Projects & Trade Private Limited	96.58	142.68	-	22.44
Sobha Renaissance Information Technology Private Limited	87.11	87.11	87.11	88.44
Hill and Menon Securities Private Limited	0.01	0.01	-	-
Sobha Space Private Limited	-	33.97	33.97	33.97
Services and Trading Co. LLC	-	0.96	-	0.05
Sobha Contracting LLC	4.94	4.94	4.76	4.76
- Included under debtors				
Mr. Ravi Menon	14.50	59.14	-	-

15. Deferred tax asset

The break up of net deferred tax asset is as follows:

(₹ in Million)

Particulars	March 31, 2011	March 31, 2010
Difference between book depreciation and depreciation under the Income-tax Act, 1961	46.41	34.35
Expenditure under Section 43B of the Income-tax Act, 1961	27.38	17.17
Net deferred tax asset	73.79	51.52

16. Supplementary statutory information

a. Managerial Remuneration

(₹ in Million)

Particulars	March 31, 2011	March 31, 2010
Directors' remuneration		
Chairman		
Salary and allowances	28.81	18.02
Perquisites	2.10	1.94
Contribution to provident fund	2.16	1.80
	33.07	21.76
Managing director		
Salary and allowances	7.75	5.43
Contribution to provident fund	0.01	0.03
Commission/Others	36.49	28.55
	44.25	34.01
Whole time directors		
Salary	38.01	18.23
Perquisites	0.34	0.30
Contribution to provident fund	2.17	1.87
	40.52	20.40
Other directors		
Sitting fees	0.20	0.21
Commission/Others	3.30	2.25
	3.50	2.46
Grand total	121.34	78.63

Note:

As the future liability for gratuity and compensated absence is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not included above.

b. Computation of net profit in accordance with section 349 of the Companies Act, 1956 for calculation of commission payable to directors

(₹ in Million)

Particulars	March 31, 2011	March 31, 2010
Profit before tax as per profit and loss account	2,435.96	1,602.71
Add:		
Depreciation	277.73	323.10
Less:		
Depreciation under section 350 of the Companies Act, 1956	(277.73)	(323.10)
Profit on sale of fixed assets (net)	(3.06)	(3.90)
Net profit as per section 349	2,432.90	1,598.81
Add:		
Directors' remuneration	121.34	78.63
Net profit as per section 198	2,554.24	1,677.44
Permissible commission to managing director - 2%	51.08	33.55
Commission paid or to be paid to managing director	36.49	28.55
Permissible commission to independent directors - 1%	25.54	16.77
Commission paid or to be paid to independent directors	3.30	2.25

c. Expenditure in foreign currency [on accrual basis]

(₹ in Million)

Particulars	March 31, 2011	March 31, 2010
Travelling and conveyance	3.05	0.49
Legal and professional charges	-	9.16
Others	15.00	3.25
	18.05	12.90

d. Value of imports calculated on CIF basis

(₹ in Million)

Particulars	March 31, 2011	March 31, 20
Materials	107.28	58.36
Capital goods	22.70	-
	129.98	58.36

e. Imported and indigenous raw materials consumption

(₹ in Million)

Particulars	March 31, 2011		March 31, 2010	
	%	Amount	%	Amount
Raw Materials				
Imported	6.89	48.25	5.59	37.21
Indigenously obtained	93.11	652.42	94.41	628.65
	100.00	700.67	100.00	665.86

17. Auditors' remuneration

(₹ in Million)

Particulars	March 31, 2011	March 31, 2010
As auditor		
- Statutory audit	3.00	3.00
- Rights issue/ QIB issue related fees	-	1.50
- Other services [includes fees for quarterly reviews]	4.40	3.00
- Out of pocket expenses (excluding service tax)	0.13	0.13
	7.53	7.63

18. Construction contracts

(₹ in Million)

Particulars	March 31, 2011	March 31, 2010
Contract revenue recognised as revenue for the year ended March 31, 2011	9,713.79	7,327.38
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to March 31, 2011 for all the contracts in progress.	14,099.73	12,697.12
The amount of customer advances outstanding for contracts in progress as at March 31, 2011	1,352.29	924.32
The amount of retentions due from customers for contracts in progress as at March 31, 2011	128.18	232.04

19. In respect of manufacturing activities of interiors, glazing and block making unit, on account of the nature of the business carried on by the Company and since the turnover, purchase and consumption of raw material of each item is less than 10%, the management is of the view that it is exempt from disclosing the quantitative information under Paragraphs 3(i)(a) and 3(ii)(b) of Part II of Schedule VI of the Companies Act, 1956 granted vide Notification S.O 301(E) dated February 8, 2011 issued by the Ministry of Corporate Affairs.

20. Derivative instruments and unhedged foreign currency exposure

(₹ in Million)

Particulars	March 31, 2011	March 31, 2010
Foreign currency exposure (net) that are not hedged by derivative instruments or otherwise	5.20	8.28

21. Based on the information available with the Company, there are no suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as at March 31, 2011.

22. Details of investments made in the capital of M/s Sobha City (a Partnership Firm) as at March 31, 2011, is summarised below:

(₹ in Million)			
Name of the partner	Partner's Capital	Profit	Sharing Ratio [%]
Sobha Developers Limited	200.00		70.00
Tree Hill Estates Private Limited	200.00		30.00
	400.00		100.00

23. Details of investments purchased and sold during the year

(₹ in Million)				
Particulars	No. of units (in million)	Face value	Purchase value March 31, 2010	Sale value March 31, 2010
Birla Sun Life Savings Fund	64.93	10	650.00	650.00

24. Excise duty on sales amounting to ₹ 32.36 million (Previous year - ₹ 33.91 million) has been reduced from Income from operations in profit and loss account and excise duty on decrease in inventory of finished goods amounting to ₹ 0.53 million (Previous year - increase in inventory of finished goods amounting to ₹ 0.15 million) has been accounted in the profit and loss account under the head 'Cost of sales'.

25. The Company has entered into certain transactions for purchase of material and services in the prior years from private limited companies/ firms, covered under section 297 of the Act, which require prior approval of the Central Government under proviso to Section 297(1) of the Act. In this regard, the Company has filed an application for composition of the offence and obtaining approval from the Company Law Board under Section 621A of the Act. The Company is confident of obtaining the approvals, and pending obtaining such approvals, no adjustments have been made in the financial statements.

26. The figures of previous year have been regrouped/reclassified, where necessary, to conform with the current year's classification.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
 Firm registration number: 101049W
 Chartered Accountants

per Adarsh Ranka
 Partner
 Membership No: 209567

Place: Bengaluru, India
 Date: May 10, 2011

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

P.N.C. Menon Ravi Menon J.C. Sharma
 Chairman Vice Chairman Managing Director

S. Baaskaran Kishore Kayarat
 Chief Financial Officer Company Secretary and
 Compliance Officer

Place: Bengaluru, India
 Date: May 10, 2011

Consolidated Financial Statements

AUDITORS' REPORT

To

The Board of Directors of Sobha Developers Limited

1. We have audited the attached consolidated balance sheet of Sobha Developers Limited ('the Company') and its subsidiaries and associate (collectively referred to as 'the Group'), as at March 31, 2011, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets of ₹ 1,867.99 million as at March 31, 2011, the total revenues (including other income) of ₹ 1012.45 million, total expenditure of ₹ 845.60 million and net cash outflow amounting to ₹ 12.17 million for the year then ended. These financial statements and other financial information have been audited by other auditors whose report has been furnished to us, and our opinion is based solely on the report of other auditors.
4. We did not audit the financial statements of an associate, whose financial statements reflect total profit of ₹ 9.11 million for the year ended March 31, 2011. The financial statements and other financial information have been audited by another auditor whose report has been furnished to us, and our opinion is based solely on the report of the other auditor.
5. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, 'Consolidated financial statements', AS 23, 'Accounting for Investments in Associates in Consolidated Financial Statements' [notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended)].
6. Without qualifying our opinion, we draw attention to Note 22 under Schedule 19, regarding the purchase of material and services in the prior years from private limited companies/ firms, covered under section 297 of the Companies Act, 1956 ('the Act'), which require prior approval of the Central Government. As indicated in the said note, the Company has filed an application for compounding of the offence and obtaining approval from the Company Law Board under Section 621A of the Act. The Company is confident of obtaining the approvals, and pending obtaining such approvals, no adjustments have been made to the consolidated financial statements.
7. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2011;
 - (b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and
 - (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & ASSOCIATES
Firm registration number: I01049W
Chartered Accountants



per Adarsh Ranka
Partner
Membership No.: 209567

Bengaluru, India
May 10, 2011

CONSOLIDATED BALANCE SHEET

(₹ in Million)

