



July 07, 2016

To

The Deputy Manager Department of Corporate Services, BSE Limited Floor 25, P.J Towers, Dalal Street, Mumbai – 400 001 Scrip Code: 532784	The Manager National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400 051 Scrip Code: SOBHA
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Dear Sir / Madam,

Sub: Annual Report for the financial year ended March 31, 2016

With reference to the above captioned subject, please find enclosed the Annual Report of the Company for the financial year ended March 31, 2016.

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

Thanking you.

Yours sincerely,

FOR SOBHA LIMITED



KISHORE KAYARAT
COMPANY SECRETARY AND COMPLIANCE OFFICER

SOBHA LIMITED (formerly SOBHA DEVELOPERS LTD.)

REGD & CORPORATE OFFICE : 'SOBHA', SARJAPUR - MARATHAHALLI OUTER RING ROAD (ORR), DEVARABISANAHALLI, BELIANDUR POST
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PASSION AT WORK

Differentiate | Diversify | Develop

ANNUAL REPORT 2016

Our Company at a glance in 2016

SOBHA

Founded in 1995, headquartered in Bangalore, SOBHA today has a net worth of ₹ 25 billion with a presence in 25 cities across 13 states in the country.

One of the most well-respected brands in the real estate sector, SOBHA has many distinctions to its credit, mainly its impeccable execution and on-time delivery track record. As on March 31, 2016, the Company has completed 389 projects in both real estate and contracts verticals with a total developed area of 81.64 million square feet.

SOBHA is renowned for its world-class products. The Company conforms to the ISO 9001, ISO 14001 and OHSAS 18001 certifications for its quality, safety and environment management systems.

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

SOBHA employs around 2,800 people directly. It places a lot of emphasis on human resource development of which skill enhancement and advancement are given paramount importance. At SOBHA, training is an on-going process for all employees which ensures that they are abreast of the latest and newest developments in their domain of expertise.

As a responsible corporate citizen, SOBHA's CSR activities encompass the areas of education and vocational training, providing healthcare facilities and helping the aged, single mothers, children and others in need of financial and other assistance. The CSR activities are primarily undertaken through a public charitable trust, the Sri Kurumba Educational and Charitable Trust.



SOBHA Real Estate

SOBHA is known for its superior quality products. Its residential projects include luxury and super luxury apartments, villas, row houses, plotted development and aspirational homes. All these projects provide world-class amenities and standards.

SOBHA has completed and handed over 111 real estate projects with a total developed area of 39.23 million square feet and super built-up area of 30.37 million square feet in 7 cities as on March 31, 2016.

SOBHA is considered a pioneer in the real estate and construction sector in the country focussing on delivery of products which conform to the international specifications. All our products come with the best engineering standards, architectural finesse, aesthetics and innovative designs.

SOBHA also has its own designers, architects, structural, mechanical, electrical, plumbing and environmental professionals who bring in ingenuity to its in-house processes. This combined with transparency in its functioning followed by backward integrated processes ensures that the Company has full control over the materials used.

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



SOBHA LIMITED

SOBHA Contracting

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

SOBHA Contracting's bouquet of services include civil, mechanical, electrical, plumbing, interiors, glazing, metal works and landscaping. The emphasis in every aspect of the work is on providing world-class products which are delivered to the utmost satisfaction of our customers.

As on March 31, 2016, SOBHA Contracting has completed 278 projects covering a total area of 42.41 million square feet in 24 cities.

SOBHA Manufacturing

SOBHA Manufacturing serves as the feeder to the core businesses of the construction and development of residential and commercial projects. It enables the Company to strengthen its value chain towards conformance to quality specifications and achievement of cost effectiveness.

SOBHA Manufacturing comprises of Interiors Division, Glazing and Metal Works Division and Concrete Products Division spread over a 600,000 square feet area. Each of these divisions have evolved into profit centres and their products are used as captive consumption as well as sold to third parties. The Interiors Division also manufactures spring mattresses which are sold under the brand name SOBHA Restoplus.

SOBHA Precast plant set-up at the project site of 'Sobha Dream Acres' allows modular structures to be built and assembled with ease by means of mechanisation. The Company has made a capital investment ₹ 1,092 million in the precast plant.

The differentiated business model has enabled the Company to diversify into a pan-India player and develop into a successful and sustainable company in the real estate and construction domain.

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With quality and commitment as our hallmarks, we at SOBHA realise the need to move into newer territories and segments to include more satisfied customers in our fold. We have been steadfast in achieving our goal. We attribute our success to our overall strategy of differentiating, diversifying and developing. What differentiates us from others is the unique backward integration model that enables us to have total quality control throughout the project construction lifecycle. We have been successful in diversifying our business into commercial space and expanding our national footprint. Our product spectrum now ranges from 1BHK to presidential villas. Differentiating and diversifying has led us towards developing international quality products with delivery excellence on time. We are making serious efforts towards deepening our customer relationship and creating urban living spaces. This goes a long way towards nation building and meeting the demand for homes. Our thirst for perfection makes us aspire consistently for customer satisfaction, be transparent in our conduct and build trust.

Differentiate, Diversify & Develop

The genesis of SOBHA lies in differentiation. Mr. P N C Menon, Chairman Emeritus, drawing on his rich experience of nearly two decades in the contracting and interior designing space in the Middle East which included majestic structures such as the Sultan Qaboos Grand Mosque and interiors of palaces, established SOBHA as a real estate developer in the year 1995 with a singular focus: transform the way people perceive quality. This far-reaching vision has emerged as the key core competency of the Company and continues to drive its growth.



Differentiate

Differentiate - make or become different in the process of growth or development

Quality Products

What sets SOBHA apart? First and foremost, it is our products which conform to international standards of quality. Beginning with the Company's first project in Bangalore, a new benchmark was set. The early emphasis on quality embedded itself into the ethos of the organisation and has translated into delivering value to the customers. Over the years, the residential and contractual projects of the Company have been bestowed numerous recognitions at various prestigious fora which is indicative of the quality and superiority of our construction. The Sobha Lifestyle, Bangalore; International City, NCR-Gurgaon and The Global Education Centre at Infosys, Mysore are some of our stand-out projects. SOBHA, itself, has been honoured as the Preferred Developer of the Year.

SOBHA was once again adjudged top ranks according to Track2Realty's 'Brand X Report 2015-16'. This was the second consecutive year that SOBHA was the winner across several categories—Top National Brand; Top South Indian Brand; Top Residential Brand; Top Super Luxury Brand. More importantly, SOBHA was voted as The Most Trusted Brand by Consumers in a survey conducted by Track2Realty.

SOBHA is one of the first companies in India to have received the first ISO 9001 (1994 series) certification in India. We have also received the ISO 9001 (2000 series), ISO 14001 and OHSAS 18001 Certifications for adherence to global standards in quality and safety. Today, the 'SOBHA' brand is synonymous with world-class construction, finishes and amenities.

Backward Integration

Another key differentiator has been our backward integration model of business. This model enables us to have end-to-end capabilities which in turn leads to greater control over the quality of our deliverables. The Company has invested substantially in developing internal expertise and competencies encompassing the critical activities involved in construction.

The design of a project plays a central role in all of the Company's real estate projects. They are designed in-house by an expert Design & Architecture team. The designs are functionally efficient and aesthetically appealing. The buildings are designed to be sustainable, durable and environmentally friendly. SOBHA also provides in-house expertise in landscaping. From the drafting of technical drawings, photographic simulations and perspective sketches to the final execution of design, SOBHA's Landscaping team consists of accomplished landscaping professionals.

Unlike most developers, the construction activity is not outsourced to a contractor. The Company has steadily assembled a team of highly skilled and trained engineers, technicians and workforce who meticulously and methodically turn abstract designs into concrete reality.

The Company has a dedicated Environmental & Engineering department which focuses on value engineering and environmental factors in the development of a project. Additionally, even the MEP (mechanical, electrical and plumbing) works are executed in-house. The MEP division has expertise in mechanical, electrical, plumbing, HVAC and related ancillary building services. With a dedicated team of professionals, SOBHA provides turnkey solutions across all MEP requirements, specialized plumbing and electrical consulting services.

The Company's backward integration model was further strengthened with the setting-up of manufacturing facilities, viz. Concrete Products Division, Glazing & Metal Works Division and Interiors Division.



The Concrete Products Division manufactures concrete blocks, pavers, kerbs, water drainage channels, paving slabs and related landscape products of international quality in large scale volumes. The salient features of the division include a hi-tech full-fledged manufacturing facility spread over 8 acres.

The design of a project plays a central role in all of the Company's real estate projects.

The Glazing & Metal Works Division manufactures aluminium doors, windows, structural glazing, aluminium composite panel and stainless steel



cladding, architectural metal works etc. This 25,000 square feet state-of-the-art manufacturing unit of SOBHA has successfully executed a plethora of projects for various reputed organisations.

The Interiors division is engaged in wood work and manufacturing wood based products of highest quality, best finish and incredible durability including doors and windows, wooden floorings, ceilings, panels, pillars and staircases and custom built furniture for commercial and residential use. In addition, this division also includes an in-house wood working design studio and a dedicated design team that provides interior design schemes and production specific drawings.

The Interiors division also launched its Spring Mattress 'Restoplus' in 2007 and today has 423 franchises across the country. The manufacturing process comprising of imported machinery and quality materials ensure that the mattresses are durable and comfortable. It also has one of its kind, world class experience center at Sobha City mall, Thrissur.

SOBHA was arguably the first construction company in India to use indigenously manufactured ready-mix concrete, blocks, kerbs and pavers. Emphasis was also placed on the production of doors, windows and interiors products with superior finish, which has added immensely to the customer experience of a 'SOBHA' project.

The Interiors division also launched its Spring Mattress 'Restoplus' in 2007 and today has 423 franchises across the country.

‘Sobha Precast’ plant will allow modular structures to be built and assembled with ease by means of mechanisation and thus help reduce delivery timelines and ensuring a superior finish.



In another first, the Company has set-up The ‘Sobha Precast’ plant at the project site of ‘Sobha Dream Acres’, probably one of the largest and most modern set ups catering to large scale construction with unmatched quality and speed. The ‘Sobha Precast’ plant will allow modular structures to be built and assembled with ease by means of mechanisation and thus help reduce delivery timelines and ensuring a superior finish. The technology is time tested, safer and environmental friendly and drastically reduces the number of processes involved in the construction methodology vis-à-vis conventional methods.

Besides making SOBHA one of the few backward integrated real estate developers in India, this attempt at differentiating itself has also helped the Company in scaling up and mechanising its operations, thereby enabling it to deliver superior quality products.

Skilled Manpower

SOBHA has a technology manual which gives details of all procedures followed at the project sites for different functions involved in the construction business. SOBHA also has an in-depth training and development module which is upgraded regularly on the basis of technological developments and new practices and methods that come up. The training is both on-site and off-site and is meant to hone the skills of employees so that they can meet the set quality standards effectively. Employees are given activity-specific training so that they can become familiar with the direction of the project’s execution, reduce complexities and assure delivery on time by following international standards.



The Company also has international talent on board, primarily specialised technicians and master craftsmen from Germany. This helps lend an international perspective and expertise to the quality and standards of our end products.

Technology Matters

The technological landscape has undergone a complete transformation in the two decades of SOBHA's operations. The Company has always strived to stay abreast of technological changes and induct the best possible systems and processes to support and facilitate its operations. The Company has developed its own ERP system, giving it the advantage of customisation and adaptability. From booking applications to sale deeds, the indigenously developed ERP system has helped to automate most of the Company's processes. Similarly, the projects sites of the Company have also been linked to the ERP, which facilitates smooth operations.

Sustainable Operations

Adopting sustainable business practices and creating a sustainable mind-set has been a continuous

endeavour at SOBHA. Achieving the highest standards of performance in each of the three pillars of sustainability being the economic, environmental and social aspects is what we as a responsible organisation aspire for.

Clear cut strategy, sound financial and operational policies and practices have been responsible for the stable and consistent financial performance of the Company. Our buildings are designed to be energy efficient. In fact, our default building design qualifies for an IGBC 'Green Building' Gold rating. Apart from its contribution to community development, the social responsibility of a company encompasses its contribution towards the safety and well-being of all its employees and workforce. At SOBHA, the occupational health, safety and welfare of workers is accorded prime importance.

As a corporate with a strong presence in the real estate domain, we have been environmentally and socially proactive and are conscious so as to ensure that sustainable development is achieved.

Today, SOBHA's CSR and other charitable activities cover education, vocational training, healthcare facilities, looking after the aged and the impoverished among many others.

CSR Activities

Extending the philosophy of passion at work to its CSR activities, SOBHA has since inception demonstrated commitment towards fulfilling its social obligations. The beneficiaries of Company's CSR initiatives are primarily people from Vadakkenchery and Kizhakkenchery *grama panchayats* in Palakkad district of Kerala. A scientific and an in-depth Social Empowerment Mapping Exercise was undertaken to identify the prevalent socio-economic issues, initiatives needed towards their empowerment and identifying the beneficiaries. The Company has been a regular contributor to and supporter of charitable causes in Karnataka, Tamil Nadu among other states. Today, SOBHA's CSR and other charitable activities cover education, vocational training, healthcare facilities, looking after the aged and the impoverished among many others.





Diversify

Diversify - enlarge or vary the range of products or the field of operation

After establishing itself as a unique player in the construction and real estate domain, SOBHA focused on diversification to scale up its business. The diversification exercise involved expansion of geographic footprints, extension of product lines, diversified land bank, enhancement of manufacturing capabilities and addition of business verticals.

Expanding Footprints

The real estate space has been historically dominated by regional players. Most developers who have sought to expand into other territories have met with little or no success. SOBHA is an exception to the rule. With Bangalore as its base, the Company made strategic and judicious entry into several new geographic frontiers. The projects of the Company have been well received in all the locations it operates from and SOBHA has not only emerged but consolidated its position as a nation-wide developer.

Today, the Company has a real estate presence in 9 cities – Bangalore, NCR-Gurgaon, Chennai, Cochin, Coimbatore, Thrissur, Mysore, Pune and Calicut. It has an overall presence in 25 cities across 13 states.



The first project under the new segment was the hugely successful ‘Sobha Dream Acres’ in Bangalore - 1BHK and 2BHK apartments in the price band ₹ 3.5 million to 7.5 million with SBA ranging between 650 square feet and 1,200 square feet.

Expanding Product Portfolio

SOBHA's product profile is prominently composed of niche products - 3BHK and 4BHK in the price band > 10 million with SBA of 1,700 square feet and above.

Recognising the need of the urban middle class for quality products at affordable prices, the Company introduced a new product segment ‘Sobha Dream Series’. The first project under the new segment was hugely successful ‘Sobha Dream Acres’ in Bangalore - 1BHK and 2BHK apartments in the price band ₹ 3.5 million to 7.5 million with SBA ranging between 650 square feet and 1,200 square feet.

The Company's product portfolio is now spread across all price points and includes presidential apartments, luxury & super luxury apartments, villas, row houses and plotted development.

Diversified Land Portfolio

SOBHA has gradually and strategically built-up its land bank. The Company has a land portfolio comprising of 2,476 acres. The land parcels are spread across the country – Bangalore, Cochin, Chennai, Hosur, Coimbatore, Pune, Thrissur, Mysore and Gurgaon. As and when the sentiments in the real estate sector improves, supported by a growing



economy, the Company may unlock the value of these lands.

Diversified Backward Integration

SOBHA has expanded the reach and capacity of its manufacturing facilities. Apart from Bangalore, the Company has established Glazing and Metal Works Division in Chennai and Sonepat, Interiors Division in Alwar and Concrete Products Division in Gurgaon and Pune.

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The manufacturing divisions which were initially established to complement the operations of the Company have grown and matured into distinct profit centres, contributing meaningfully to the top line and bottom line.

New Business Vertical

SOBHA has also made a foray into the commercial space by launching its first commercial mall, the 'Sobha City Mall' at Puzhakkal in Thrissur, Kerala. Situated at the heart of 'Sobha City'- the first and the largest integrated township in the state - 'Sobha City Mall' offers best-in-class retail and entertainment experience for customers.

From its humble beginnings in 1995, SOBHA's operations can now be classified into four major verticals – real estate, contracting, commercial and manufacturing – a testament to its rapid and consistent progression.

Situated at the heart of 'Sobha City'- the first and the largest integrated township in the state - 'Sobha City Mall' offers best-in-class retail and entertainment experience for customers.



Develop

Develop - grow or cause to grow and become more mature, advanced, or elaborate

The strategic and calibrated decision-making of past 21 years and successful implementation of the same have helped the Company to grow and develop into a mature organisation. The Company has a fourfold revenue stream – real estate, contractual, commercial and manufacturing. Each of the locations in which the Company has a real estate presence is treated as a separate profit centre. Reducing the dependency on one vertical and developing competencies across various businesses, has enabled the Company to withstand the recent slowdown in the real estate sector helping it to sustain its margins and generate positive cash flows.

The real estate sector has been beset with apprehensions about the level of transparency and timely execution. SOBHA has completed and delivered 111 real estate projects and 278 contractual projects covering 81.64 million square feet, reinforcing its execution and delivery capabilities.

Fiscal 2016 has set the stage for the next phase of development in the real estate sector. A significant transformation awaits the sector with the Real Estate (Regulation and Development) Act or RERA becoming a reality. The enactment of the legislation is a positive development and will help in bringing in greater transparency and professionalism which will be beneficial for both end-users and long-term players. SOBHA is RERA ready.

Indian urbanisation, which is about 31% of the total population, is expected to increase at a compounded annual growth rate of 2.1%. As per the latest Economic Survey, there exists a shortage of approximately 20 million houses in India.

With a proven business model, strategically located land bank and carefully selected markets, SOBHA is ideally positioned to capitalise on the emerging opportunities in the fastest growing large economy in the world.

SOBHA has completed and delivered 111 real estate projects and 278 contractual projects covering 81.64 million square feet, reinforcing its execution and delivery capabilities.





Letter from the Chairman

Dear Shareholders and Friends of SOBHA,

During the course of the 2016 fiscal year we saw various positive announcements for the real estate sector. The Real Estate (Regulation and Development) Act was enacted in the latter part of the year. With an objective to bring in greater transparency and professionalism, we believe the Act would provide customers and investors more confidence, and equally important, promote considerable parity among industry operators. This year we have also witnessed a further policy rate cut by the Reserve bank of India and this has translated to a reduction in home loan rates. Additionally, the Indian Government's renewed focus and thrust on the housing sector through several initiatives, which include housing for all; 100 smart cities; relaxation on Foreign Direct Investment rules; as well as tax benefits on small housing units are all sure signs of the priority the sector is given. We believe all these positive developments will increasingly help improve buyer sentiments in the current reticent environment.

While the overall sales done in area terms during FY 2015-16 was marginally higher than the previous fiscal, there was a dip in value owing to a reduction of sales from the luxury product segment across most markets that we operate in. The Dream Series product category, which we launched in Bangalore, has gained good traction in the market and saw on an average 100 units being sold per month in fiscal 2016. If you look at the overall performance of the company during the fiscal 2016, we have generated a positive cash flow of ₹ 1.55 billion after meeting interest and tax liabilities. It is satisfying to note that our average cost of debt is brought down to 11.83% from 12.60% during the last fiscal. The company has adequate liquidity to meet all its obligations and expects a further reduction in interest rates going forward. EBITDA margin improved to 27.51% as compared to 25.75% in the financial year 2015. The Company generated ₹ 18.79 billion of revenue out of which real estate contributed ₹ 12.56 billion while the contracts and manufacturing business together contributed ₹ 6.07 billion. Additionally, we were able to maintain our credit ratings at "A" (Stable) by ICRA and CARE.

Even in testing times, we believe our resilience and steadfastness, stem from our core inherent strength. Our ability to differentiate our product, and offer a diverse portfolio catering to a larger and wider base continues to give us the impetus to develop international quality projects across the nation. Product differentiation to us is about maintaining a level of quality unmatched in the industry and benchmarked with only the best in the world. It is about offering our customers a unique value proposition in design and achieving highest efficiency in delivery. Equally important to us is the trust we build in every relationship and being most reliable. We began in the industry more than 20 years ago with this very same approach and invested greatly in setting up a company with the capacity to deliver solutions end-to-end. A backward integrated set up with a firm belief in

providing the best in-house and having complete ownership and control on every aspect of creating a product that is absolutely unique. Our design studio covers all facets that is required for any development, whether architectural and interior design, building services, structural design, or even landscape. We even support the sales and marketing requirements through the studio using our model making and 3D design team to create display models as well as the high quality rendering used in our marketing collateral. SOBHA's state-of-the-art manufacturing facilities provide the necessary support for all key building material, which include metal working and glazing, interiors, concrete products and most recently our new precast factory for large concrete elements. And finally, the specially trained in-house construction crew delivers projects to a truly international quality standard. We believe in differentiating by bringing together highly passionate people, processes, and technology, and at the same time creating an environment that is always open to change, and constantly innovating for continuous improvement.

The fiscal year saw us diversify our real estate portfolio to include our first operating commercial real estate asset. Sobha City Mall became operational in December 2015, and is located within our Sobha City development – the first and largest integrated township in Thrissur, Kerala. The 450,000 square feet mall offers best-in-class retail and entertainment experience. This entity will mark the beginning of our commercial portfolio, and should begin contributing to our company's revenue stream. This was our first step into organized retailing, which we hope to scale up in the coming years.

Today, our pan-India presence is in 25 cities across 13 states. Besides this, we have expanded our product portfolio by introducing a new segment called Dream Series - compact luxury homes for the quality conscious and value discerning aspirational middle-class. The first project of this series is SOBHA Dream Acres, which has emerged as the fastest selling brand. With this launch, SOBHA now has products ranging from 1 BHK apartments to Presidential villas, having a super built up area in the range of 650 – 7,500 sq. feet. We will continue to scale up and grow in our existing markets.

Our strategy to differentiate and diversify has helped us develop 9 real estate projects and 16 contractual projects in the current fiscal. Measuring 11.10 million square feet of developable area, it is the highest ever completion and delivery since our inception. Overall, we have completed 389 projects measuring a total developed area of 81.64 million sq. ft. Till date, we have completed 111 residential projects in 7 cities and are currently executing 40 projects in 9 cities. We have 27 ongoing contractual projects with an unbilled value of about ₹ 7.63 billion in hand to be delivered over the next two years.

During this year, we have been recognized with some of the most credible awards. SOBHA was adjudged the most outstanding brand performer for the second consecutive year by 'Brand X Report 2015-16' published by Track2Realty – an independent think- tank which works exclusively on the real estate sector. In addition, SOBHA has been voted as 'The Most Trusted Brand' by consumers in a pan-India survey conducted across 20 major cities by Track2Realty, based on factors such as developers' commitment towards transparency and fair trade practices. These recognitions are most encouraging and further strengthen our resolve to continue creating immense value for our customers and our stakeholders. We were conferred the Award of Excellence for being one of the top builders at the 10th Construction World Architect and Builder awards (CWAB). SOBHA has also been recognized as the top real estate brand in social media in India and fourth in world ranking in construction and engineering space.

The work that we do in the social sphere gives us much satisfaction and joy. It is a matter of immense fulfilment that through the Sri Kurumba Educational and Charitable Trust, we continue to expand our social activities in the fields of education, healthcare and women empowerment. More than 11,000 people are direct beneficiaries of our CSR programs.

At the centre of our story are our most valued employees. I thank each one of them for their passion, commitment and hard work and for keeping the SOBHA flag flying high. My sincere gratitude is due for all my colleagues on the board for their untiring support and wealth of knowledge and insights that create immense value for our organization in many ways.

We are confident about our future growth and we will continue to build on our strategy of differentiating, diversifying and developing international quality products with perfection, on time and in a transparent manner.

On behalf of our employees and customers, I thank you for your sustained support and look forward to meeting you at our annual shareholder's meeting.

Yours sincerely,



Ravi PNC Menon

Awards

Awards 2015-16

For us at SOBHA, the awards and recognitions that we have been bestowed over the years do not only give a sense of achievement but they also inspire us to do better in the coming years. This is not so much because we want to be awarded for what we consider our mission but because more awards mean that we have more satisfied customers and that we are on the right track.

For the past 20 years, we have been recognised with over 160 awards for the work that we have been doing. We are deeply touched as these awards have honoured us in all the spheres that SOBHA has been working in – residential and contractual, in addition to our CSR initiatives. What gives us immense satisfaction is that our top management too has also been recognised for their hard work and dedication.

During the FY2015-16 SOBHA has won 13 awards & recognitions which are highlighted here.

CSR-Taking everyone along

Taking everyone along and empowering the less privileged is something very close to our hearts. That is why when we are awarded for our devotion at work we feel an extreme sense of joy and satisfaction. SOBHA was awarded with the Best CSR Activity of the Year award at the Construction Times Builders Award 2015. We were also awarded the prestigious CREDAI CSR Awards 2015 in the category of child welfare.

Our Chairman Emeritus leads the way

As in previous years including the last financial year, there were many in the industry who honoured our Chairman Emeritus for the pioneering work that he has been doing. During this fiscal, Mr. P.N.C. Menon



Luxury Villa Project of the Year - International City
NDTV Property Awards 2015



Sobha Turquoise, Coimbatore
IGBC Green Homes Platinum rated property

was bestowed with the Lifetime Achievement award at the Construction Week Awards. What made this award more special was that SOBHA was also given the award for the Best CSR Initiative of the Year at the same function.

Mr. P.N.C. Menon was honoured with the Arabian Indian Czar award by Times Now as well.

Across all segments

There cannot be a more satisfying feeling for an organization and its employees when it is awarded across verticals and at SOBHA we had a number of such occasions when we felt immense satisfaction receiving recognitions in various categories.

SOBHA bagged prestigious awards at the Realty Plus Conclave and Excellence Awards 2015 for the South region. Sobha Lifestyle Legacy and Sobha Arena projects won Villa Project and the Innovative Marketing Concept of the Year 2015 respectively.

In addition, Sobha Garnet, the super luxury project in Pune won the Residential Property of the Year (West) and International City, the Company's finest integrated township project in Gurgaon won the Villa project of the Year (North) award at Realty Plus Conclave and Excellence Awards 2015 respectively.