	Schedules	Balance as at March 31	
		2011	2010
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	980.64	980.64
Reserves and surplus	2	17,527.19	16,057.32
Minority interest	19(21)	324.02	291.12
		18,831.85	17,329.08
Loan funds			
Secured loans	3	12,334.89	14,465.85
Unsecured loans	4	83.48	274.50
		12,418.37	14,740.35
		31,250.22	32,069.43
APPLICATION OF FUNDS			
Fixed assets	5		
Gross block		3,147.69	2,942.11
Less: Accumulated depreciation/ amortisation		1,774.92	1,512.97
Net block		1,372.77	1,429.14
Capital work in progress including capital advances		668.01	631.97
		2,040.78	2,061.11
Investments	6	37.11	26.96
Deferred tax asset (net)	19(15)	73.79	51.52
Current assets, loans and advances			
Inventories	7	10,684.58	11,101.36
Sundry debtors	8	4,251.59	4,429.88
Cash and bank balances	9	288.46	825.65
Loans and advances	10	21,582.85	20,102.32
		36,807.48	36,459.21
Less: Current liabilities and provisions			
Current liabilities	11	6,765.68	5,984.32
Provisions	12	943.26	545.05
		7,708.94	6,529.37
Net current assets		29,098.54	29,929.84
		31,250.22	32,069.43
Notes to accounts	19		

The schedules referred to above and notes to accounts form an integral part of the consolidated balance sheet.
As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
Firm registration number: 101049W
Chartered Accountants

per Adarsh Ranka
Partner
Membership No: 209567

Place: Bengaluru, India
Date: May 10, 2011

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

P.N.C. Menon Ravi Menon J. C. Sharma
Chairman Vice Chairman Managing Director

S. Baaskaran Kishore Kayarat
Chief Financial Officer Company Secretary and
Compliance Officer

Place: Bengaluru, India
Date: May 10, 2011

CONSOLIDATED PROFIT & LOSS ACCOUNT

(₹ in Million)

	Schedules	Year ended March 31	
		2011	2010
INCOME			
Income from operations	13	14,771.18	11,332.57
Less : Excise duty		32.36	33.91
Income from operations (net)		14,738.82	11,298.66
Other income	14	74.50	38.57
		14,813.32	11,337.23
EXPENDITURE			
Cost of sales	15	8,632.21	6,536.65
Personnel expenses	16	1,035.17	768.27
Operating and other expenses	17	1,910.52	1,530.46
Depreciation/ amortisation	5	277.73	323.10
Financial expenses	18	443.51	520.84
		12,299.14	9,679.32
Profit before tax		2,514.18	1,657.91
Provision for tax:			
Current tax		686.73	299.69
Deferred tax credit		(22.27)	(20.83)
Wealth tax		-	0.02
MAT Credit utilisation/ (entitlement)		4.10	(4.10)
Profit after tax		1,845.62	1,383.13
Minority interest		32.90	42.15
Share of (profit)/ loss of associate		(0.20)	0.01
Profit after minority interest and share of profit/ loss of associate		1,812.92	1,340.97
Appropriations			
Proposed final dividend		294.19	245.16
Corporate dividend tax - Equity		48.86	41.65
Transfer to general reserve		183.00	140.00
Surplus carried to balance sheet		1,286.87	914.16
Earnings per share in ₹			
[Nominal value per equity share ₹ 10]			
Basic and Diluted	19(7)	18.49	14.63
Notes to accounts	19		

The schedules referred to above and notes to accounts form an integral part of the consolidated profit and loss account.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
 Firm registration number: 101049W
 Chartered Accountants

per Adarsh Ranka
 Partner
 Membership No: 209567

Place: Bengaluru, India
 Date: May 10, 2011

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

P.N.C. Menon Ravi Menon J. C. Sharma
 Chairman Vice Chairman Managing Director

S. Baaskaran Kishore Kayarat
 Chief Financial Officer Company Secretary and
 Compliance Officer

Place: Bengaluru, India
 Date: May 10, 2011

CONSOLIDATED CASH FLOW

(₹ in Million)

	Year ended March 31	
	2011	2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	2,514.18	1,657.91
<i>Adjustments for</i>		
Depreciation/ amortisation	277.73	323.10
(Profit)/loss on sale of fixed assets	(3.06)	(3.90)
Dividend income	-	(0.36)
Interest income	(15.66)	(7.91)
Interest expense	364.82	460.11
Operating profit before working capital changes	3,138.01	2,428.95
<i>Movements in working capital:</i>		
(Increase)/ decrease in inventories	832.93	544.27
(Increase)/ decrease in debtors	178.29	(746.68)
(Increase)/ decrease in loans and advances	(559.30)	519.07
Increase/ (decrease) in current liabilities and provisions	801.56	737.40
Cash (used in)/ generated from operations	4,391.49	3,483.01
Direct taxes paid (net)	(356.37)	(161.79)
Net cash generated from/ (used in) operating activities - (A)	4,035.12	3,321.21
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(229.78)	(139.41)
Proceeds from sale of fixed assets	5.44	6.94
Purchase of investments	-	(650.00)
Purchase of equity investments	(9.95)	-
Sale of investments	-	650.00
Interest received	15.65	8.06
Dividends received	-	0.36
Net cash (used in)/ from investing activities - (B)	(218.64)	(124.05)

(₹ in Million)

	Year ended March 31	
	2011	2010
C. CASH FLOW FROM FINANCING ACTIVITIES		
Refund of share application money	-	(474.70)
Proceeds from issue of shares	-	5,094.00
Proceeds from secured loans	4,274.59	1,838.00
Repayment of secured loans	(6,408.27)	(6,407.21)
Proceeds from unsecured loans	8.98	-
Repayment of unsecured loans	(200.00)	-
Interest paid (gross)	(1,741.86)	(2,469.98)
Dividends paid	(245.46)	(72.43)
Tax on dividend paid	(41.65)	(93.39)
Net cash from/ (used in) financing activities - (C)	(4,353.67)	(2,585.71)
Net increase/ (decrease) in cash or cash equivalents - (A+B+C)	(537.19)	611.45
Cash and cash equivalents as at beginning of the year	825.65	214.20
Cash and cash equivalents as at the end of the year	288.46	825.65
Components of cash and cash equivalents*		
Cash on hand	4.37	4.23
Balances with scheduled banks		
On current accounts	165.47	455.46
On deposit accounts	118.62	365.96
	288.46	825.65

* Cash and cash equivalents as at March 31, 2011 include restricted cash and bank balances of ₹ 115.30 million (Previous year - ₹ 83.77 million)

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
 Firm registration number: I01049W
 Chartered Accountants

per Adarsh Ranka
 Partner
 Membership No: 209567

Place: Bengaluru, India
 Date: May 10, 2011

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

P. N.C. Menon Ravi Menon J.C. Sharma
 Chairman Vice Chairman Managing Director

S. Baaskaran Kishore Kayarat
 Chief Financial Officer Company Secretary and
 Compliance Officer

Place: Bengaluru, India
 Date: May 10, 2011

Schedules to Accounts Consolidated

(₹ in Million)

	Balance as at March 31	
	2011	2010
SCHEDULE 1 - SHARE CAPITAL		
Authorised		
150,000,000 (Previous year - 150,000,000) equity shares of ₹10 each	1,500.00	1,500.00
5,000,000 (Previous year - 5,000,000) 7% redeemable preference shares of ₹100 each	500.00	500.00
	2,000.00	2,000.00
Issued, subscribed and paid-up		
98,063,868 (Previous year - 98,063,868) equity shares of ₹10 each fully paid up	980.64	980.64
Of the above:		
a) 42,280,960 (Previous year - 42,280,960) equity shares of ₹10 each, were allotted as fully paid-up bonus shares by capitalisation of reserves		
b) 583,468 (Previous year - 583,468) equity shares of ₹10 each, were issued as fully paid-up shares by pre initial public offering ['IPO'] placement		
c) 8,896,825 (Previous year - 8,896,825) equity shares of ₹10 each, were issued as fully paid-up shares by IPO		
d) 25,162,135 (Previous year - 25,162,135) equity shares of ₹10 each, were issued as fully paid-up shares to qualified institutional buyers ['QIB']		
	980.64	980.64
Schedule 2 - Reserves and surplus		
Capital redemption reserve		
Balance as per last account	87.29	87.29
	87.29	87.29
Securities premium account		
Balance as per last account	10,497.27	5,638.95
On allotment of Nil (Previous year - 25,162,135) equity shares to QIB	-	5,017.33
	10,497.27	10,656.28
Less: Share issue expenses	-	(159.01)
	10,497.27	10,497.27
Debenture redemption reserve		
Balance as per last account	203.65	480.00
Less: Transfer to general reserve	(41.35)	(276.35)
	162.30	203.65

MD & CFO Certification

Auditors' Report

Standalone Financial Statements

Schedules to Accounts Standalone

Balance Sheet Abstract and the Company's General Business Profile

Consolidated Financial Statements

Schedules to Accounts Consolidated

(₹ in Million)