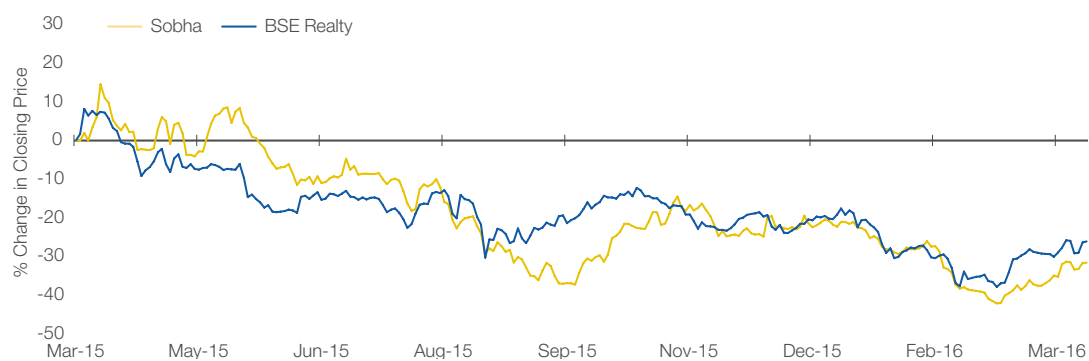
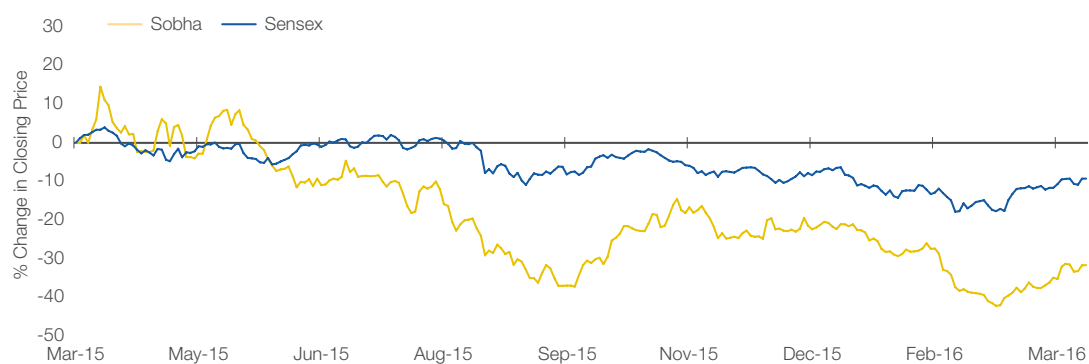
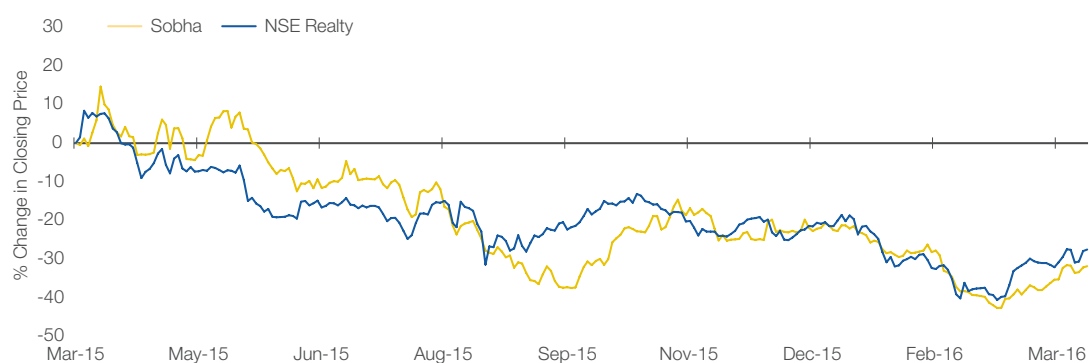
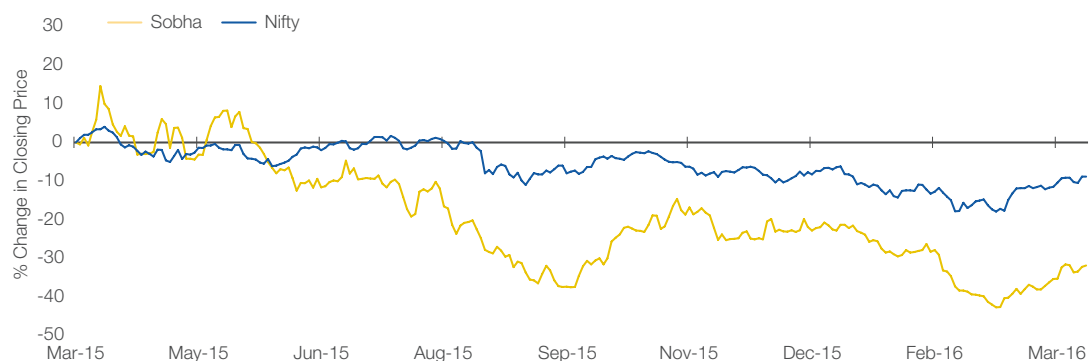
Further, International City, Gurgaon project was awarded the Luxury Villa Project of the Year at the NDTV Property Awards and Sobha Garnet, Pune was recognised as the Best Residential Property in the mid-segment category at the CNBC Awaaz Real Estate Awards.

At another level, during 2015-16 SOBHA was recognised as one of Bangalore's top 15 brands in the large organization category by One India.

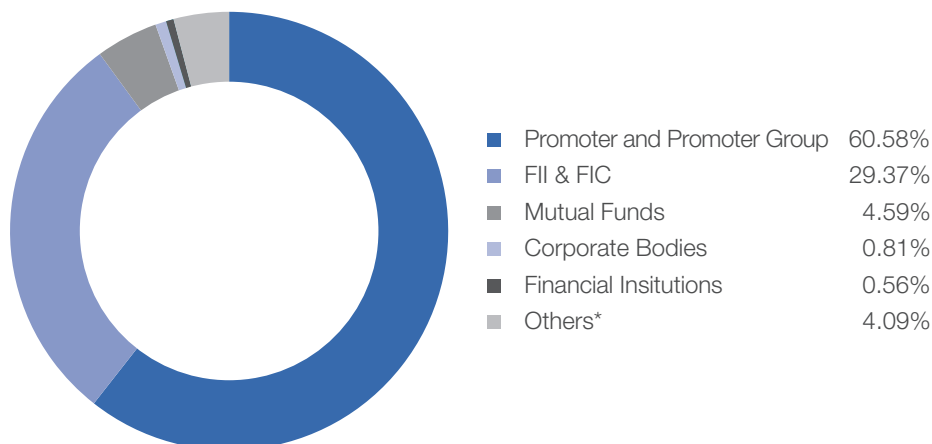
A bouquet of recognitions came to SOBHA by Track2Realty. These included the Top National Realty Brand across Asset Class in India, the Top Realty Brand in South India across Asset Class and the Top Residential Developer in India. SOBHA was also ranked as the Top Real Estate Company in Public Perception across India using different parameters like financial stability, execution capability, timely delivery, aspirational value, user experience, appreciation potential, transport deals, recall value, media perception and consumer connect. Moreover, SOBHA was ranked second among India's top ten real estate employers in 2015 by Track2Realty.

One more award which gave us great satisfaction was the Best Luxury Residential Developer -- Bangalore 2015 award at the 1st Annual Indian Luxury Real Estate Awards (Southern region) by the Asian Luxury Real Estate Network (ALREN) under the aegis of MMG Worldwide.

Share Price Performance

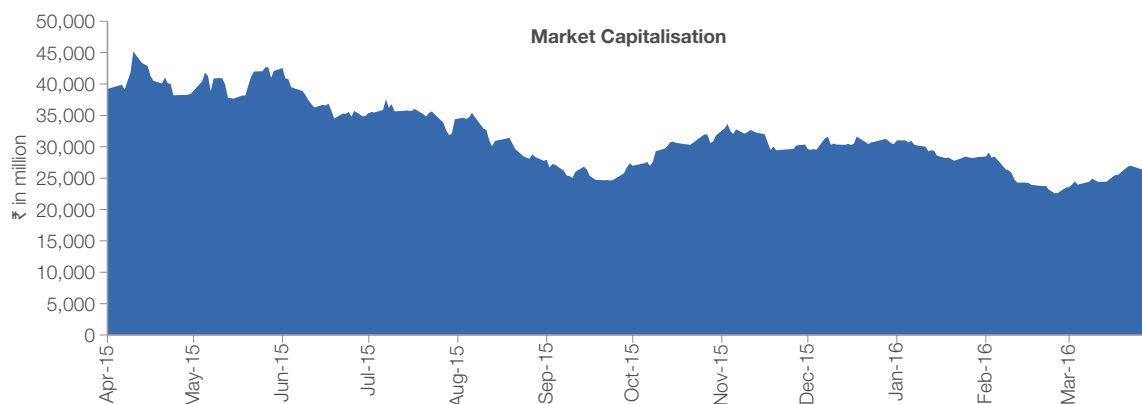


Category Wise Distribution of Shareholders as on March 31, 2016



Shareholding Movements	March 31, 2016	March 31, 2015	% Change
Promoter and Promoter Group	59,409,300	59,409,300	-
Foreign Institutional Investors & Foreign Portfolio Investor	28,804,938	31,089,339	(7.35)
Mutual Funds	4,502,235	3,436,032	31.03
Financial Institutions	549,671	546,772	0.53
Corporate Bodies	789,860	850,538	(7.13)
Others*	4,007,864	2,731,887	46.71
Total	98,063,868	98,063,868	

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



The free float consists of 38,654,568 equity shares comprising 39.42 % of the total capital of the Company. The average daily traded quantity recorded in the stock exchanges in which the Company is listed during the financial year 2015-16 is 164,959 equity shares.

Board of Directors



Sitting from left to right

R V S Rao
Independent Director

Ravi PNC Menon
Chairman

Dr. S.K. Gupta
Independent Director

Standing from left to right

P. Ramakrishnan
Deputy Managing Director

M. Damodaran
Independent Director

Dr. Punita Kumar - Sinha
Independent Director

Anup Shah
Independent Director

J C Sharma
Vice Chairman & Managing Director

Mr. Ravi PNC Menon - Chairman

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

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

Mr. J.C. Sharma is the Vice-Chairman and Managing Director of the Company. He holds a degree in Bachelor of Commerce (Honours) from St. Xavier's College, Calcutta. He is a qualified Chartered Accountant and Company Secretary with over 34 years of experience in diversified industries such as automobiles, textiles and steel. He has 15 years of cumulative experience in the Company and has been a member of the Board of Directors since the year 2003. Mr. J.C. Sharma is entrusted with the responsibility of managing the affairs of the Company and is responsible for achieving the targets of the Company. He plays an instrumental role in spearheading the growth mantle of the Company.

Mr. P. Ramakrishnan - Deputy Managing Director

Mr. P. Ramakrishnan is the Deputy Managing Director of the Company. He holds a bachelors degree in

Technology (Electrical and Electronics Engineering) from Bharathiyar University and a Master's degree in Business Administration from Madurai Kamaraj University. He has over 33 years of experience in the realm of techno-commercial skill development, system design, project execution and supply chain management. He joined the Company in the year 2007 and has been a member of the Board of Directors since the year 2010. Mr. P Ramakrishnan supervises the operations of the Company in Kerala and the Coimbatore region in Tamil Nadu. He also oversees the functioning of Mechanical, Electrical and Plumbing (MEP) related works in the projects of the Company.

Mr. Meleveetil Damodaran - Independent Director

Mr. Meleveetil Damodaran is an Independent Director of the Company. He holds degrees in Economics and Law from the Universities of Madras and Delhi respectively. He is a retired official of the Indian Administrative Service. He has over 44 years of experience in government, financial services and public sector enterprises. He was an Officer on Special Duty with the Reserve Bank of India dealing primarily with the restructuring of three identified weak public sector banks. He was also instrumental in turning around the Unit Trust of India. He was elected as the Chairman of the Emerging Markets Committee of the International Organisation of Securities Commissions (IOSCO). He is a former Chairman of Securities and Exchange Board of India (SEBI) before which he headed and restructured the Industrial Development Bank of India (IDBI). He chairs the Government of India Task Force for setting up the Resolution Corporation of India.

Dr. S.K. Gupta – Independent Director

Dr. S.K. Gupta is an Independent Director of the Company. He is a Metallurgical Engineer with a Ph.D. (Tech.) and D.Sc. (Tech.) from Moscow. He has over 57 years of experience in the field of metallurgy, engineering and management in the steel and allied domain. He has been associated with several reputed organisations such as Jindal Saw Limited, Jindal Vijayanagar Steel Limited, Rourkela Steel Plant/Steel Authority of India Limited and Mishra Dhatu Nigam Limited (Ministry of Defence),

Metallurgical and Engineering Consultants (Mecon) in varied capacities. He was Professor and Head of Department of Metallurgy Engineering at IIT Bombay. He has served on the Executive Board of Standing Conference of Public Enterprises (SCOPE), Committee of Technology of International Iron & Steel Institute, Belgium and Board of Governors of other national institutions. He also served as the Chairman of the Government of India task force on Steel Growth plan till 2010. Dr. Gupta is the recipient of National Metallurgist Award; Tata Gold Medal and Indian Institute of Metals (IIM), Government of India, Platinum Medal for 'pioneering contributions to national steel sector and for developing path breaking technologies'.

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

Mr. R.V.S. Rao is an Independent Director of the Company. He holds a bachelor's degree in Commerce from the University of Mysore and a bachelor's degree in law from Bangalore University. He is a fellow member of Indian Institute of Banking and Finance. He has over 44 years of experience in the areas of banking and finance. He has served on the Board of Directors of Housing Development Finance Corporation Limited. As a United States Agency for International Development (USAID) Consultant, he was the team leader that reviewed operations and made recommendations for the Housing Finance Company, Ghana, Africa. He also led the consultancy team, which advised the National Development Bank of Sri Lanka in establishing its mortgage finance business. He is an associate of Indian Institute of Bankers and a life member of All India Management Association.

Mr. Anup Shah - Independent Director

Mr. Anup Shah is an Independent Director of the Company. He has a bachelor's degree in commerce from HR College, Mumbai and a degree in law from

Government Law College, Mumbai. He has over 32 years of experience in the field of law, specifically real estate law. He specialises in commercial and property documentation, corporate and commercial litigation, property related issues, land laws and arbitration and alternative dispute resolutions. He is the Founder Partner of Anup S Shah Law Firm in Bangalore.