	Balance as at March 31	
	2011	2010
General reserve		
Balance as per last account	1,116.79	700.44
Add: Transfer from profit and loss account	183.00	140.00
Add: Transfer from debenture redemption reserve	41.35	276.35
	1,341.14	1,116.79
Profit and loss account		
Balance as per last account	4,152.32	3,238.16
Add: Transfer from profit and loss account	1,286.87	914.16
	5,439.19	4,152.32
	17,527.19	16,057.32
SCHEDULE 3 - SECURED LOANS		
[Refer note 3 of notes to accounts for securities offered]		
Debentures [Refer note 5 of notes to accounts]	750.00	1,000.00
Term loans		
From banks	5,859.92	6,658.86
From others	2,526.24	4,109.74
Loans and advances from banks		
Cash credit and other facilities	3,167.69	2,614.96
Other loans and advances		
	28.32	82.29
Interest accrued and due		
	2.72	-
	12,334.89	14,465.85
SCHEDULE 4 - UNSECURED LOANS		
Loans and advances other than short term loans		
From parties other than bank	83.48	274.50
[Due within one year ₹ 70 million (Previous year - ₹ 60 million)]		
	83.48	274.50

SCHEDULE 5 - FIXED ASSETS

(₹ in Million)

Description	Gross block				Depreciation / amortisation				Net block	
	As at April 01, 2010	Additions	Deletions	As at March 31, 2011	As at April 01, 2010	For the year	Deletions	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
A. Tangible assets										
Freehold land	42.72	-	-	42.72	-	-	-	-	42.72	42.72
Leasehold land	26.49	-	-	26.49	-	-	-	-	26.49	26.49
Factory buildings	340.15	-	-	340.15	103.82	23.64	-	127.46	212.69	236.33
Other buildings	90.92	91.54	-	182.46	4.88	5.58	-	10.46	172.00	86.04
Plant and machinery	1,171.67	76.33	-	1,248.00	507.36	100.88	-	608.24	639.76	664.31
Scaffolding items	932.16	25.58	-	957.74	651.59	116.99	-	768.58	189.16	280.57
Furniture and fixtures	41.19	4.78	0.11	45.86	23.72	3.63	-	27.35	18.51	17.47
Vehicles	72.77	0.09	17.23	55.63	48.39	6.09	15.01	39.47	16.16	24.38
Computers	115.16	14.51	0.82	128.85	93.85	10.59	0.77	103.67	25.18	21.31
Office equipments	44.92	3.59	-	48.51	20.86	3.82	-	24.68	23.83	24.06
	2,878.15	216.42	18.16	3,076.41	1,454.47	271.22	15.78	1,709.91	1,366.50	1,423.68
B. Intangible assets										
Software	63.96	7.32	-	71.28	58.50	6.51	-	65.01	6.27	5.46
	63.96	7.32	-	71.28	58.50	6.51	-	65.01	6.27	5.46
Total	2,942.11	223.74	18.16	3,147.69	1,512.97	277.73	15.78	1,774.92	1,372.77	1,429.14
Capital work in progress (including capital advances)									668.01	631.97
Previous year	2,930.22	23.08	11.19	2,942.11	1,198.02	323.10	8.15	1,512.97	1,429.14	

1. On April 13, 2005, Karnataka Industrial Areas Development Board ('KIADB') allotted land to the Company on a lease cum sale basis until December 17, 2010 (further extended till September 29, 2012), to be sold to the Company at the end of lease period upon fulfillment of certain conditions. The lease has been registered in favour of the Company. The Company is confident of fulfilling the conditions. Accordingly, the initial and subsequent lease payments in this regard have been capitalised as leasehold land.

2. Amount of borrowing cost aggregating ₹ 30 million (Previous year - ₹ Nil) incurred during the year, is included under capital work in progress.

(₹ in Million)

	Balance as at March 31	
	2011	2010
SCHEDULE 6 - INVESTMENTS		
Long term investments (Unquoted, at cost)		
Trade		
100,000 (Previous year - 100,000) equity shares of Re.1 each fully paid-up in Sobha Developers (Pune) Private Limited (including share of post acquisition profit/loss of ₹0.2 million (Previous year - ₹0.02 million), excluding capital reserve arising on consolidation ₹167.94 million)	0.28	0.08
Other than trade		
Government securities	0.08	0.08
National savings certificates		
Equity shares		
2,680,000 (Previous year - 2,680,000) equity shares of ₹10 each fully paid-up in Sobha Renaissance and Information Technology Private Limited ['SRIT']*	26.80	26.80
Current investments (unquoted, lower of cost and fair value)		
995,000 (Previous year - Nil) equity shares of ₹10 each fully paid up in Sobha Puravankara Aviation Private Limited **	9.95	-
	37.11	26.96
Aggregate amount of unquoted investments	37.11	26.96
*The Company holds 19.70 % of the equity share capital in SRIT. There has been an erosion in the networth of SRIT. The management is of the view that the erosion in the networth of SRIT is temporary as SRIT has initiated steps to restructure its operations. The Company is confident that SRIT will achieve profitable operations in future and no provision for diminution in the value of investments is necessary.		
**The Company is in the process of exiting from the Investment made in Sobha Puravankara Aviation Private Limited. Accordingly Investment in Sobha Puravankara Aviation Private Limited is shown under current investment and has not been consolidated in terms of Accounting Standard -23 Accounting for Investments in Associates in Consolidated Financial Statements		
SCHEDULE 7 - INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)		
Raw materials	178.39	159.72
Building materials	23.75	12.96
Work-in-progress	10,152.14	10,809.81
Stock in trade - Flats	317.45	101.22
Finished goods	12.85	17.65
	10,684.58	11,101.36
SCHEDULE 8 - SUNDRY DEBTORS (UNSECURED, CONSIDERED GOOD)**		
Debts outstanding for a period exceeding six months	803.94	605.92
Other debts*	3,447.65	3,823.96
	4,251.59	4,429.88
*Includes unbilled revenue (net of advances) for ongoing projects of ₹ 3,332.21 million (Previous year - ₹ 2,362.53 million)		
**Include balance amount of ₹ 331 million pertaining to sale of land and development rights amounting to ₹ 3,247 million, recoverable on conveyance of title to the land. The management is in the process of completing these legal procedures.		

(₹ in Million)

	Balance as at March 31	
	2011	2010
SCHEDULE 9 - CASH AND BANK BALANCES		
Cash on hand	4.37	4.23
Balances with scheduled banks (including cheques on hand)		
On current accounts	165.47	455.46
On deposit accounts	118.62	365.96
	288.46	825.65
[Including ₹ 58.82 million (Previous year - ₹ 24.49 million) held by banks under margin money deposit and ₹ 56.48 million (Previous year - ₹ 59.28 million) held towards loan escrow account]		
SCHEDULE 10 - LOANS AND ADVANCES		
Unsecured, considered good		
Advances recoverable in cash or kind or for value to be received		
Land advance*	19,811.35	18,777.00
Others	553.98	385.56
Inter-corporate deposit	87.11	87.11
Deposits - others	1,024.46	796.31
Advance fringe benefits tax (net of provision)	1.75	1.38
MAT credit asset	-	4.10
Interest accrued but not due	0.02	0.01
Balances with customs, port trusts, sales tax and excise authorities	104.18	50.85
	21,582.85	20,102.32
* Advances/ deposit 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.		
SCHEDULE 11 - CURRENT LIABILITIES		
Sundry creditors for goods, services and expenses		
Due to micro and small enterprises (Refer note 18 of notes to accounts)	-	-
Others	1,042.78	869.08
Book overdraft from scheduled banks	87.71	148.78
Advance from customers	1,818.67	2,041.74
Interest accrued but not due on loans	52.37	65.13
Investor protection & education fund shall be credited for unclaimed dividends when due	0.71	1.01
Other liabilities	3,763.44	2,858.58
	6,765.68	5,984.32

(₹ in Million)

	Year ended March 31	
	2011	2010
Production expenses		
Direct wages and labour charges	207.38	188.86
Power and fuel	19.02	17.03
Other direct expenses	10.78	7.26
	237.18	213.15
Decrease/ (increase) in inventories		
Closing inventory		
- Building materials	23.75	12.96
- Work-in-progress	10,152.14	10,809.81
- Stock in trade - Flats	317.45	101.22
- Finished goods	12.85	17.65
Opening inventory		
- Building materials	12.96	13.70
- Work-in-progress	10,809.81	11,109.38
- Stock in trade - Flats	101.22	83.29
- Finished goods	17.65	16.41
	435.45	281.14
	8,632.21	6,536.65
SCHEDULE 16 - PERSONNEL EXPENSES		
Salaries and bonus	952.02	722.95
Contribution to provident and other defined contribution funds	29.48	28.04
Gratuity	15.58	(1.18)
Compensated absence	0.12	(4.54)
Staff welfare and other expenses	37.97	23.00
	1,035.17	768.27

(₹ in Million)

	Year ended March 31	
	2011	2010
SCHEDULE 17 - OPERATING AND OTHER EXPENSES		
Electricity charges	51.00	36.06
Insurance charges	20.41	17.49
Rates and taxes		
Sales tax	627.03	506.20
Others	7.44	3.66
Freight outwards	28.05	28.11
Donation	58.96	99.87
Registration expenses - flats	191.75	210.20
Rent	128.08	112.45
Legal and professional charges	144.29	144.58
Repairs and maintenance		
Plant and machinery	15.35	12.25
Others	18.16	13.55
Advertisement and sales promotion expenses	228.53	123.13
Bad debts written off	18.25	-
Travelling and conveyance	83.10	59.90
Miscellaneous expenses	290.12	163.01
	1,910.52	1,530.46
SCHEDULE 18 - FINANCIAL EXPENSES		
Interest*		
- On term loans and debentures	138.54	234.75
- On bank loans	207.31	187.44
- Others	18.97	37.92
Bank charges	78.69	60.73
	443.51	520.84

* Net of ₹ 1,367.00 million (Previous year - ₹ 1,718.94 million) inventorised/ capitalised for qualifying assets and reimbursements.