Dr. Punita Kumar-Sinha - Independent Director

Dr. Punita Kumar-Sinha is an Independent Director of the Company. She has a career spanning over 26 years focused on investment management. She is the founder of Pacific Paradigm Advisors (PPA), independent investment advisory and management firm focused on Asia. She is also a Senior Advisor and serves as an Independent Director on Boards of both public and private companies in India. Prior to PPA, she was a Senior Managing Director at the Blackstone Group, leading Blackstone Asia Advisors and serving as the CIO for The India Fund (NYSE:IFN), the largest India Fund in the US for almost 15 years, The Asia Tigers Fund (NYSE:GRR), and The Asia Opportunities Fund. Prior to Blackstone she was a managing director and senior portfolio manager at Oppenheimer Asset Management and CIBC World Markets, where she helped open one of the first India advisory offices for a foreign firm. She also worked at Batterymarch (a Legg Mason company), Standish Ayer & Wood (a BNY Mellon company), J.P. Morgan and IFC/World Bank. Dr. Punita Kumar-Sinha has a Ph.D. and a Masters in Finance from the Wharton School, University of Pennsylvania. She received her undergraduate degree in chemical engineering from the Indian Institute of Technology (IIT), New Delhi and was awarded the prestigious "Distinguished Alumni Award" from IIT Delhi. She has an MBA and is also a CFA Charter holder. She is a member of the CFA Institute and the Council on Foreign Relations.

Committees of the Board

Audit Committee

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

Stakeholders Relationship Committee

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

Nomination, Remuneration and Governance Committee

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

Risk Management Committee

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

Corporate Social Responsibility Committee

Mr. Anup Shah	Chairman
Mr. J C Sharma	Member
Mr. P Ramakrishnan	Member

Share Transfer Committee

Mr. J C Sharma	Chairman
Mr. Ravi PNC Menon	Member
Mr. P Ramakrishnan	Member

Corporate Information

Company Secretary and Compliance Officer

Mr. Kishore Kayarat

Statutory Auditors

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

Bankers

Andhra Bank
Axis Bank
Bank of India
Deutsche Bank
Dhanalaxmi Bank
HDFC Limited
ICICI Bank
IFCI Limited
Indian Overseas Bank
Karur Vysya Bank Limited
Oriental Bank of Commerce
South Indian Bank Limited
Standard Chartered Bank
State Bank of Hyderabad
State Bank of India
Syndicate Bank
Union Bank of India

Legal Advisors

Anup S Shah Law Firm

Registered and Corporate Office

Sobha Limited (Formerly Sobha Developers Limited)
CIN : L45201KA1995PLC018475
'SOBHA'
Sarjapur-Marathahalli Outer Ring Road (ORR)
Devarabisanahalli
Bellandur Post
Bangalore - 560 103
Tel: +91 80 4932 0000
Fax: +91 80 4932 0446
www.sobha.com

Directors' Report

Dear Member(s),

We have pleasure in presenting the Twenty First Annual Report on the business and operations of the Company together with the audited results for the financial year ended March 31, 2016.

(₹ in million)

Particulars	Standalone		Consolidated	
	2015-16	2014-15	2015-16	2014-15
Total Revenue	18,184.97	24,016.47	18,784.38	24,554.78
Operating Expenditure	13,554.80	18,811.19	13,616.90	18,232.56
Earnings before Interest, Depreciation and Amortisation	4,630.17	5,205.28	5,167.48	6,322.22
Depreciation and Amortisation	585.84	688.60	634.01	722.68
Finance Cost	1,529.22	1,522.86	1,724.87	1,883.42
Profit Before Tax	2,515.11	2,993.82	2,808.60	3,716.12
Tax Expenses				
• Current Tax	255.03	624.28	359.59	843.46
• Deferred tax charge / (credit)	890.89	571.89	907.61	626.45
• MAT Credit Entitlement	-	(193.20)	-	(193.20)
Profit after Tax	1,369.19	1,990.85	1,541.40	2,439.41

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the balance sheet relates and the date of this report.

BUSINESS AND OPERATIONS

A. Business Overview

Sobha Limited is a public limited company with its equity shares listed on National Stock Exchange of India Limited and BSE Limited. The authorized share capital of the Company is ₹ 2,000,000,000 divided into 150,000,000 equity shares of ₹ 10 each and 5,000,000 preference shares of ₹ 100 each. The issued, subscribed and paid-up capital of the Company is ₹ 980,638,680 divided into 98,063,868 equity shares of ₹ 10 each. During the year under review, there was no change in the capital structure of the Company.

The operations of the Company can be categorised into two main verticals:

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

A summary of completed and ongoing projects as on March 31, 2016 has been detailed in the Management Discussion and Analysis Report titled as Management Report forming part of the Annual Report.

B. Financial Overview

Standalone

During the financial year 2015-16, the Company has on a standalone basis, registered total revenues of ₹ 18,184.97 million as compared to ₹ 24,016.47 million in the previous year, a decrease of 24.28 % y-o-y. The Profit before Tax and Profit after Tax have declined by 15.99 % and 31.23 % respectively.

Consolidated

The consolidated revenues of the Company during the financial year 2015-16 was ₹ 18,784.38 million, a decrease of 23.50 % from the previous year. The Profit before Tax was lower by 24.42% and Profit after Tax (after considering minority interest) by 35.60% as compared to the financial year 2014-15.

Transfer to Reserves

An amount of ₹ 136.92 million is proposed to be transferred out of the current profits to the General Reserve.

Dividend

The Board of Directors has, subject to the approval of the shareholders in the ensuing Annual General Meeting, recommended a dividend of ₹ 2 per equity share of ₹ 10 each.

C. Operational Overview

Completed Projects

During the year under review, the Company has executed and handed over 9 real estate projects covering an area of 5.59 Million Square Feet of developable area and 16 contractual projects covering an area of 5.51 Million Square Feet resulting in an aggregate development of 11.10 million square feet.

The Company has completed 111 real estate projects and 278 contractual projects covering about 81.64 million square feet of area since inception.

Ongoing Projects

The Company currently has 40 ongoing residential projects aggregating to 41.20 million square feet of developable area. It has 27 ongoing contractual projects aggregating to 8.07 million square feet under various stages of construction.

The Company has a geographic presence in 25 cities and 13 states across India.

BUYBACK OF EQUITY SHARES

The Board of Directors at their meeting held on May 19, 2016, have approved a buyback proposal

for purchase by the Company of up to 2,275,000 shares of ₹ 10 each (representing 2.32% of total equity capital) from shareholders of the Company on a proportionate basis by way of a tender offer route at a price of ₹ 330 per equity share for an aggregate amount not exceeding ₹ 750.75 million in accordance with the provision of the Companies Act, 2013 and SEBI (Buy Back of Securities) Regulations, 1998.

CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, there were no changes in the directors and key managerial personnel of the Company.

CHANGES IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

During the year under review, there were no changes in subsidiaries, joint ventures and associates of the Company.

SIGNIFICANT OR MATERIAL ORDERS PASSED BY REGULATORS / COURTS

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

BOARD OF DIRECTORS AND ITS COMMITTEES

A. Composition of the Board of Directors

As on date, the Board of Directors of the Company comprises of eight Directors of which five are Non-Executive Independent Directors. The composition of the Board of Directors is in compliance with Clause 49 of the Listing Agreement / Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149 of the Companies Act, 2013.

The Company has received necessary declarations from the Independent Directors stating that they meet the criteria of independence as specified in Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement / Regulation 16 of Listing Regulations.

B. Meetings:

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

- May 12, 2015
- August 07, 2015
- November 13, 2015
- February 05, 2016

In accordance with the provisions of the Companies Act, 2013, a separate meeting of the Independent Directors of the Company was held on May 11, 2015.

C. Appointment of Director

The term of office of Mr. Ravi PNC Menon, Chairman (DIN: 02070036) will cease at the close of the financial year 2016-17 and he is eligible for re-appointment. The Board of Directors based on the recommendation of Nomination, Remuneration and Governance Committee, have approved the reappointment of Mr. Ravi PNC Menon as Chairman of the Company for a further period of five years subject to the approval of the members in the ensuing Annual General Meeting.

D. Re-appointment of Director Retiring by Rotation

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

The Notice convening the Annual General Meeting includes the proposals for appointment / re-appointment of the Directors. Brief resumes of the Directors proposed to be appointed / re-appointed have been provided as an Annexure to the Notice convening the Annual General Meeting. Specific information about the nature of their expertise in specific functional areas and the names of the companies in which they hold directorship

and membership / chairmanship of the Board Committees have also been included.

E. Committees of the Board

During the year under review, there were no changes in the composition of the Committees of the Board. A detailed note on the Committees of the Board of Directors is given in the Corporate Governance Report forming part of the Annual Report.

F. Performance Evaluation

Pursuant to the provisions of Section 134 (3) (p) read with Articles VII and VIII of Schedule IV of the Companies Act, 2013, the Board undertook an evaluation of itself and its committees. The Board, excluding the independent director being evaluated, also assessed the performance and the potential of each of the independent directors with a view to maximising their contribution to the Board. As contemplated by the Act, the independent directors at a meeting conducted a review of the performance of the Chairman after taking into account the views of the non-executive members of the Board. At the same meeting, the review of the executive directors was also carried out.

The process put in place by the Board, in accordance with the Companies Act, 2013 and the relevant provisions of the Listing Agreement / Listing Regulations, is aimed at improving the performance of the Board, its committees and its members.

G. Directors' Responsibility Statement

In terms of the requirements of Section 134(5) of the Companies Act, 2013, we, on behalf of the Board of Directors, hereby confirm that:

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;

- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts has been prepared on a going concern basis; and
- e) internal financial controls to be followed by the company has been laid down and such internal financial controls are adequate and were operating effectively.
- f) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDIT RELATED MATTERS

A. Audit Committee

The powers, role and terms of reference of the Audit Committee are in consonance with the requirements mandated under Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement / Regulation 18 of Listing Regulations. The Audit Committee comprises of the following members:

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

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

B. Statutory Auditors

At the Annual General Meeting of the Company held on July 11, 2014, S.R. Batliboi & Associates LLP (Firm Registration Number 101049W/E300004) were re-appointed as the Statutory Auditors of the

Company for a period of 3 years which is subject to annual ratification by the members of the Company in terms of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014. The members may ratify the appointment of S.R. Batliboi & Associates LLP as the Statutory Auditors of the Company for the financial year 2016-17.

There are no qualifications or adverse remarks in the Statutory Auditors' Report which require any explanation from the Board of Directors. The Statutory Auditors have expressed an unmodified opinion in the audit reports in respect of the audited financial statements for the financial year ended March 31, 2016.

C. Secretarial Audit

The Secretarial Audit Report for the year ended March 31, 2016 issued by Mr. Nagendra D Rao, Practicing Company Secretary in accordance with the provisions of Section 204 of the Companies Act, 2013 is provided separately in the Annual Report. There are no qualifications or adverse remarks in the Secretarial Audit Report which require any explanation from the Board of Directors.

D. Cost Audit

The Cost Audit Report for the financial year 2014-15 was filed with the Ministry of Corporate Affairs, New Delhi within the due date prescribed under The Companies (Cost Records and Audit) Rules, 2014. There are no qualifications or adverse remarks in the Cost Audit Report which require any explanation from the Board of Directors.

Based on the recommendations of the Audit Committee, the Board of Directors have re-appointed M/s. Srinivas and Co, Cost Accountants (Firm Registration No: 000278) as the Cost Auditors of the Company for the financial year 2015-16. In terms of Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors for the financial year 2015-16 is subject to ratification by the shareholders of the Company. The Notice convening the Annual General Meeting contains the proposal for ratification of the remuneration payable to the Cost Auditors.

E. Internal Financial Controls

There are adequate internal financial controls in place with reference to the financial statements. During the year under review, these controls were tested and no significant weakness was identified either in the design or operation of the controls.

POLICY MATTERS

A. Nomination and Remuneration Policy

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

B. Risk Management Framework

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

C. Corporate Social Responsibility Policy

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

In terms of Section 134 of the Companies Act, 2013 read with The Companies (Corporate Social

Responsibility Policy) Rules, 2014, the annual report on Corporate Social Responsibility activities of the Company is given in **Annexure B** to this report.

D. Vigil Mechanism

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

OTHER MATTERS

A. Debentures

During the year under review, the Company has issued various Secured Redeemable Non-Convertible Debentures aggregating to ₹ 3,250,000,000 (Rupees Three Hundred and Twenty Five Crores) on private placement basis in multiple tranches.

B. Deposits

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

C. Transfer to Investor Education and Protection Fund

In compliance of Section 205C of the Companies Act, 1956, the dividends pertaining to the financial year 2007-08 which were lying unclaimed with the Company was transferred to the Investor Education and Protection Fund during the financial year 2015-16. The details of unclaimed dividend transferred to the Investor Education and Protection Fund has been detailed in the Corporate Governance Report forming part of the Annual Report.

D. Human Resources

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 sincere appreciation to all the employees for their continued hard work and steadfast dedication.

As a part of the policy for Prevention of Sexual Harassment in the organisation, the Company has in place an Internal Complaints Committee for prevention and redressal of complaints of sexual harassment of women at work place in accordance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013 and relevant rules thereunder. No complaints were received by the Committee during the period under review.

As on March 31, 2016, the Company has an organisational strength of 2,724 employees.

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

E. Awards and Recognition

During the financial year 2015-16, the Company was bestowed with various awards and recognitions, the details of which are given in a separate section of the Annual Report.

F. Corporate Governance

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

A detailed report on Corporate Governance forms part of the Annual Report.

G. Code of Conduct

As prescribed under Clause 49 of the Listing Agreement / Regulation 17 of the Listing Regulations, a declaration signed by the Vice Chairman and Managing Director affirming compliance with the Code of Conduct by the Directors and senior management personnel of the Company for the

financial year 2015-16 forms part of the Corporate Governance Report.

H. Management Discussion and Analysis Report

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

I. Extract of Annual Return

In terms of Section 134 of the Companies Act, 2013 read with Rules 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return of the Company for the financial year 2015-16 is provided in **Annexure D** to this report.

J. Particulars of Loans, Guarantees and Investments

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

K. Related Party Transactions

During the year, the Company has not entered into any contract / arrangement / transaction with a related party which can be considered as material in terms of the policy on related party transactions laid down by the Board of Directors. The related party transactions undertaken during the financial year 2015 – 16 are detailed in Notes to Accounts of the Financial Statements.

L. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

In terms of Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, the particulars of conservation of energy, technology absorption, and foreign exchange earnings and outgo are set out in **Annexure E** to this report.

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

The details of remuneration of directors, key managerial personnel and the statement of employees in receipt of remuneration exceeding the limits prescribed under Section 134 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 has been provided in **Annexure F** to this report.

N. Financial Position and Performance of Subsidiaries, Joint Ventures and Associates

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

O. Additional Information to Shareholders

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

ACKNOWLEDGEMENTS

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

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



Ravi PNC Menon
Chairman



J C Sharma
Vice Chairman & Managing Director

Place: Bangalore
Date: May 19, 2016

Annexure A

EXTRACT FROM NOMINATION AND REMUNERATION POLICY

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

A. Eligibility or Criteria for Appointment

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

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

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

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

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

Limits on Directorship: No person shall be appointed as a Whole-time Director / Independent Director of the Company unless such directorship is within the limits prescribed by law in this behalf.

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

B. Term of Office

Whole-time Director

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

Independent Director(s)

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

Key Managerial Personnel and Senior Management

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

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

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

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

Performance Evaluation

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

- iv. The Independent Directors shall review the performance of the Chairperson of the company, taking into account the views of the Committee, the executive directors and non-executive directors.

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

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

Board of Directors

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

- x. Adequacy and quality of feedback by the Board to management on its requirements.
- xi. Adequacy of frequency and length of board and committee meetings.
- xii. Appropriate mix of knowledge and skills in the composition of the board and its committees.

Committees of the Board of Directors

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

Independent Directors

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

Whole-time Director(s)

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

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

A. Remuneration Criteria

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

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

B. Payment of Remuneration

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

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

Basic Salary

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

Accommodation or House Rent Allowance

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

Performance Incentives

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

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

Perquisites and Other Allowances

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

D. Remuneration of Independent Directors

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

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

E. Limits on Remuneration

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

Annexure B

Annual Report on Corporate Social Responsibility (CSR) Activities

1. Brief Outline of CSR Policy

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

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

Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

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

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

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

2. Composition of CSR Committee

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

1. Mr. Anup Shah (Independent Director) - Chairman
2. Mr. J C Sharma (Vice Chairman and Managing Director) – Member
3. Mr. P Ramakrishnan (Deputy Managing Director) - Member

3. Average Net Profits

The average net profits, i.e. profits before tax of the Company during the three immediately preceding financial years was ₹ 3,002.41 Million

4. Prescribed CSR Expenditure

The prescribed CSR expenditure was ₹ 60.05 Million, i.e. 2% of the average net profits mentioned in Point 3 above.

5. Details of CSR Spend

- (a) Total amount to be spent for the financial year 2015-16: ₹ 155.00 Million
- (b) Amount unspent, if any: None. The Company has spent the prescribed CSR expenditure as required under Section 135 of the Companies Act, 2013
- (c) Manner in which the amount was spent during the financial year is detailed below:

SI No.	CSR project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local Area or Other (2) Specify the State and District where Projects/Programme undertaken	Amount Outlay (Budget) project / programs wise	Amount spent on the projects or programs	Cumulative Expenditure upto the reporting period	Amount Spent: Direct or through implementing agency*
1	Rural Development	<p>i. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation</p> <p>ii. Promoting education, and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects</p> <p>iii. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups</p>	<p>1. Local</p> <p>2. Kerala - Vadakkenchery and Kizhakkenchery Panchayats in the district of Palakkad, Kerala</p>	₹ 155.00 million	₹ 150.10 million	₹ 150.10 million	Implementation Agency*

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

6. Responsibility Statement

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

For Sobha Limited

Place: Bangalore

Anup Shah

J C Sharma

Date: May 19, 2016

Chairman, CSR Committee

Vice Chairman & Managing Director

Annexure C

Corporate Governance Compliance Certificate

I have examined the compliance of regulations of Corporate Governance by M/s Sobha Limited for the year ended March 31, 2016, as stipulated in regulations Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of regulations of Corporate Governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the regulations of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements 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 regulations of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Bengaluru
Date : May 19, 2016.

CS. Nagendra D. Rao
Practising Company Secretary
Membership No.: FCS - 5553
Certificate of Practice: 7731

Annexure D

Form No. MGT-9

Extract of Annual Return as on the financial year ended on March 31, 2016

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

I. Registration and other Details

CIN	L45201KA1995PLC018475
Registration Date	August 07, 1995
Name of the Company	Sobha Limited (formerly Sobha Developers Limited)
Category of the Company	Company limited by shares
Sub-Category of the Company	Indian Non-Government Company
Address of the Registered office and contact details	'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore – 560 103 Tel: 080 4932 0000 Email: investors@sobha.com
Whether listed company	Yes. Listed on National Stock Exchange of India Limited and BSE Limited
Name, Address and Contact Details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West) Mumbai - 400 078 Tel: +91 22 2596 3838 Fax: +91 22 2594 6969 Email: rnt.helpdesk@linkintime.co.in

II. Principal Business Activities of the Company

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

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

III. Particulars of Holding, Subsidiary and Associate Companies

SI No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% Share Held	Applicable Section
1	Sobha Developers (Pune) Limited 'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore - 560 103	U45202KA2007PLC041761	Subsidiary	100	Section 2(87)
2	Sobha Assets Private Limited 'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore - 560 103	U70100KA2012PTC063003	Subsidiary	100	Section 2(87)
3	Sobha Tambaram Developers Limited Kothari Buildings, 1st Floor, 115, Nungambakkam High Road, Nungambakkam, Chennai - 600 034	U45300TN1999PLC042927	Subsidiary	100	Section 2(87)
4	Sobha Nandambakkam Developers Limited Kothari Buildings, 1st Floor, 115, Nungambakkam High Road, Nungambakkam, Chennai - 600 034	U45201TN2007PLC063187	Subsidiary	100	Section 2(87)
5	Sobha Highrise Ventures Private Limited 'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore - 560 103	U70100KA2012PTC064148	Subsidiary*	50	-

*Sobha Highrise Ventures Private Limited (CIN: U70100KA2012PTC064148) is a subsidiary of the Company in terms of Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and not under the provisions of the Companies Act, 2013.

IV. Shareholding Pattern (Equity Share Capital Breakup as Percentage of Total Equity)

i. Category-Wise Shareholding

Category of Shareholders	No. of shares held at the beginning of the year			No. of shares held at the end of the year			% Change during the year
	Demat	Physical	Total	Demat	Physical	Total	
A 1 Indian Promoters							
(a) Individuals/ Hindu Undivided Family	-	-	-	-	-	-	-
(b) Central Government/ State Government(s)	-	-	-	-	-	-	-
(c) Bodies Corporate	-	-	-	-	-	-	-
(d) Banks / Financial Institutions	-	-	-	-	-	-	-
(e) Any Others(Specify)							
(e) (i) Relative of Promoter	45,000	-	45,000	45,000	-	45,000	0.00
Sub Total(A)(1)	45,000	-	45,000	45,000	-	45,000	0.00
A 2 Foreign Promoters							
(a) NRIs – Individuals	-	-	-	-	-	-	-
(b) Other - Individuals	59,364,300	-	59,364,300	59,364,300	-	59,364,300	0.00
(c) Bodies Corporate	-	-	-	-	-	-	-
(d) Banks/ Financial Institutions	-	-	-	-	-	-	-
(e) Any Others(Specify)							
Sub Total(A)(2)	59,364,300	-	59,364,300	59,364,300	-	59,364,300	0.00
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	59,409,300	-	59,409,300	59,409,300	-	59,409,300	0.00
(B) Public shareholding							
1 Institutions							
(a) Mutual Funds	3,436,032	-	3,436,032	4,502,235	-	4,502,235	1.09
(b) Banks/ Financial Institutions	546,772	-	546,772	549,671	-	549,671	0.00
(c) Central Government	-	-	-	-	-	-	-
(d) State Government(s)	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-
(f) Insurance Companies	53,272	-	53,272	53,272	-	53,272	0.00

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(g) Foreign Institutional Investors	21,381,673	-	21,381,673	21.80	7,964,236	-	7,964,236	8.12	(13.68)
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Any Other (specify)									
(i) (i) Foreign Portfolio Investors (Corporate)	9,707,666	-	9,707,666	9.90	20,840,702	-	20,840,702	21.25	11.35
Sub-Total (B)(1)	35,125,415	-	35,125,415	35.82	33,910,116	-	33,910,116	34.57	(1.24)
2 Non-institutions									
(a) Bodies Corporate									
i. Indian	850,518	20	850,538	0.87	789,840	20	789,860	0.81	(0.06)
ii. Overseas	11	-	11	0.00	11	-	11	0.00	0.00
(b) Individuals									
i Individual shareholders holding nominal share capital up to Rs 1 lakh	1,922,450	103	1,922,553	1.96	2,450,257	113	2,450,370	2.50	0.54
ii Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	166,856	-	166,856	0.17	310,444	-	310,444	0.32	0.15
(c) Any Other (specify)									
i Independent Directors	20,635	-	20,635	0.02	20,635	-	20,635	0.02	0.00
ii Clearing Member	109,132	-	109,132	0.11	680,637	-	680,637	0.69	0.58
iii Trusts	1,699	-	1,699	0.00	1,699	-	1,699	0.00	0.00
iv Non Resident Indians (Repatriable)	309,801	-	309,801	0.32	255,881	-	255,881	0.26	(0.06)
v Non Resident Indians (Non-Repatriable)	29,810	-	29,810	0.03	43,458	-	43,458	0.04	0.01
vi Office Bearers	118,073	45	118,118	0.12	117,467	45	117,512	0.12	0.00
Vii Hindu Undivided Family (HUF)	-	-	-	-	73,945	-	73,945	0.08	0.08
Sub-Total (B)(2)	3,528,985	168	3,529,153	3.60	4,744,274	178	4,744,452	4.84	1.24
(B) Total Public Shareholding (B)= (B)(1)+(B)(2)	38,654,400	168	38,654,568	39.42	38,654,390	178	38,654,568	39.42	0.00
(C) Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A)+(B)+(C)	98,063,700	168	98,063,868	100	98,063,690	178	98,063,868	100	-

ii. Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the Beginning of the year			Shareholding at the End of the year			% change in shareholding during the year
		No. of Shares	% of Total Shares of Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of Total Shares of Company	% of Shares Pledged / encumbered to total shares	
1	Mrs. Sobha Menon	41,348,421	42.16	10.91	41,348,421	42.16	0.71	-
2	Mr. P N C Menon	12,488,522	12.74	0.00	12,488,522	12.74	10.20	-
3	Mr. P N C Menon jointly with Mrs. Sobha Menon	5,494,407	5.60	0.00	5,494,407	5.60	0.00	-
4	Mr. P N Haridas*	45,000	0.05	0.00	45,000	0.05	0.00	-
5	Mr. Ravi PNC Menon*	32,950	0.03	0.00	32,950	0.03	0.00	-
Total		59,409,300	60.58	10.91	59,409,300	60.58	10.91	-

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

iii. Change in Promoters Shareholding

There was no change in the Promoters shareholding during the financial year 2015-16.

iv. Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRS and ADRS)

SI No	For each of the Top 10 Shareholder	Shareholding at the beginning and end of the year		Date	Change in shareholding	Reason	Cumulative shareholding during the year	
		Number of Shares	% of Total No. of Shares				Number of Shares	% of Total No. of Shares
1.	Platinum Asia Fund	6,198,567	6.32	1-Apr-2015				
				10-Apr-2015	426,649	Market Purchase	6,625,216	6.76
				01-May-2015	113,132	-do-	6,738,348	6.87
				08-May-2015	36,204	-do-	6,774,552	6.91
		6,774,552	6.91	31-Mar-2016				
2.	Nordea 1 Sicav - Emerging Stars Equity Fund	3,244,702	3.31	1-Apr-2015				
				1-May-2015	(137,900)	Market Sale	3,106,802	3.17
				08-May-2015	(401,667)	-do-	2,705,135	2.76
				22-May-2015	36,640	Market Purchase	2,741,775	2.80
				29-May-2015	148,000	-do-	2,889,775	2.95
				24-Jul-2015	88,292	-do-	2,978,067	3.04
				14-Aug-2015	333,429	-do-	3,311,496	3.38
				18-Sep-2015	339,925	-do-	3,644,421	3.72
				16-Oct-2015	273,856	-do-	3,918,277	4.00
				06-Nov-2015	130,151	-do-	4,048,428	4.13
				20-Nov-2015	165,157	-do-	4,213,585	4.30
				11-Dec-2015	110,663	-do-	4,324,248	4.41
				29-Jan-2016	195,879	-do-	4,520,127	4.61
				05-Feb-2016	240,300	-do-	4,760,427	4.85
				12-Feb-2016	9,700	-do-	4,770,127	4.86
				18-Mar-2016	137,265	-do-	4,907,392	5.00
				25-Mar-2016	150,956	-do-	5,058,348	5.16
		5,111,191	5.21	31-Mar-2016				
3.	Franklin Templeton Mutual Fund A/C Franklin India Prima Fund	912,437	0.93	1-Apr-2015				
				17-Apr-2015	(12,528)	Market sale	899,909	0.92
				19-Jun-2015	50,000	Market Purchase	949,909	0.97
				26-Jun-2015	200,000	-do-	1,149,909	1.17
				30-Jun-2015	50,000	-do-	1,199,909	1.22
				10-Jul-2015	200,000	-do-	1,399,909	1.43
				17-Jul-2015	50,000	-do-	1,449,909	1.48
				7-Aug-2015	25,000	-do-	1,474,909	1.50
		1,474,909	1.50	31-Mar-2016				
	Franklin India Smaller Companies Fund	570,583	0.58	1-Apr-2015				
				1-May-2015	20,000	Market Purchase	590,583	0.60
				19-Jun-2015	20,000	-do-	610,583	0.62
				26-Jun-2015	200,000	-do-	810,583	0.83
				30-Jun-2015	50,000	-do-	860,583	0.88
				3-Jul-2015	39,992	-do-	900,575	0.92
				10-Jul-2015	10,008	-do-	910,583	0.93
				17-Jul-2015	88,172	-do-	998,755	1.02
				31-Jul-2015	74,026	-do-	1,072,781	1.09
				7-Aug-2015	50,689	-do-	1,123,470	1.15
				31-Dec-2015	1,00,000	-do-	1,223,470	1.25
		1,223,470	1.25	31-Mar-2016				
	Franklin Templeton Mutual Fund A/C Franklin India Opportunities Fund	-	-	1-Apr-2015				
				26-Jun-2015	100,000	Market Purchase	100,000	0.10
				30-Jun-2015	50,000	-do-	150,000	0.15
				10-Jul-2015	50,000	-do-	200,000	0.20
				17-Jul-2015	20,000	-do-	220,000	0.22
				31-Jul-2015	19,611	-do-	239,611	0.24
				7-Aug-2015	5,344	-do-	244,955	0.25
		244,955	0.25	31-Mar-2016				