SCHEDULE 19: NOTES TO ACCOUNTS

1 Background

Sobha Developers Limited ('Company' or 'SDL') was incorporated on August 7, 1995. SDL together with its subsidiaries and associate (herein after collectively referred to as 'the Group') are leading real estate developers 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 its turnkey projects.

The Company had entered into partnership with Tree Hill Estates Private Limited effective May 16, 2007, to set up M/s Sobha City, for development of certain real estate projects.

2 Statement of significant accounting policies

a) Basis of preparation

The accompanying consolidated financial statements include the accounts of SDL, its subsidiaries and associate. All the subsidiaries and associate have been incorporated in India. The details of subsidiaries and associate are as follows:

The consolidated financial statements have been prepared under the historical cost convention on an accrual basis. The consolidated financial statements have been prepared to comply in all material respects with Accounting Standard (AS) 21 - 'Consolidated Financial Statements', AS 23 - 'Accounting for Investments in Associates in Consolidated Financial Statements' and other applicable accounting standards as applicable, notified by the Companies Accounting Standards Rules, 2006 (as amended) to reflect the financial position and the results of operations of the Group.

The financial statements of the subsidiary are drawn upto the same reporting date as that of the Company i.e March 31, 2011. The consolidated financial statements of the Group have been prepared based on line-by-line consolidation of the balance sheet, statement of profit and loss and cash flows of the Company and its subsidiaries. Inter-company balances and intra-company transactions and resulting unrealised profits have been eliminated on consolidation.

In case of an associate, they are accounted for using equity method. The Group accounts for its share in the change in the net assets of the associate, post acquisition, after eliminating unrealised profits and losses resulting from transactions between the Company and its associate to the extent of its share.

Name of subsidiary	Percentage of holding
Sobha City [*Partnership firm*]	70% [Profit sharing ratio]
Subsidiaries of Sobha City	
Vayaloor Properties Private Limited	99.99%
Vayaloor Builders Private Limited	99.99%
Vayaloor Developers Private Limited	99.99%
Vayaloor Real Estate Private Limited	99.99%
Vayaloor Realtors Private Limited	99.99%
Valasai Vettikadu Realtors Private Limited	99.99%
Name of associate	
Sobha Developers (Pune) Private Limited	19%

The accounting policies have been consistently applied by the Group and are consistent with those used in previous year.

b) Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Significant estimates used by the management in the preparation of these consolidated financial statements include computation of percentage completion for projects in progress, project cost, revenue and saleable area estimates, estimates of the economic useful lives of fixed assets, provisions for bad and doubtful debts. Any revision to accounting estimates is recognised prospectively.

c) Fixed assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Borrowing costs relating to acquisition of fixed assets 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.

d) Depreciation/ amortisation

Depreciation on assets is provided using written down value method at the rates prescribed under schedule XIV of the Companies Act, 1956 ('the Act'), which is also estimated by the management to be the estimated useful lives of the assets.

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.

Assets individually costing less than or equal to ₹5,000 are fully depreciated in the period of purchase.

Leasehold land where title does not pass to the Company and leasehold improvements are amortised over the remaining primary period of lease or their estimated useful life, whichever is shorter, on a straight-line basis.

Intangible assets – Expenditure incurred on software is amortised using straight line method over a period of 3 years, which is estimated to be the useful life of the asset.

e) Impairment

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/ external factors. If any such indication exists, the Group estimates the recoverable amount of the asset. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

f) Leases

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 recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, 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 charged directly against income.

g) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

h) Inventories

Related to contractual and real estate activity

Direct expenditure relating to construction activity is inventorised. Indirect expenditure (including borrowing costs) during construction period is inventorised to the extent the expenditure is related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is neither related to the construction activity nor is incidental thereto is charged to the profit and loss account. 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.

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.

i) 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. Income from operations (gross) is gross of sales tax/ value added tax and net of adjustment on account of cancellation/ returns.

i. Recognition of revenue from contractual projects

Revenue from fixed price contractual projects 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.

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.

a. Recognition of revenue from property development

Recognition of revenue from construction activity

Revenue from real estate under development/ sale of developed property 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, except for contracts where the Group still has obligations to perform substantial acts even after the transfer of all significant risks and rewards. In such cases, the revenue is recognised on percentage of completion method, when the stage of completion of each project reaches a reasonable level of progress. Revenue is recognised in proportion that the contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs. Land costs are not included for the purpose of computing the percentage of completion.

Recognition of revenue from sale of undivided share of Land [group housing]

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 and/ or minimum level of collection of dues from the customer.

Recognition of revenue from sale of villa plots

Revenue from sale of villa plots 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 real estate projects include charges collected from clients are accounted based upon the contracts/ agreements entered into by the Group with its customers.

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.

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. Excise duty deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arising during the year. 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 unitholders' right to receive payment is established by the balance sheet date.

v. Interest income

Income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

j) 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

closing rate. Exchange differences arising on the settlement of monetary items or on reporting monetary items of the Group at rates different from those at which they were initially recorded during the year, or reported in previous consolidated financial statements, are recognised as income or as expenses in the year in which they arise.

k) Taxes

Tax expense comprises of current and deferred tax.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each balance sheet date the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised.

Minimum Alternative tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. In the year in which the MAT credit

becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Group will pay normal Income Tax during the specified period.

l) Retirement and other employee benefits

Retirement benefits in the form of provident fund is a defined contribution scheme and the contributions are charged to the profit and loss account of the year when the contributions to the provident fund are due. There are no other obligations other than the contribution payable to the government administered provident fund.

The Group makes contributions to Sobha Developers Employees Gratuity Trust ('the trust') to discharge the gratuity liability to employees. Payments to the trust are charged to the profit and loss account in the year of payment. Provision towards gratuity, defined benefit plan, is made for the difference between actuarial valuation by an independent actuary and the fund balance, as at the year-end. The actuarial valuation is performed using the projected unit credit method.

Provision in respect of compensated absence is made based on the extent of leave credit available to the employees as at the year end. Short-term compensated absences are provided for on based on estimates. Long-term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

Actuarial gains/ losses are immediately taken to profit and loss account and are not deferred.

Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the year for which the services are rendered by the employee.

m) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

n) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

o) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

p) Borrowing costs

Borrowing costs relating 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 revenue.

q) 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 work-in-progress.

Deposits paid by the Group to the seller towards right for development of land in exchange of constructed area are recognised as land advance under loans and advances, unless they are non-refundable, wherein they are transferred to work-in-progress on the launch of project.

The Group has entered into agreements with land owners/ possessor to develop properties on such land in lieu which, the Group has agreed to transfer certain percentage of constructed area. The development and transfer of constructed area in exchange of such development rights/ land is being accounted on a net basis.

3. Details of secured loans and securities offered

(₹ in Million)

Details of securities offered	Year ended March 31	
	2011	2010
Debentures		
Secured by equitable mortgage of certain lands of the Group	750.00	1,000.00
Term loans		
Secured by equitable mortgage of land and building, receivables, lease hold rights in respect of the factory land and building and hypothecation of plant and machinery and inventory of specific real estate/ contractual projects.	8,386.16	10,768.60
Other loans		
From banks		
<i>Cash credit and other facilities</i>		
Secured by hypothecation of receivables of specific real estate and contractual projects, equitable mortgage of land and building of specific real estate projects, fixed deposit, leasehold land and hypothecation of stock of building materials.	3,167.69	2,614.96
From others		
<i>Vehicle/ equipment loan</i>		
Secured by specific assets / vehicles.	28.32	82.29
	12,332.17	14,465.85

Note: All the above loans except to the extent of ₹ 1,352.91 million (Previous year - ₹ 3,025.13 million) have been personally guaranteed by certain directors of the Company.