SI No	For each of the Top 10 Shareholder	Shareholding at the beginning and end of the year		Date	Change in shareholding	Reason	Cumulative shareholding during the year	
		Number of Shares	% of Total No. of Shares				Number of Shares	% of Total No. of Shares
4.	NtAsian Discovery Master Fund	2,473,684	2.52	1-Apr-2015				
				18-Sep-2015	970,000	Market Purchase	3,443,684	3.51
				18-Mar-2016	(92,000)	Market Sale	3,351,684	3.42
		2,756,095	2.81	25-Mar-2016	(117,589)	-do-	3,234,095	3.30
				31-Mar-2016	(478,000)	-do-	2,756,095	2.81
5.	College Retirement Equities Fund – Stock Account	595,645	0.61	1-Apr-2015				
				5-Jun-2015	(8,099)	Market Sale	587,546	0.60
				16-Oct-2015	87,446	Market Purchase	674,992	0.69
				23-Oct-2015	260,261	-do-	935,253	0.95
				30-Oct-2015	183,021	-do-	1,118,274	1.14
				06-Nov-2015	50,104	-do-	1,168,378	1.19
				13-Nov-2015	11,901	-do-	1,180,279	1.20
				20-Nov-2015	111,820	-do-	1,292,099	1.32
		1,361,074	1.39	12-Feb-2016	6,290	-do-	1,298,389	1.32
				18-Mar-2016	(13,287)	Market Sale	1,285,102	1.31
				25-Mar-2016	53,199	Market Purchase	1,338,301	1.36
				31-Mar-2016	22,773	-do-	1,361,074	1.39
		-	-	1-Apr-2015				
				16-Oct-2015	42,453	Market Purchase	42,453	0.04
				23-Oct-2015	118,250	-do-	160,703	0.16
				30-Oct-2015	83,154	-do-	243,857	0.25
				6-Nov-2015	22,764	-do-	266,621	0.27
				13-Nov-2015	5,407	-do-	272,028	0.28
		322,832	0.33	20-Nov-2015	50,804	-do-	322,832	0.33
				31-Mar-2016				
6.	Schroder International Selection Fund Emerging Asia	1,672,398	1.70	1-Apr-2015				
		1,672,398	1.70	31-Mar-2016	-	-	1,672,398	1.71
7.	ICICI Prudential Balanced Advantage Fund	-	-	1-Apr-2015				
				7-Aug-2015	144,862	Market Purchase	144,862	0.15
				21-Aug-2015	400,000	-do-	544,862	0.56
				28-Aug-2015	25,090	-do-	569,952	0.58
				30-Sep-2015	114,761	-do-	684,713	0.70
				09-Oct-2015	48,017	-do-	732,730	0.75
				30-Oct-2015	104,750	-do-	837,480	0.85
				6-Nov-2015	480,908	-do-	1,318,388	1.34
				4-Dec-2015	14,340	-do-	1,332,728	1.36
				11-Dec-2015	77,934	-do-	1,410,662	1.44
				18-Dec-2015	47,683	-do-	1,458,345	1.49
				25-Dec-2015	10	-do-	1,458,355	1.49
		1,458,355	1.49	31-Mar-2016				

SI No	For each of the Top 10 Shareholder	Shareholding at the beginning and end of the year		Date	Change in shareholding	Reason	Cumulative shareholding during the year	
		Number of Shares	% of Total No. of Shares				Number of Shares	% of Total No. of Shares
8.	Dimensional Emerging Markets Value Fund	778,064	0.79	1-Apr-2015				
				10-Apr-2015	4,264	Market Purchase	782,328	0.80
				17-Apr-2015	3,306	-do-	785,634	0.80
				15-May-2015	4,714	-do-	790,348	0.81
				22-May-2015	5,958	-do-	796,306	0.81
				29-May-2015	2,354	-do-	798,660	0.81
				19-Jun-2015	2,858	-do-	801,518	0.82
				30-Jun-2015	5,477	-do-	806,995	0.82
				3-Jul-2015	6,955	-do-	813,950	0.83
				10-Jul-2015	7,343	-do-	821,293	0.84
				18-Dec-2015	(6,061)	Market Sale	815,232	0.83
				05-Feb-2016	2,746	Market Purchase	817,976	0.83
				19-Feb-2016	3,328	-do-	821,304	0.84
				11-Mar-2016	4,491	-do-	825,795	0.84
		825,795	0.84	31-Mar-2016				
9.	Invesco Asia Trust PLC	-	-	1-Apr-2015				
				8-May-2015	354,610	Market Purchase	354,610	0.36
				15-May-2015	103,117	-do-	457,727	0.47
				30-Jun-2015	53,265	-do-	510,992	0.52
				24-Jul-2015	144,340	-do-	655,332	0.67
				28-Aug-2015	52,945	-do-	708,277	0.72
				11-Sep-2015	57,422	-do-	765,699	0.78
				30-Sep-2015	21,344	-do-	787,043	0.80
				09-Oct-2015	167	-do-	787,210	0.80
		787,210	0.80	31-Mar-2016				
10.	TIAA-CREF Funds - TIAA-CREF Emerging Markets Equity Fund	-	-	1-Apr-2015				
				16-Oct-2015	57,534	Market Purchase	57,534	0.06
				23-Oct-2015	191,396	-do-	248,930	0.25
				30-Oct-2015	134,590	-do-	383,520	0.39
				06-Nov-2015	36,845	-do-	420,365	0.43
				13-Nov-2015	8,753	-do-	429,118	0.44
				20-Nov-2015	82,229	-do-	511,347	0.52
				12-Feb-2016	53,959	-do-	565,306	0.58
				25-Mar-2016	123,252	-do-	688,558	0.70
		749,797	0.76	31-Mar-2016	61,239	-do-	749,797	0.76

V. Shareholding of Directors and Key Managerial Personnel

Sl No	For each of the Directors and KMP	Shareholding at the beginning and end of the year		Date	Change in shareholding	Reason	Cumulative shareholding during the year	
		Number of Shares	% of Total No. of Shares				Number of Shares	% of Total No. of Shares
1	Mr. Ravi PNC Menon Chairman	32,950	0.03	01/04/2015	No change	Not Applicable	32,950	0.03
		32,950	0.03	31/03/2016				
2	Mr. J C Sharma Vice Chairman and Managing Director	90,015	0.09	01/04/2015	No change	Not Applicable	90,015	0.09
		90,015	0.09	31/03/2016				
3	Mr. P Ramakrishnan Deputy Managing Director	-	-	01/04/2015	No change	Not Applicable	-	-
		-	-	31/03/2016				
4	Mr. M Damodaran Non-Executive Independent Director	-	-	01/04/2015	No change	Not Applicable	-	-
		-	-	31/03/2016				
5	Dr. S K Gupta # Non-Executive Independent Director	1,335	0.00	01/04/2015	No change	Not Applicable	1,335	0.00
		1,335	0.00	31/03/2016				
6	Mr. R V S Rao Non-Executive Independent Director	15,000	0.01	01/04/2015	No change	Not Applicable	15,000	0.01
		15,000	0.01	31/03/2016				
7	Mr. Anup Shah # Non-Executive Independent Director	4,300	0.00	01/04/2015	No change	Not Applicable	4,300	0.00
		4,300	0.00	31/03/2016				
8	Dr. Punita Kumar-Sinha Non-Executive Independent Director	-	-	01/04/2015	No change	Not Applicable	-	-
		-	-	31/03/2016				
9	Mr. Subhash Mohan Bhat # Chief Financial Officer	130	0.00	01/04/2015	No change	Not Applicable	130	0.00
		130	0.00	31/03/2016				
10	Mr. Kishore Kayarat Company Secretary and Compliance Officer	-	-	01/04/2015	No change	Not Applicable	-	-
		-	-	31/03/2016				

Shareholding less than 0.01%

VI. Indebtedness

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

₹ in million

	Secured Loan excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	16,238	2,300	-	18,538
(ii) Interest Accrued but not paid	-	-	-	-
(iii) Interest Accrued but not due	33	10	-	43
Total (i + ii + iii)	16,271	2,310	-	18,581
Change in Indebtedness during the financial year				
• Addition	13,236	-	-	13,236
• Reduction	9,781	281	-	10,062
Net Change	3,455	(281)	-	3,173
Indebtedness at the end of the financial year				
(i) Principal Amount	19,693	2,019	-	21,711
(ii) Interest Accrued but not paid	-	-	-	-
(iii) Interest Accrued but not due	229	16	-	245
Total (i + ii + iii)	19,921	2,034	-	21,956

VII. Remuneration of Directors and Key Managerial Personnel

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

SI No	Particulars of Remuneration	Name of MD / WTD / Manager			Total Amount ₹ in million
		Mr. Ravi PNC Menon	Mr. J C Sharma	Mr. P Ramakrishnan	
1.	Gross salary				
(a)	Salary as per provisions contained in the section 17 (1) of the Income Tax Act, 1961	45.07	10.30	8.31	63.68
(b)	Value of Perquisites under section 17 (2) of the Income Tax Act, 1961	1.69	0.04	0.04	1.77
(c)	Profits in lieu of salary under section 17 (3) of the Income Tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
•	as % of Profit	30.68	30.68	-	61.35
•	Others	-	-	-	-
5.	Others – Contribution to Provident Fund	3.38	0.02	0.02	3.42
	Total (A)	80.81	41.04	8.37	130.22
	Ceiling as per the Act	10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 i.e. ₹ 265.35 Million			

B. Remuneration to other Directors

Sl No.	Particulars of Remuneration	Name of Directors					Total Amount ₹ in million
		Mr. M Damodaran	Dr. S K Gupta	Mr. R V S Rao	Mr. Anup Shah	Dr. Punita Kumar-Sinha	
1.	Independent Directors						
	• Fee for attending Board / Committee Meetings	0.06	0.15	0.14	0.19	0.08	0.62
	• Commission	1.50	1.50	1.50	1.50	1.50	7.50
	• Others	-	-	-	-	-	-
Total (1)		1.56	1.65	1.64	1.69	1.58	8.12
2.	Other Non – Executive Directors						
	• Fee for attending Board / Committee Meetings	-	-	-	-	-	-
	• Commission	-	-	-	-	-	-
	• Others	-	-	-	-	-	-
Total (2)		-	-	-	-	-	-
Total (B)=(1+2)		1.56	1.65	1.64	1.69	1.58	8.12
Total Managerial Remuneration*							138.34
Overall Ceiling as per the Act		Overall Managerial Remuneration: 11% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 i.e. ₹ 291.88 Million Non-Executive Directors: 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 i.e. ₹ 26.53 Million					

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

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

Sl No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount ₹ in million
		Mr. Subhash Mohan Bhat Chief Financial Officer	Mr. Kishore Kayarat Company Secretary and Compliance Officer	
1.	Gross salary			
	(a) Salary as per provisions contained in the section 17 (1) of the Income Tax Act, 1961	8.00	2.76	10.76
	(b) Value of Perquisites under section 17 (2) of the Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17 (3) of the Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	• As % of Profit	-	-	-
	• Others (Specify)	-	-	-
5.	Others – Contribution to Provident Fund	0.02	0.02	0.04
Total		8.02	2.78	10.80

VIII. Penalties / Punishments / Compounding of Offences

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

Annexure E

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

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

A. Conservation of Energy

i. Steps taken or impact on conservation of energy

The Company has adopted the following energy conservation measures:

- a. Use of energy efficient lamps, control gears, ballast VFDs highly efficient motors and PV cells
- b. Use of CFLs, fluorescent tubes, metal halide and LEDs in the common areas of residential projects
- c. Use of external street light fixtures with timers
- d. Use of lighting software in the design stage of our projects
- e. Use of daylight sensors and occupancy sensors with dimmable ballasts
- f. Use of best quality wires, cables, switches and low self power loss breakers
- g. Following standard specifications like colour codes, independent neutral and earthing for each circuit to curb energy leakage
- h. Use of low- loss electronic ballast
- i. Selection of high efficiency transformers, DG sets and other equipments
- j. Introduction of auto-correction power factor capacitor panels and harmonic filters
- k. The use of separate energy meters for major common area loads so that power consumption can be monitored and efforts can be made to minimise the same
- l. Use of energy efficient lifts with group control in residential projects

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

- a. Provision of back-up solar power for lighting in residential projects
- b. Use of heat pumps and solar water heaters instead of geysers to reduce power consumption

iii. Capital investment on energy conservation equipments

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

B. Technology Absorption

i. Efforts made towards technology absorption

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

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

The Company derives benefits in the form of cost reduction, fewer customer complaints, and better quality of the end products. The above initiations and

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

ii. Imported Technology

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

iii. Expenditure incurred on Research and Development

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

1. 'Ready Mixed Concrete Batching Plant Audit' for Vendor Evaluation
2. Materials testing & validation of the construction materials used on site to check their quality, durability, and compatibility
3. Pile Integrity Test for qualitative evaluation of the physical dimensions (cross sectional variation), soundness or defects of the piles concrete with respect to its continuity
4. Introduction of 'Lightweight Deflectometer' for measuring the deflection modulus of sub grade/ sub soils and unbound base layers
5. Introduction of 'Block Testing Plates' for testing blocks at sites
6. Introduction of 'Lift Well' gate for fall protection into the lift pits or shafts
7. Introduction of 'Laser Plummet' for maintaining verticality of columns and buildings
8. Raised floor system in terraces to prevent direct heat transmission from the roof slab and to protect water resistance treatment of roofs for longer duration

9. Introduction of tile round cutting using mini drilling machine and tile holesaw cutter to get a perfect round finish
10. Wooden / Bamboo textured glass reinforced concrete cladding panels which is lightweight when compared to conventional concrete
11. Physical measurement technique tools software to measure and analyze elevator ride quality, vibration & sound.
12. Epoxy flooring applied to concrete for protection, aesthetic enhancement, strong adhesion, long lasting, rustproof, waterproof, heat resistant, salt and acid resistance.

Benefits derived as a result of the above R&D

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

Future plan of action

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

Expenditure on R&D

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

C. Foreign Exchange Earnings and Outgo

Total expenditure in foreign exchange	₹ 883.78 million
Total income in foreign exchange	Nil

Annexure F

Remuneration Details of Directors and Employees

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

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

SI No.	Name of Director / KMP	Designation	Ratio of Remuneration to Median Remuneration ¹	% Increase in Remuneration Y-O-Y	Comparison of KMP remuneration against the Company's performance
1	Mr. Ravi PNC Menon	Chairman	223	(17.40)	The revenues decreased by 24.28%, the Profit before Tax and Profit after Tax have declined by 15.99% and 31.23% respectively on a standalone basis. On a consolidated basis, the revenues were lower by 23.50%, the Profit before Tax by 24.42% and Profit after Tax by 35.60% as compared to the previous financial year 2014-15.
2	Mr. J C Sharma	Vice Chairman & Managing Director	116	(28.80)	
3	Mr. P Ramakrishnan	Deputy Managing Director	24	(9.10)	
4	Mr. M Damodaran	Independent Director	4	No Change	Not Applicable
5	Dr. S K Gupta	Independent Director	4	No Change	
6	Mr. R V S Rao	Independent Director	4	No Change	
7	Dr. Punita Kumar-Sinha ²	Independent Director	4	-	
8	Mr. Anup Shah	Independent Director	4	No Change	The revenues decreased by 24.28%, the Profit before Tax and Profit after Tax have declined by 15.99% and 31.23% respectively on a standalone basis. On a consolidated basis, the revenues were lower by 23.50%, the Profit before Tax by 24.42% and Profit after Tax by 35.60% as compared to the previous financial year 2014-15.
9	Mr. Subhash Mohan Bhat ³	Chief Financial Officer	23	-	
10	Mr. Kishore Kayarat	Company Secretary & Compliance Officer	8	8	

- The median remuneration of employees during the financial year was ₹ 354,144 (Rupees Three Lakhs Fifty Four Thousand One Hundred and Forty Four only)
- % increase in remuneration is not provided as Dr. Punita Kumar – Sinha was appointed as a director on October 06, 2014 and was not associated with the Company for the entire financial year 2014-15.
- % increase in remuneration is not provided as Mr. Subhash Mohan Bhat was appointed as a Chief Financial Officer with effect from February 16, 2015 and was not in employment of the Company for the entire financial year 2014-15.

- ii. The percentage increase in the median remuneration of employees in the financial year 2015-16 was 7.92%.
- iii. The number of permanent employees on the rolls of Company as on March 31, 2016 was 2,724.
- iv. The average increase in median remuneration during the financial year 2015-16 was 4.65%. During the same period, the revenues have decreased by 24.28%, the Profit before Tax and Profit after Tax have declined by 15.99% and 31.23% respectively on a standalone basis. On a consolidated basis, the revenues were lower by 23.50%, the Profit before Tax by 24.42% and Profit after Tax by 35.60% as compared to the previous financial year 2014-15.
- v. During fiscal 2016, the aggregate remuneration of Key Managerial Personnel decreased from ₹ 176.26 million to ₹ 139.29 million, a decrease of 20.97%. The performance of the Company during the financial year 2015-16 is detailed in point (iv) above. Key Managerial Personnel includes the Whole-time Directors, Chief Financial officer and Company Secretary and Compliance Officer.
- vi. The closing price of the equity shares of the Company on the National Stock Exchange of India as on March 31, 2016 was ₹ 273.95, a decrease of 57% over the issue price during the Initial Public Offering in December 2006 and an increase of 31% over the issue price during the Qualified Institutional Placement in July 2009.

	As on 31.03.2016	As on 31.03.2015	% Change
Market Capitalisation (₹ in million)	26,864.60	39,426.58	(31.86)
Price Earnings Ratio (on standalone basis)	19.62	19.80	(0.91)

- vii. Average percentile increase in the salaries of employees other than the managerial personnel during 2015-16 was 6.06%. The percentile decrease in the managerial remuneration during the same period was 20.97%. The percentile decrease in the managerial remuneration was on account of the variable component of remuneration payable to the managerial personnel as per the terms and conditions of their appointment.
- viii. The key parameters for any variable component of remuneration availed by the directors: The Whole-time Directors are entitled to receive a fixed salary comprising of basic salary, allowances and perquisites. They are also eligible for performance incentives up to a specified percentage or amount as the case may be. The break-up of the remuneration is provided in the Corporate Governance Report forming part of the Annual Report.
- ix. There was no employee whose remuneration was in excess of the remuneration of the highest paid director during the financial year.
- x. The remuneration is as per the Nomination and Remuneration Policy formulated by the Nomination, Remuneration and Governance Committee and approved by the Board of Directors of the Company.

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

Sl. No	Name	Age	Designation	Nature of Employment (Contractual or otherwise)	Gross Remuneration ₹	Qualification	Experience (Years)	Date of commencement of Employment	Previous Employment held
(A) Employed throughout the financial year									
1	Mr. Ravi PNC Menon	35	Chairman	Permanent Employee	80,814,945	B.Sc.E	12	08.06.2004	-
2	Mr. J.C. Sharma	58	Vice Chairman and Managing Director	Permanent Employee	41,037,756	B.Com (Hons), ACA, ACS	34	01.06.2001	Grasim Industries Limited
3	Mr. P. Ramakrishnan	53	Deputy Managing Director	Permanent Employee	8,366,200	BE, MBA	33	15.03.2007	Enares Infranet Private Limited
4	Mr. Jagadish Nangiheni	37	Regional Head – New Delhi	Permanent Employee	11,392,419	B.Tech Civil, PGDM	14	12.11.2009	Greenbox Realty & Highstreet Capital
5	Mr. Varghese P V	53	Chief Executive Officer	Permanent Employee	12,847,190	B.Sc, B.Tech	26	01.04.2006	Sobha Glazing and Metal Works Private Limited
6	Mr. Subhash Mohan Bhat	45	Chief Financial Officer	Permanent Employee	8,022,651	B. Com, ACA, ACS, ACMA	24	16.02.2015	Schneider Electric IT Business India Private Limited
7	Mr. Sanjaya Sarathy TP	57	Regional Director – Chennai	Permanent Employee	7,770,067	B.Sc, ACA	27	10.11.2006	Service and Trade Company, Sultanate of Oman
8	Mr. Manfred Angrick	62	German Master Mason	Permanent Employee	6,108,266	Master Craftsman	43	05.03.2008	QFL, Weimar, Germany
9	Mr. Raju Balan	45	Executive Vice President	Permanent Employee	6,212,440	B.E	24	01.03.2002	Self Employed
10	Mr. Ajith Lal PG	49	Executive Vice President	Permanent Employee	8,332,703	B Tech Civil	26	19.01.2004	Gulf Erection Company, UAE
(B) Employed for part of the financial year									
1	Mr. Atul Padmakar Agharkar	46	Regional Head - Pune	Permanent Employee	1,708,339	BE	22	23.12.2015	Lodha Dwellers Private Limited
(C) Employed for whole or part of the financial year					None				

Notes

- Gross Remuneration comprises salary, allowances, Company's contribution to provident fund and taxable value of perquisites.
- An employee would be qualified to be included in Category (A) or (B) on the following basis:
 - For (A) if the aggregate remuneration drawn by him during the year was not less than ₹ 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.
 - For (C), if the aggregate remuneration drawn by him during the year or part of the year was in excess of the remuneration drawn by the managing director or whole-time director and holds by himself or along with his spouse and dependent children, not less than 2% of the equity shares of the Company.
- None of the employees mentioned above are relatives of any Director of the Company.
- All the employees referred above are / were in full-time employment of the Company and there is no other employee who is in receipt of remuneration in terms of the provisions of Section 134 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Corporate Governance Report

Company's Philosophy

The Company endeavours to imbibe the best in Corporate Governance practices and to this end, has adopted a comprehensive Corporate Governance policy.

Sobha is in compliance with the Corporate Governance guidelines as stipulated under various clauses of the Listing Agreement / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). A report on the matters mentioned in the said clauses / regulations and the practices followed by the Company is detailed below.

Board of Directors

The Board of Directors has the responsibility to participate directly or through its committees, in developing and approving the objectives and goals and the strategy for their achievement. It is entrusted with the supervision of the management of the business and affairs of the Company.

As on date, the Board of Directors of the Company comprises eight directors. Out of the eight directors, one director belongs to the promoter group, two whole-time directors are professional management personnel and five are non-executive independent directors, ensuring an ideal mix of Executive and Non-Executive Directors. None of the directors are related to each other. The composition of the Board of Directors satisfies the requirements of Clause 49 of the Listing Agreement / Regulation 17 of Listing Regulations.

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

Necessary disclosures have been made by the Directors stating that they do not hold membership in more than 10 Committees and / or are acting as Chairman in more than 5 Committees in terms of Clause 49 of the Listing Agreement / Regulation 25 of Listing Regulations.

The composition of the Board of Directors as on May 19, 2016 is as follows:

Name	Designation	Category	Date of Appointment	Director-ships*	Committee Chairmanships**	Committee Memberships**
Mr. Ravi PNC Menon	Chairman	Executive	June 08, 2004	14	-	1
Mr. J C Sharma	Vice Chairman & Managing Director	Executive	April 01, 2003	15	-	3
Mr. P Ramakrishnan	Deputy Managing Director	Executive	January 29, 2010	3	-	-
Mr. M Damodaran	Independent Director	Non-Executive	January 29, 2010	10	2	6
Dr. S K Gupta	Independent Director	Non-Executive	June 28, 2006	2	1	2
Mr. R V S Rao	Independent Director	Non-Executive	June 28, 2006	7	2	2
Mr. Anup Shah	Independent Director	Non-Executive	June 28, 2006	3	-	2
Dr. Punita Kumar - Sinha	Independent Director	Non-Executive	October 06, 2014	10	1	4

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

**Includes Memberships / Chairmanships of only Audit Committee and Stakeholders Relationship Committee of all Listed Companies

Board Meetings

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

The Company has convened at least one Board meeting in a quarter and the maximum time gap between any two meetings is not more than 120 days.

The Board meetings held during the financial year 2015-16 are:

Date of the Meeting	Total Strength of BOD	No. of Directors Present
May 12, 2015	8	8
August 07, 2015	8	7
November 13, 2015	8	7
February 05, 2016	8	7

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

Director	Board Meetings				Annual General Meeting July 15, 2015
	May 12, 2015	August 07, 2015	November 13, 2015	February 15, 2016	
Mr. Ravi PNC Menon	✓	✓	✓	✓	✓
Mr. J C Sharma	✓	✓	✓	✓	✓
Mr. P Ramakrishnan	✓	✓	✓	✓	✓
Mr. M Damodaran	✓	x	✓	x	✓
Dr. S K Gupta	✓	✓	x	✓	✓
Mr. R V S Rao	✓	✓	✓	✓	✓
Mr. Anup Shah	✓	✓	✓	✓	✓
Dr. Punita Kumar-Sinha	✓	✓	✓	✓	✓

Agenda for the Meetings and Information furnished to the Board

The agenda for the meetings are planned and structured by the Chairman and Vice Chairman & Managing Director in consultation with the Company Secretary. The agenda along with explanatory notes and necessary supporting documents is circulated to the Directors within the timelines prescribed. The Company provides a separate window for meetings of the Independent Directors and also facilitates independent consultations with the Statutory and Internal Auditors of the Company.

The Company also has a well-defined process in place for placing vital and sufficient information before the Board. Any matter requiring discussion, decision or approval of the Board or Committee is communicated to the Company Secretary well in advance, so that the same can be included in the agenda of the respective meetings.