4. Details of collateral securities offered by related companies in respect of loans availed by the Group

(₹ in Million)

Name of Company	Nature of loan	Nature of security	Year ended March 31	
			2011	2010
Sobha Inncity Technopolis Private Limited	Cash credit	Equitable mortgage of land and building	499.37	483.70
Sobha Interiors Private Limited	Term loans	Equitable mortgage of lease hold rights in respect of the factory land and building	-	80.00
Bikasa Realtors Private Limited	Term loans	Equitable mortgage of land	-	100.00
Perambakkam Builders Private Limited	Term loans	Equitable mortgage of land	-	100.00

(₹ in Million)

Name of Company	Nature of loan	Nature of security	Year ended March 31	
			2010	2009
SBG Housing Private Limited	Term loans	Equitable mortgage of land	-	500.00
Sengadu Builders Private Limited	Term loans	Equitable mortgage of land	-	100.00
Sengadu Developers Private Limited	Term loans	Equitable mortgage of land	-	100.00
Sengadu Properties Private Limited	Term loans	Equitable mortgage of land	-	100.00
Sobha Glazing & Metal Works Private Limited	Term loans	Equitable mortgage of leasehold rights in respect of factory, land & building	410.00	1,000.00
Megatech Software Private Limited	Term loans	Equitable mortgage of land	505.00	275.00
Tirur Cyber City Developers Private Limited	Term loans	Equitable mortgage of land	505.00	275.00
Thakazhi Developers Private Limited	Term loans	Equitable mortgage of land	505.00	275.00
Kuthavakkam Developers Private Limited	Term loans	Equitable mortgage of land	-	250.00
Kuthavakkam Properties Private Limited	Term loans	Equitable mortgage of land	-	250.00
Allapuzha Fine Real Estate Private Limited	Cash credit	Equitable mortgage of land	949.00	976.00
Rusoh Modern Properties Private Limited	Cash credit	Equitable mortgage of land	949.00	976.00
Mapedu Realtors Private Limited	Cash credit	Equitable mortgage of land	949.00	976.00
Chimangaloor Properties Private Limited	Cash credit	Equitable mortgage of land	949.00	976.00
Rusoh Marina Properties Private Limited	Cash credit	Equitable mortgage of land	949.00	-
Mepedu Real Estates Private Limited	Cash credit	Equitable mortgage of land	949.00	-
Chikmangaloor Realtors Private Limited	Cash credit	Equitable mortgage of land	949.00	-
Rusoh Fine Builders Private Limited	Cash credit	Equitable mortgage of land	949.00	-
Mannur Real Estate Private Limited	Cash credit	Equitable mortgage of land	949.00	-
Kilai Builders Private Limited	Cash credit	Equitable mortgage of land	949.00	-
Kilai Properties Private Limited	Cash credit	Equitable mortgage of land	949.00	-
Thirur Cyber Real Estates Private Limited	Cash credit	Equitable mortgage of land	949.00	-
Thakazhi Realtors Private Limited	Cash credit	Equitable mortgage of land	949.00	-
Kilai Super Developers Private Limited	Cash credit	Equitable mortgage of land	949.00	-
Thakazhi Developers Private Limited	Cash credit	Equitable mortgage of land	949.00	-
Sri Kanakadurga Property Developers Private Limited	Term loans	Equitable mortgage of land	1,437.79	-
Sri Durga Devi Property Management Private Limited	Term loans	Equitable mortgage of land	130.00	-

5. Redeemable non-convertible debentures amounting to ₹ 750 million (Previous year - ₹ 1,000 million) are to be redeemed in cash on the following dates

(₹ in Million)

Particulars	Interest rate	Redemption date	Redemption amount March 31, 2011
LIC 25 certificates of ₹10 million each	Rate 12.00%	11-Jun-11	250.00
LIC 25 certificates of ₹10 million each	Rate 12.00%	11-Sep-11	250.00
LIC 25 certificates of ₹10 million each	Rate 12.00%	11-Dec-11	250.00

(₹ in Million)

Particulars	Interest rate	Redemption date	Redemption amount March 31, 2010
LIC Mutual Fund 5 certificates of ₹10 million each	Rate 12.25%	26-Jul-10	50.00
LIC Mutual Fund 5 certificates of ₹10 million each	Rate 12.25%	26-Aug-10	50.00
LIC Mutual Fund 15 certificates of ₹10 million each	Rate 12.25%	26-Sep-10	150.00
LIC 25 certificates of ₹10 million each	Rate 12.00%	11-Jun-10	250.00
LIC 25 certificates of ₹10 million each	Rate 12.00%	11-Sep-10	250.00
LIC 25 certificates of ₹10 million each	Rate 12.00%	11-Dec-10	250.00

6. RELATED PARTY DISCLOSURE

a. List of related parties

Key management personnel

Mr. P. N. C. Menon
Mr. Ravi Menon
Mr. J. C. Sharma
Mr. Ramakrishnan P [from January 29, 2010]
Mr. S. Baaskaran
Mr. N. Venkatramani [up to July 29, 2009]
Mr. Kishore Kayarat [from July 29, 2009]

Relatives of key management personnel

Mrs. Sobha Menon
Mr. P. N. Haridas

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

Al Barakah Financial Services Limited	Punkunnam Builders and Developers Private Limited
Allapuzha Fine Real Estate Private Limited	Puzhakkal Developers Private Limited
Architectural Metal Works FZCO	Red Lotus Realtors Private Limited
Bikasa Properties Private Limited	Royal Interiors Private Limited
Bikasa Realtors Private Limited	Rusoh Fine Builders Private Limited
Chauma Properties and Construction Private Limited	Rusoh Marina Properties Private Limited
Chikmangaloor Realtors Private Limited	Rusoh Modern Properties Private Limited
Chimangaloor Properties Private Limited	SBG Housing Private Limited
Cochin Cyber City Private Limited	Sengadu Builders Private Limited
Cochin Cyber Golden Properties Private Limited	Sengadu Developers Private Limited
Cochin Cyber Value Added Properties Private Limited	Sengadu Properties Private Limited
Cochin Super City Developers Private Limited	Services and Trading Co. LLC
Daram Cyber Developers Private Limited	Sobha Aviation and Engineering Services Private Limited
Daram Cyber Properties Private Limited	Sobha Contracting LLC (Dubai)
Daram Land Real Estate Private Limited	Sobha Developers (Pune) Private Limited
Greater Cochin Cyber City Private Limited	Sobha Electro Mechanical Private Limited
Greater Cochin Developers Private Limited	Sobha Glazing & Metal Works Private Limited
Greater Cochin Properties Private Limited	Sobha Inncity Technopolis Private Limited
Greater Cochin Realtors Private Limited	Sobha Interiors Private Limited
HBR Consultants Private Limited	Sobha Jewellery Private Limited
Hill and Menon Securities Private Limited	Sobha Palm Estates Limited
Kilai Builders Private Limited	Sobha Projects & Trade Private Limited
Kilai Properties Private Limited	Sobha Puravankara Aviation Private Limited
Kilai Super Developers Private Limited	Sobha Renaissance Information Technology Private Limited
Kuthavakkam Developers Private Limited	Sobha Space Private Limited
Kuthavakkam Properties Private Limited	Sobha Technocity Private Limited
Mannur Real Estate Private Limited	Sri Durga Devi Property Management Private Limited
Mapedu Realtors Private Limited	Sri Kanakadurga Property Developers Private Limited
Megatech Software Private Limited	Sri Kurumba Trust
Mepedu Real Estates Private Limited	Sunbeam Projects Private Limited
Moolamcode Traders Private Limited	Technobuild Developers Private Limited
Oman Builders Private Limited.	Thakazhi Developers Private Limited
Padmalochana Enterprises Private Limited	Thakazhi Realtors Private Limited
Pallavur Projects Private Limited	Tirur Cyber City Developers Private Limited
Perambakkam Builders Private Limited	Tirur Cyber Real Estates Private Limited
PNC Technologies Private Limited	

b. Transactions with related parties

(₹ in Million)

Description of the nature of transaction	Description of relationship	Related party	March 31, 2011	March 31, 2010
Income from contractual activity	Other related parties	Sri Kurumba Trust	7.70	4.51
		Sobha Developers (Pune) Private Limited	236.23	-
Income from sale of land	Key management personnel	Mr. Ravi Menon	59.14	-
Income from property development	Key management personnel	Mr. J. C. Sharma	1.19	2.81
		Mr. P. Ramakrishnan	6.16	2.54
Interest recharge	Other related parties	Technobuild Developers Private Limited	140.66	901.38
		SBG Housing Private Limited	9.00	-
Interest received	Other related parties	Sobha Renaissance Information Technology Private Limited	-	4.45
Purchase of goods, contractual services and reimbursement of expenses	Other related parties	Sobha Projects & Trade Private Limited	86.46	33.33
Investment in Equity share capital	Other related parties	Sobha Puravankara Aviation Private Limited	9.95	-
Directors' remuneration	Key management personnel	Mr. P.N.C. Menon	33.07	21.76
		Mr. Ravi Menon	31.26	19.92
		Mr. J.C. Sharma	44.25	34.01
		Mr. P. Ramakrishnan	9.26	0.48
Dividend paid	Key management personnel	Mr. P.N.C. Menon	-	16.49
		Mr. P. N. C. Menon and Mrs. Sobha Menon (jointly held shares)	-	5.49
		Mr. J. C. Sharma	-	0.07
	Relatives of key management personnel	Mrs. Sobha Menon	-	41.35

(₹ in Million)

Description of the nature of transaction	Description of relationship	Related party	March 31, 2011	March 31, 2010
Salary (including perquisites)	Key management personnel	Mr. S. Baaskaran	4.77	2.93
		Mr. N.Venkatramani	-	0.88
		Mr. Kishore Kayarat	1.26	0.65
	Relatives of key management personnel	Mr. P.N. Haridas	0.69	0.63
Interest paid	Relatives of key management personnel	Mrs. Sobha Menon	0.54	0.54
Donation paid	Other related parties	Sri Kurumba Trust	53.80	90.40
Purchase of land	Other related parties	Technobuild Developers Private Limited	23.70	260.00
		Sobha Space Private Limited	87.30	-
Guarantees given	Other related parties	Sobha Developers (Pune) Private Limited	310.00	-
Advance paid	Other related parties	Sobha Space Private Limited	-	41.98
		Sobha Developers (Pune) Private Limited	4.05	14.87
Rent paid	Other related parties	Sobha Interiors Private Limited	12.14	12.14
		Sobha Glazing & Metal Works Private Limited	4.29	4.76
	Relatives of key management personnel	Mrs. Sobha Menon	0.67	0.67
Inter-corporate deposit	Other related parties	Sobha Renaissance Information Technology Private Limited	87.11	87.11
Land advance	Other related parties	Technobuild Developers Private Limited	7,983.62	7,789.68
		SBG Housing Private Limited	230.01	165.41
Rent deposit	Other related parties	Sobha Glazing & Metal Works Private Limited	103.56	105.96
		Sobha Interiors Private Limited	258.91	269.84

(₹ in Million)

Description of the nature of transaction	Description of relationship	Related party	March 31, 2011	March 31, 2010
Balance receivable	Other related parties	Sobha Projects & Trade Private Limited	96.58	-
		Architectural Metal Works FZCO	0.29	0.29
		Hill and Menon Securities Private Limited	0.01	-
		Chauma Properties and Construction Private Limited	-	0.02
		Puzhakkal Developers Private Limited	2.90	2.97
		Punkunnam Builders and Developers Private Limited	0.03	-
		Sobha Contracting LLC (Dubai)	4.94	4.76
		Sobha Interiors Private Limited	0.44	-
		Sri Kurumba Trust	12.25	4.54
		Sobha Space Private Limited	-	33.97
		Sobha Developers (Pune) Private Limited	-	95.12
Balance payable	Other related parties	Mr. Ravi Menon	14.50	-
		Royal Interiors Private Limited	9.79	10.12
		Sobha Interiors Private Limited	-	1.34
		Oman Builders Private Limited	15.30	11.46
		Services and Trading Co. LLC	0.03	-
		Sobha Glazing & Metal Works Private Limited	10.19	10.93
		Sobha Developers (Pune) Private Limited	57.80	-
		Sobha Projects & Trade Private Limited	-	8.47
		Sobha Puravankara Aviation Private Limited	8.95	-
		Sobha Inncercity Technopolis Private Limited	1.34	0.32
		Sobha Technocity Private Limited	0.77	1.02
Sobha Space Private Limited	56.37	-		
Key management personnel	Key management personnel	Mr. J. C. Sharma	43.06	21.17
		Mr. Ramakrishnan P	4.78	5.26
Relatives of key management personnel	Relatives of key management personnel	Mrs. Sobha Menon	7.24	7.96

Also, refer note 3 (Schedule 19) as regards loans personally guaranteed by certain directors of the Company and refer note 4 (Schedule 19) as regards collateral securities offered by related companies in respect of loans availed by the Company.

7. Earnings per share ['EPS']

(₹ in Million)

Particulars	March 31, 2011	March 31, 2010
Profit after tax and minority interest attributable to shareholders	1,812.92	1,340.97
Weighted average number of equity shares of ₹10 each outstanding during the year used in calculating basic and diluted EPS	98,063,868	91,652,694

8. Leases

a. Assets taken on lease

Operating lease obligations: The Group has taken office, other facilities and other equipments under cancelable and non-cancelable operating leases, which are renewable on a periodic basis with escalation as per agreement.

(₹ in Million)

Particulars	March 31, 2011	March 31, 2010
Lease payments recognised as an expense in profit and loss account	128.08	112.45

Minimum lease payments outstanding in respect of these lease for non-cancelable period are as follows:

(₹ in Million)

Particulars	March 31, 2011	March 31, 2010
Not later than one year	29.62	33.57
Later than one year and not later than five years	87.50	81.00
Later than five years	267.74	286.35
	384.86	400.92

9. Capital commitments

(₹ in Million)

Particulars	March 31, 2011	March 31, 2010
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	227.16	25.27

10. Donation to political parties

(₹ in Million)

Particulars	March 31, 2011	March 31, 2010
Congress (I)	0.51	0.01
Bhartiya Janata Party	-	5.25
Communist Party of India (M)	-	0.27
Others (Comprising of Communist Party of India, Janatha Dal United, United Democratic Front, Left Democratic Front, Bahujan Samaj Party)	0.02	0.22
	0.53	5.75

11. Contingent liabilities not provided for

(₹ in Million)

Particulars	March 31, 2011	March 31, 2010
i. Guarantees and counter guarantees given by the Group	1,193.39	677.09
ii. Claims against the Company, not acknowledged as debts *	846.72	-
iii. Income tax matters in dispute	209.63	226.94
iv. Sales tax matters in dispute	125.06	60.51
v. Service tax matters in dispute	1,078.06	939.59
	3,452.86	1,904.13

* During the year, a customer has initiated arbitration proceedings against the Company for ₹ 846.72 million for breach of contractual obligation for which the Company has filed a statement of objection and counter claim for non payment. Based on legal advice obtained by the management the Company is confident of recovering full dues. Pending settlement, the claims made against the Company have been disclosed as contingent liability.

Note:

The Group is also involved in certain litigation for lands acquired by it for construction purposes, either through joint development agreements or through outright purchases. 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.

12. Employee benefits

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service, subject to a maximum of 1,000,000. The following tables summarise the components of net benefit expense recognised in the consolidated profit and loss account and the funded status and amounts recognised in the balance sheet for gratuity benefit.

Consolidated profit and loss account

Net employee benefit expense (recognised in personnel cost)

(₹ in Million)

Particulars	March 31, 2011	March 31, 2010
Current service cost	11.80	13.47
Interest cost on benefit obligation	2.87	3.40
Expected return on plan assets	(1.86)	(1.65)
Net actuarial loss/ (gain) recognised	2.77	(16.40)
Net benefit expense	15.58	(1.18)

Consolidated balance sheet

(₹ in Million)

Particulars	March 31, 2011	March 31, 2010
Defined benefit obligation	52.67	38.21
Fair value of plan assets	21.95	23.07
Plan (asset)/liability	30.72	15.14
Changes in the present value of the defined benefit obligation		
Opening defined benefit obligation	38.21	37.70
Interest cost	2.87	3.40
Current service cost	11.80	13.47
Benefits paid	(2.72)	(1.61)
Actuarial (gains)/losses on obligation	2.51	(14.75)
Closing defined benefit obligation	52.67	38.21
Changes in the fair value of plan assets		
Opening fair value of plan assets	23.07	21.38
Expected return	1.86	1.65
Contributions by employer	-	-
Benefits paid	(2.72)	(1.61)
Actuarial gains / (losses)	(0.26)	1.65
Closing fair value of plan assets	21.95	23.07
Actual return on plan assets		
Expected return on plan assets	1.86	1.65
Actuarial gain/ (loss) on plan assets	(0.26)	1.65
Actual return on plan assets	1.60	3.30
Investment details of plan assets		
Investment with insurer - 100% in debt instruments		
The principal assumptions used in determining gratuity obligation		
Discount rate	7.50%	7.50%
Expected rate of return on assets	8.00%	8.00%
The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.		
Increase in compensation cost	5.00%	5.00%

(₹ in Million)

Experience adjustment	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Defined benefit obligation	52.67	38.21	37.70	25.08	18.77
Plan asset	21.95	23.07	21.38	23.04	14.18
Surplus/ (deficit)	30.72	15.14	16.32	2.04	4.59
Experience adjustments on plan liabilities	3.86	9.97	(2.13)	(6.98)	(0.55)
Experience adjustments on plan assets	(0.45)	1.65	(0.70)	0.36	1.54

Notes:

- i. The Company expects to contribute ₹ 5 million (Previous year - ₹ 7 million) to the trust towards gratuity fund in 2011-12.
- ii. A limited revision to AS 15 (revised) allows an entity to make disclosures required by paragraph 120(n) of AS 15 (revised) prospectively from the transition date.
- iii. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other several factor such as supply and demand factor in the employment market. Employee turnover varies based on various age groups.

13. Segment reporting

As the Group operates on a backward integration model and its business activity primarily falls within a single business segment which constitutes real estate development, there are no additional disclosures to be provided under Accounting Standard 17 'Segment Reporting'. The Group operates primarily in India and there is no other significant geographical segment.

14. Amounts due from directors and companies under the same management as defined in sub-section (1-B) of Section 370 of the Companies Act, 1956, are as under:

Particulars	March 31, 2011		March 31, 2010	
	Closing balance	Maximum amount due	Closing balance	Maximum amount due
- Included under loans and advances				
Sobha Projects & Trade Private Limited	96.58	142.68	-	22.44
Sobha Renaissance Information Technology Private Limited	87.11	87.11	87.11	88.44
Hill and Menon Securities Private Limited	0.01	0.01	-	-
Sobha Space Private Limited	-	33.97	33.97	33.97
Services and Trading Co. LLC	-	0.96	-	0.05
Sobha Contracting LLC	4.94	4.94	4.76	4.76
- Included under debtors				
Mr. Ravi Menon	14.50	59.14	-	-

15. Deferred tax asset

The break up of net deferred tax asset as at March 31, 2011 is as follows:

(₹ in Million)

Particulars	March 31, 2011	March 31, 2010
Difference between book depreciation and depreciation under the Income-tax Act, 1961	46.41	34.35
Expenditure under Section 43B of the Income-tax Act, 1961	27.38	17.17
Net deferred tax asset	73.79	51.52

16. Construction contracts

(₹ in Million)

Particulars	March 31, 2011	March 31, 2010
Contract revenue recognised as revenue for the year ended March 31, 2011	9,640.62	7,268.83
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to March 31, 2011 for all the contracts in progress.	13,772.73	12,363.07
The amount of customer advances outstanding for contracts in progress as at March 31, 2011	2,106.29	1,257.93
The amount of retentions due from customers for contracts in progress as at March 31, 2011	128.18	232.04

17. Derivative instruments and unhedged foreign currency exposure

(₹ in Million)

Particulars	March 31, 2011	March 31, 2010
Foreign currency exposure (net) that are not hedged by derivative instruments or otherwise	5.20	8.28

18. Based on the information available with the Group, there are no suppliers who are registered as micro, small or medium enterprises under “The Micro, Small and Medium Enterprises Development Act, 2006” as at March 31, 2011.

19. Details of investments purchased and sold during the year

(₹ in Million)

Particulars	No. of units (in million)	Face value	Purchase value March 31, 2010	Sale value March 31, 2010
Birla Sun Life Savings Fund	64.93	10	650.00	650.00

20. Excise duty on sales amounting to ₹ 32.36 million (Previous year - ₹ 33.91 million) has been reduced from Income from operations in profit and loss account and excise duty on decrease in inventory of finished goods amounting to ₹ 0.53 million (Previous Year - increase in inventory of finished goods amounting to ₹ 0.15 million) has been accounted in the profit and loss account under the head ‘Cost of sales’.

21. Minority interest represents that part of net results of operations and of the net assets of Sobha City which are directly attributable to interest which are not owned, directly or indirectly by the Company.

(₹ in Million)

Particulars	March 31, 2011	March 31, 2010
Opening	291.12	248.97
Profit after tax	32.90	42.15
	324.02	291.12

22. The Company has entered into certain transactions for purchase of material and services in the prior years from private limited companies/ firms, covered under section 297 of the Act, which require prior approval of the Central Government under proviso to Section 297(1) of the Act. In this regard, the Company has filed an application for composition of the offence and obtaining approval from the Company Law Board under Section 621A of the Act. The Company is confident of obtaining the approvals, and pending obtaining such approvals, no adjustments have been made to the consolidated financial statements.

23. The figures of previous year have been regrouped/reclassified, where necessary, to conform with the current year's classification.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
 Firm registration number: 101049W
 Chartered Accountants

per Adarsh Ranka
 Partner
 Membership No: 209567

Place: Bengaluru, India
 Date: May 10, 2011

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

P.N.C. Menon Chairman	Ravi Menon Vice Chairman	J.C. Sharma Managing Director
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S. Baaskaran Chief Financial Officer	Kishore Kayarat Company Secretary and Compliance Officer
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Place: Bengaluru, India
 Date: May 10, 2011

Annual General Meeting

Notice
Route Map
Attendance Slip
Proxy Form

SOBHA DEVELOPERS LIMITED
Registered Office: E-106 Sunrise Chambers, 22 Ulsoor Road
BANGALORE – 560 042

NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Members of the Company will be held on Thursday, the 30th day of June 2011 at Sobha Academy, Sobha Suburbia, 107 / 108, Behind Jakkur Flying Club, Jakkur Village, Bangalore 560 064 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011, the Profit and Loss Account for the financial period ended as on that date, the Directors Report and the Auditors Report thereon.
2. To declare Dividend on equity shares.
3. To appoint a Director in place of Dr. S K Gupta, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. R V S Rao, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint Statutory Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification (s), the following resolution as an *Ordinary Resolution*

“RESOLVED THAT M/s S.R. Batliboi & Associates, Chartered Accountants (Registration Number 101049W), be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting, at a remuneration to be fixed by the Board of Directors in consultation with the Statutory Auditors.”

SPECIAL BUSINESS

6. REMUNERATION TO NON-EXECUTIVE DIRECTORS:

To consider and if thought fit, to pass the following resolution with or without modification (s), as a *Special Resolution*

“RESOLVED THAT pursuant to Section 309 and other applicable provisions if any of the Companies Act, 1956 or any amendment or re-enactment thereof, if any and subject to such permissions, sanctions of appropriate authorities as may be required, consent of the Company be and is hereby accorded to the payment of annual commission to one or more of the Non-Executive Directors of the Company other than the Managing/Wholetime Director(s) for a period of five years from the financial year commencing from April 01, 2011, of a sum not exceeding 1 % of the net profits of the Company, for each of the said financial years, calculated in accordance with the provisions of Section 198 of the Companies Act, in addition to the fee payable to them for attending

the meetings of the Board of Directors of the Company or any Committee(s) thereof or reimbursement of expenses, if any, to be paid and distributed amongst the Non-executive Directors as aforesaid in such amounts or proportions and in such manner as the Board of Directors may, from time to time, determine and in default of such determination equally.

RESOLVED FURTHER THAT for the purpose of giving effect to the foregoing resolution, the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper, desirable and to settle any question, difficulty or doubt that may arise in this regard without being required to seek any further consent or approval of the Members of the Company 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
For Sobha Developers Limited



Kishore Kayarat
Company Secretary &
Compliance Officer

Place: Bangalore
Date: May 10, 2011

NOTES:

- 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.**
2. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed herewith.
3. The additional information on directors is provided separately for those liable to retire by rotation and seeking reelection.
4. The Register of Members and the Share Transfer Books of the Company will remain closed on June 25, 2011 for the purpose of payment of Dividend.
5. Members / Proxy Holders are requested to bring the Attendance Slip duly completed and signed along with their copy of Annual Report to the meeting.
6. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
7. Pursuant to the amended clause of the listing agreements, additional information on Directors seeking appointment / re-appointment at the Annual General Meeting is appended to this Notice.
8. Members who have not yet encashed their dividend warrants for the earlier years are requested to write to the Secretarial Department at the Corporate Office of the Company situated at # 4, Neeladri Plaza, Raja Ram Mohan Roy Road, Richmond Circle, Bangalore – 560 025 or send an email to: investors@sobha.com to claim the dividend.
9. The members are requested to lodge / notify all the Investor Queries / Complaints / Grievances, transfer deeds, communication for change of address, bank details, ECS details, wherever applicable, mandates (if any), for shares held in the Physical Mode with M/s Link Intime India Private Limited (formerly Intime Spectrum Registry Limited), the Registrars and Share Transfer Agents of the Company, having their office at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078.

The Shareholders holding shares in electronic form are requested to lodge the above details with their Depository Participants and not with the Company or with the Registrars 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.
10. All the Investor's Queries / Complaints / Grievances may be addressed to investors@sobha.com
11. The Route Map of the venue forms part of this Notice and is published elsewhere in the Annual Report of the Company. Necessary transport facilities have been arranged from the Corporate Office of the Company located at Neeladri Plaza, # 4, Raja Ram Mohan Roy Road, Richmond Circle, Bangalore 560 025. Members desirous of availing the transport facility may send an email to investors@sobha.com before 48 hours of the date of Annual General Meeting and be present at the Corporate Office before 08.15 a.m. of June 30, 2011.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956 IN RESPECT TO THE SPECIAL BUSINESS:

Item No. 6:

The Independent Directors of your Company bring with them significant professional expertise and rich experience across a wide spectrum of functional areas such as construction technology, finance, legal and corporate strategy. The Board is of the view that it is necessary that adequate compensation should be given to the Independent Directors so as to compensate them for their time and efforts and also to retain and attract the pool of talent for the growth and prosperity of the Company.

As per Section 309 subject to Section 198 of the Companies Act, 1956, a director who is neither in the whole-time employment of the company nor a managing director may be paid remuneration by way of commission if the company by special resolution authorises such payment. Provided that the remuneration paid to such director, or where there is more than one such director, to all of them together, shall not exceed one percent of the net profits of the company, if the company has a managing or whole-time director or manager. The special resolution shall remain in force for a period of five years, but may be renewed from time to time, by special resolution for further periods of not more than five years at a time.

Members of the Company at the Annual General Meeting held on September 13, 2006, had approved the payment of remuneration by way of commission to Non-Executive Directors, at a rate not exceeding 1% per annum of the net profits of the Company for a period of five years commencing from April 01, 2006. The said resolution was in force until March 31, 2011.

It is proposed to pay commission on profits to the Non Executive Directors for a period of five years commencing from April 1, 2011, as the Board of Directors may from time to time determine (to be divided amongst them in such proportion as may be determined by the Board of Directors from time to time and in default of such determination equally), but so that such commission shall not exceed 1% of the net profits of the Company in any financial year (computed in the manner provided in Sections 349 & 350 of the Companies Act, 1956).

The four independent directors of the Company namely Dr. S K Gupta, Mr. R V S Rao, Mr M. Damodaran and Mr. Anup Shah being Non-Executive Directors, are interested in the Special Resolution to the extent of payment that they receive by way of commission on profits. None of the other Directors of the Company are interested or concerned in the passing of this Special Resolution.

The Board recommends the Special Resolution set-out in Item 06 of the Notice for approval by the members.

By Order of the Board
For Sobha Developers Limited



Kishore Kayarat
Company Secretary &
Compliance Officer

Place: Bangalore
Date: May 10, 2011

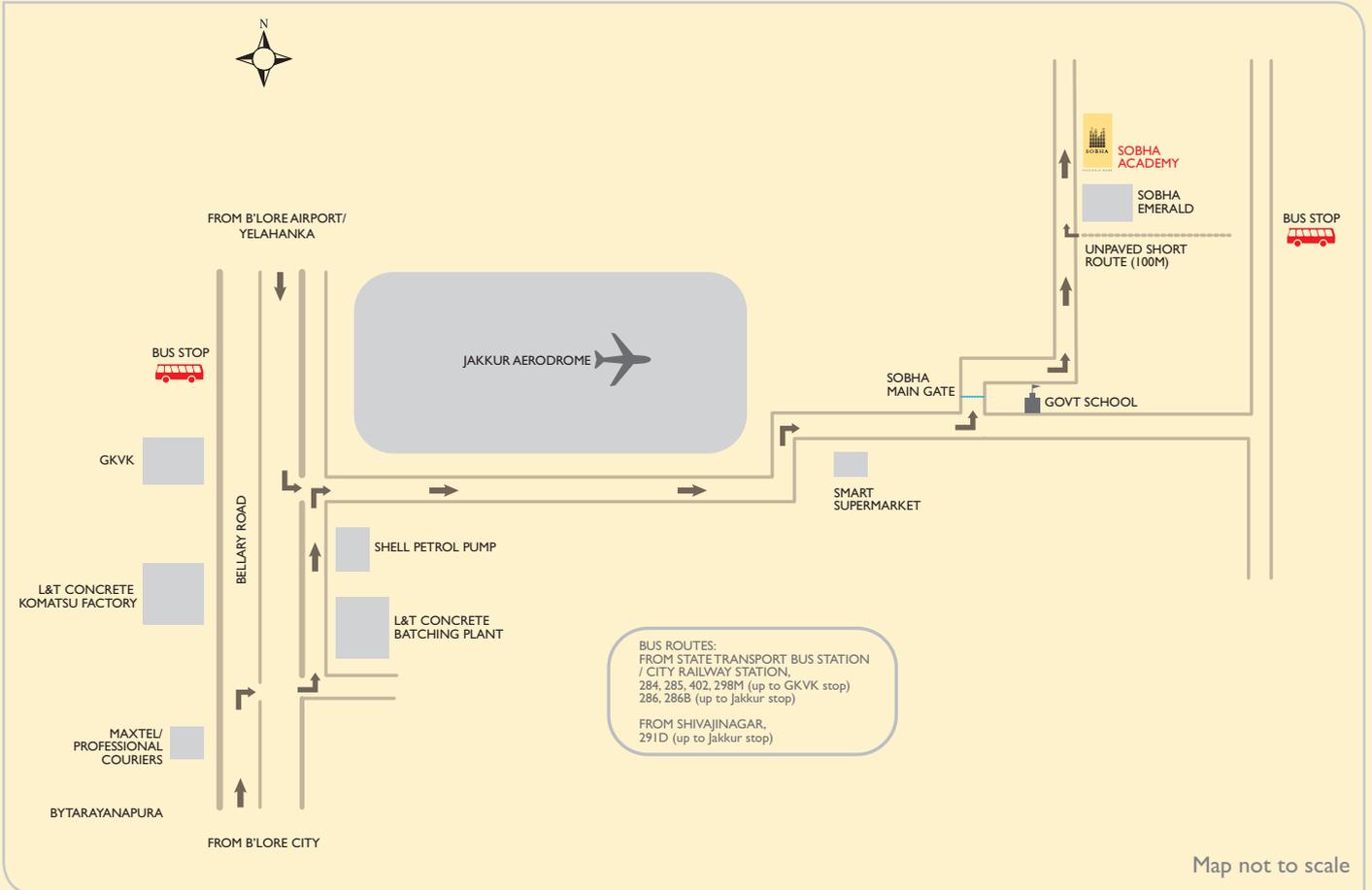
Notice

Route Map
Attendance Slip
Proxy Form

ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT OR SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING:

Name of Director	Dr S K Gupta	Mr. R V S Rao
Age	72 Years	67 Years
Date of appointment	June 28, 2006	June 28, 2006
Qualifications	Metallurgical Engineer, Ph.D. (Tech.), D.Sc. (Tech.) from Moscow.	B.Com, LLB, Fellow Member of Indian Institute of Banking and Finance.
Expertise in specific functional areas	He has over 50 years of experience in the field of metallurgy, engineering and management in the steel domain. He has experience in the fields of research and development, engineering and management of steel plants and large engineering companies in the public and private sector and has formerly occupied the prominent positions of President/ Managing Director/ Executive Vice Chairman of Jindal Vijayanagar Steel Limited; Managing Director of Rourkela Steel Plant, Steel Authority of India Limited; Chairman and Managing Director, Metallurgical and Engineering Consultants (MECON); and Managing Director, Mishra Dhatu Nigam Limited (MIDHANI), Ministry of Defence. He was a Professor and Head of the Department of metallurgical engineering at the Indian Institute of Technology, Bombay and a member of the Board of Industrial Development Bank of India and various other national institutions. He served as the Chairman of the Government of India task force on Steel Growth plan till 2010.	He has over 39 years of experience in the areas of banking and finance and was a member of 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 Housing Finance Company, Ghana, Africa. He was also the team leader of the consultancy team, which advised the National Development Bank of Sri Lanka in establishing its mortgage finance business. Mr. Rao is an associate of Indian Institute of Bankers, Bombay, a life member of All India Management Association.
Directorships held in other public limited companies	JSW Steel Limited Jindal Saw Limited Vesuvius India Limited Jindal South West Holdings Limited Surana Industries Limited. BMM Ispat Limited	Royal Orchid Hotels Limited Puravankara Projects Limited
Committee positions held in other companies	JSW Steel Limited (Audit Committee, Remuneration Committee, Investor Grievance Committee, Share Allotment Committee, Project Review Committee and Risk Management Committee) Vesuvius India Limited (Audit Committee and Share Transfer and Investor Grievance Committee) Surana Industries Limited. (Share Transfer & Investor Grievance Committee and Remuneration Committee)	Royal Orchid Hotels Limited (Audit Committee and Remuneration Committee) Puravankara Projects Limited (Audit Committee and Compensation Committee)
Relationship with other Directors	None	None
Number of shares held as on May 10, 2011	1,935 Equity Shares of ₹ 10/- each.	15,000 Equity Shares of ₹ 10/- each

Route Map



Sobha Academy,
Sobha Suburbia,
107/ 108, Behind
Jakkur Flying Club,
Jakkur Village,
Bangalore 560 064
Karnataka, India

ATTENDANCE SLIP

Sixteenth Annual General Meeting – June 30, 2011

REGD. FOLIO NO / DP CLIENT ID

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NO. OF SHARES HELD

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FOR PHYSICAL SHAREHOLDERS ONLY

Name & Address of the Shareholder	Regd. Folio no.	No. of shares held

I hereby record my presence at the Sixteenth Annual General Meeting of the Company at Sobha Academy, Sobha Suburbia, 107 / 108, Behind Jakkur Flying Club, Jakkur Village, Bangalore 560 064 on Thursday, the 30th day of June, 2011 at 10.00 a.m.

If Shareholder, please sign here	If Proxy, please sign here
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Members are requested to fill up the attendance slip and hand it over at the venue. Members are requested to bring their copy of Annual Report to the meeting as no copies will be distributed at the venue.

PROXY FORM

Sixteenth Annual General Meeting – June 30, 2011

Regd. Folio No / DP Client ID

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I/We of
in the district of being a member(s) of Sobha Developers Limited hereby appoint of
in the district of or failing him of
in the district of as my / our proxy to vote for me / us on my / our behalf at the Sixteenth Annual General Meeting of the Company to be held on Thursday, the 30th day of June, 2011 at Sobha Academy, Sobha Suburbia, 107 / 108, Behind Jakkur Flying Club, Jakkur Village, Bangalore 560 064 at 10.00 a.m. and at any adjournment thereof.

Signed this day of 2011.

Affix Revenue stamp

Signature:

Note: The proxy in order to be effective must be deposited at the Registered Office of the Company at the above address not less than 48 hours before the time for holding the aforesaid meeting and should be duly stamped, completed and signed.