All items mentioned under Clause 49 of the Listing Agreement / Regulation 17(7) read with Part A of Schedule II to the Listing Regulations are covered to the fullest extent. Extensive information and presentations are made to the Board on the following matters among others:

Information placed before the Board

- Annual operating plans and budgets and any updates
- Quarterly Unaudited and Annual Audited Financial Results of the Company
- Operational performance of the Company, comparison of budget v actuals
- Financial analysis of performance with ratio analysis
- Cash flows with focus on financial obligation, timelines for payment of credit facilities and interest
- Minutes of the meetings of the Board and various Board and Management Committees
- Financial statements and minutes of subsidiary companies

- Joint venture, collaborations, acquisitions undertaken by the Company
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material
- Information on recruitment and remuneration of senior officers just below the Board level including appointment or removal of Chief Financial Officer and the Company Secretary
- Show cause, demand, prosecution notices and penalty notices, which are materially important
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service
- Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business
- Any issue which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that may have negative implications on the Company
- Significant labour problems and their proposed solutions. Any significant development in human resources / industrial relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Presentations covering the Sales, Delivery, Finance, Compliance, and Risk Management practices
- Safety performance of the Company including a report on serious and fatal accidents
- Material litigations by and against the Company
- Any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the Company
- Report on corporate social responsibility activities of the Company

- Key regulatory updates and their impact on the Company
- Such other information as may be required by law or otherwise to be placed before the Board.

Meeting Compliances

The Company is in compliance with the provisions of the Listing Agreement / Listing Regulations pertaining to the intimation of notice of board meeting, publication of notice and results, outcome of the meeting etc. The information is also made available to the investors on the Company website, www.sobha.com

Appointment and Re-appointment of Directors

During the year under review, there was no change in the composition of the Board of Directors of the Company.

The term of office of Mr. Ravi PNC Menon, Chairman will cease at the close of the financial year 2016-17 and he is eligible for re-appointment. Based on the recommendation of the Nomination, Remuneration and Governance Committee and in view of the significant contributions made by him, the Board has approved the reappointment of Mr. Ravi PNC Menon as Chairman of the Company for a further period of five years subject to the approval of the members in the ensuing Annual General Meeting.

In terms of Section 152 of the Companies Act, 2013, 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, Independent Directors shall not be liable to retire by rotation.

The members at the Twentieth Annual General Meeting of the Company had reappointed Mr. Ravi PNC Menon as a Director of the Company, liable to retire by rotation.

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

The brief profiles of directors being appointed / reappointed are contained in the Notice convening the Annual General Meeting.

Resolutions passed by circulation

During the financial year 2015-16, no circular resolution was passed by the Board of Directors.

Board Compensation

The Board of Directors in consultation with the Nomination, Remuneration and Governance Committee is responsible for the appointment of new directors and determining their remuneration subject to approval of the shareholders at the Annual General Meeting. The remuneration to the Board of Directors is approved by the shareholders and disclosed separately in the Notes to Accounts. Remuneration to Wholtime Director(s) consists of fixed salary and / or performance incentive. The Nomination, Remuneration and Governance Committee of Board of Directors reviews and recommends to the Board of Directors the remuneration payable to the Wholtime 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 except to the extent permitted under the applicable laws, which in the opinion of the Board may affect their independence of judgement.

The Company has an eminent pool of Independent Directors who with their repertoire of knowledge, expertise and varied experience contribute to the

development of strategies and also evaluate the performance of the management. The Independent Directors fulfil the criteria laid down under the Companies Act, 2013 and the Listing Agreement / Listing Regulations. A Statement of Independence has been obtained from each of the Independent Directors of the Company.

Section 149 of the Companies Act, 2013 provides that at least one-third of the total number of directors of a listed public company should be independent directors. Further, Clause 49 of the Listing Agreement / Regulation 17 of Listing Regulations states that if the Chairman of the Company is an Executive Director, at least half of the Board should comprise of Independent Directors. The Company is in compliance with the same.

Independent Directors Remuneration

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

Independent Directors who attend the Board Meetings are entitled to sitting fees of ₹ 20,000 per meeting. Furthermore, Independent Directors who are members of the various committees of the Board are entitled to sitting fees of ₹ 10,000 per meeting.

Shareholding of Directors

The shareholding of the Directors of the Company as on April 01, 2016 is as follows:

Name of the Director	Category	No. of Equity Shares	%
Mr. Ravi PNC Menon	Executive / Whole-time Director	32,950	0.034
Mr. J C Sharma	Executive / Whole-time Director	90,015	0.092
Mr. P Ramakrishnan	Executive / Whole-time Director	-	-
Mr. M Damodaran	Non- Executive Independent Director	-	-
Dr. S K Gupta	Non- Executive Independent Director	1,335	0.001
Mr. R V S Rao	Non- Executive Independent Director	15,000	0.015
Mr. Anup Shah	Non- Executive Independent Director	4,300	0.004
Dr. Punita Kumar-Sinha	Non- Executive Independent Director	-	-
Total		143,600	0.146

Committees of the Board of Directors

In compliance with the requirements of the Companies Act, 2013 and Listing Agreement / Listing Regulations and to have a focused attention on specific matters, the Board of Directors has constituted various committees. These Committees are entrusted with such powers and functions as are detailed in their terms of reference.

The Board of Directors of the Company has constituted the following Committees in terms of the provisions of Companies Act, 2013 and Listing Agreement / Listing Regulations:

Committees as mandated under Companies Act, 2013 and Listing Agreement / Listing Regulations

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

Other Committees

1.	Share Transfer Committee
2.	Risk Management Committee

Audit Committee

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

The powers, role and terms of reference of the Committee are in consonance with the requirements mandated under Section 177 of the Companies Act, 2013 and Clause 49 of Listing Agreement / Regulation 18 of Listing Regulations.

Terms of Reference

- Regular review of accounts, accounting policies, financial and risk management policies, disclosures, etc.
- Review of the major accounting entries, based on exercise of judgment by management and review of significant adjustments arising out of audit.
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- Review of qualifications in the draft audit report and suggesting action points.
- Establishing and reviewing the scope of the independent audit including the observations of the auditors and review of the quarterly, half-yearly and annual financial statements before submission to the Board.
- The Committee shall have post audit discussions with the independent auditors to ascertain any 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
- Reviewing and monitoring the auditors' independence and performance and effectiveness of audit process
- To look into reasons for substantial defaults in payment to depositors, debenture holders, shareholders and creditors.
- To look into matters pertaining to the Director's Responsibility Statement with respect to compliance with accounting standards and accounting policies.
- Appointment, remuneration and terms of appointment of statutory and internal auditors and approval of payment to Statutory Auditors for any other services rendered by them.
- Compliance with stock exchange legal requirements concerning financial statements, to the extent applicable.

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

Powers of Audit Committee

- Investigate any activity within its terms of reference

- Seek information from any employee
- Obtain outside legal or other professional advice
- Secure attendance of outsiders with relevant expertise, if it considers necessary

Review of information by the Audit Committee

- Management 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 and statement of significant related party transactions submitted by management.
- Management letters / letters of internal control weaknesses issued by statutory / internal auditors
- Internal audit reports relating to internal control weaknesses
- The appointment, removal and terms of remuneration of the head of the internal audit function
- Statement of deviations:
 - Quarterly statements of deviations including report of monitoring agency, if applicable, submitted to stock exchange in terms of Regulation 32(1) Listing Regulations
 - Annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus / notice in terms of Regulation 32(7) of Listing Regulations

Meetings

Clause 49 of Listing Agreement / Regulation 18 of Listing Regulations specifies that the Audit

Committee should have at least 3 members of which at least two-third should be independent. Section 177 of Companies Act, 2013 specifies that the Audit Committee should comprise at least three directors with Independent Directors forming the majority. The Company is in compliance with provisions of Clause 49 of Listing Agreement / Regulation 18 of Listing Regulations and Section 177 of the Companies Act, 2013.

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 has met four times during the financial year 2015-2016 and not more than 120 days has elapsed between two such meetings. The meetings held during the financial year 2015-2016 are:

Date of the Meeting	Total Strength of Committee	No. of Members Present
May 11, 2015	5	5
August 07, 2015	5	4
November 13, 2015	5	4
February 05, 2016	5	4

In accordance with Clause 49 of the Listing Agreement / Regulation 18 of Listing Regulations, Chairman of the Audit Committee is an Independent Director. The Company Secretary and Compliance Officer of the Company, acted as the secretary to the Committee.

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

			Audit Committee Meetings			
Name		Category	May 11, 2015	August 07, 2015	November 13, 2015	February 5, 2016
Mr. R V S Rao	Chairman	Non-Executive Independent	✓	✓	✓	✓
Mr. M Damodaran	Member	Non-Executive Independent	✓	×	✓	×
Dr. S K Gupta	Member	Non-Executive Independent	✓	✓	×	✓
Mr. Anup Shah	Member	Non-Executive Independent	✓	✓	✓	✓
Mr. J C Sharma	Member	Vice Chairman & Managing Director	✓	✓	✓	✓

Invitees

The Chief Financial Officer and the Head of the Internal Audit Function along with the Statutory Auditors have attended all the Audit Committee Meetings held during the financial year 2015-16 in the capacity of invitees. The Chairman and Deputy Managing Director also attend the Committee Meetings.

Stakeholders Relationship Committee

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

The role and terms of reference of the Committee are in consonance with the requirements mandated under Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement / Regulation 20 of Listing Regulations.

Terms of Reference

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

Meetings

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

The Stakeholders Relationship Committee has met four times during the financial year 2015-2016:

Date of the Meeting	Total Strength of Committee	No. of Members Present
May 11, 2015	3	3
August 07, 2015	3	3
November 09, 2015	3	3
February 05, 2016	3	3

In accordance with Clause 49 of the Listing Agreement / Regulation 20 of Listing Regulations and Section 178 of the Companies Act 2013, Chairman of the Committee is a Non-Executive Independent Director. Mr. Kishore Kayarat, Company Secretary and Compliance Officer of the Company, acted as the secretary to the Committee.

The composition and attendance of the members of the Stakeholders Relationship Committee are as follows

			Stakeholders Relationship Committee Meetings			
Name	Category		May 11, 2015	August 07, 2015	November 09, 2015	February 05, 2016
Dr. S.K. Gupta	Chairman	Non-Executive Independent	✓	✓	✓	✓
Mr. Ravi PNC Menon	Member	Executive Chairman	✓	✓	✓	✓
Mr. J C Sharma	Member	Vice Chairman & Managing Director	✓	✓	✓	✓

Investor Grievances and Queries

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

Particulars	Balance as on 01.04.2015	Received during the year	Resolved during the year	Balance as on 31.03.2016
SEBI SCORES Website	-	-	-	-
Registrar of Companies	-	-	-	-
Stock Exchange	-	-	-	-
Non-Receipt / Revalidation of Dividend Warrants	2	106	80	28
Miscellaneous*	-	114	114	-
Total	2	220	194	28**

* Miscellaneous includes requests for copy of annual reports, queries on e-voting etc.

** For the pending requests, necessary demand drafts in lieu of dividend warrants were despatched subsequent to the end of the financial year 2015 - 16.

Nomination, Remuneration and Governance Committee

The Nomination, Remuneration and Governance Committee of the Board of Directors recommends the nomination of directors, carries out evaluation of performance of individual directors, recommends remuneration policy for directors, key managerial personnel and other employees and also deals with the governance related matters of the Company. It oversees the implementation of the nomination, remuneration and governance policies of the

Company, reviews the effectiveness of such policies from time to time and recommends revisions as and when deemed necessary or expedient.

Terms of Reference

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

Meetings

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

The Nomination, Remuneration and Governance Committee has met two times during the financial year 2015-16

Date of the Meeting	Total Strength of Committee	No. of Members Present
May 11, 2015	4	4
November 09, 2015	4	4

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

Name	Category	Nomination, Remuneration and Governance Committee Meetings	
		May 11, 2015	November 09, 2015
Mr. Anup Shah	Chairman	Non-Executive Independent	✓
Mr. R V S Rao	Member	Non-Executive Independent	✓
Dr. S K Gupta	Member	Non-Executive Independent	✓
Mr. Ravi PNC Menon	Member	Executive Chairman	✓

The Chairman of the Committee is an Independent Director in accordance with Clause 49 of the Listing Agreement / Regulation 19 of the Listing Regulations. The Company Secretary and Compliance Officer of the Company, acted as the secretary to the Committee.

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

The following are the details of remuneration paid/payable to the Directors for the financial year 2015-16

(₹ in million)

Name	Salary	Perquisites	Contribution to Provident Fund	Commission / Incentive	Sitting Fees	Total
Mr. Ravi PNC Menon	45.07	1.69	3.38	30.68	-	80.81
Mr. J C Sharma	10.30	0.04	0.02	30.68	-	41.04
Mr. P Ramakrishnan	8.31	0.04	0.02	-	-	8.37
Mr. M Damodaran	-	-	-	1.50	0.06	1.56
Dr. S K Gupta	-	-	-	1.50	0.15	1.65
Mr. R V S Rao	-	-	-	1.50	0.14	1.64
Mr. Anup Shah	-	-	-	1.50	0.19	1.69
Dr. Punita Kumar-Sinha	-	-	-	1.50	0.08	1.58
Total	63.68	1.77	3.42	68.85	0.62	138.34

Corporate Social Responsibility Committee

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

The role and terms of reference of the Committee are in consonance with the requirements mandated under Section 135 of the Companies Act, 2013 and relevant rules made thereunder.

Terms of Reference

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

Meetings

The quorum for the meeting shall be any two members present at the meeting. The Committee met four times during the financial year 2015-2016.

Date of the Meeting	Total Strength of Committee	No. of Members Present
May 11, 2015	3	3
August 07, 2015	3	3
November 13, 2015	3	3
February 05, 2016	3	3

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

			Corporate Social Responsibility Committee Meetings			
Name		Category	May 11, 2015	August 07, 2015	November 13, 2015	February 05, 2016
Mr. Anup Shah	Chairman	Non-Executive Independent	✓	✓	✓	✓
Mr. J C Sharma	Member	Vice Chairman & Managing Director	✓	✓	✓	✓
Mr. P Ramakrishnan	Member	Deputy Managing Director	✓	✓	✓	✓

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

Share Transfer Committee

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

Terms of Reference

- To look into requests for transfer and transmission of shares.
- To look into requests for the re-materialization of shares
- To issue Duplicate Share Certificate in lieu of the Original Share Certificate.
- To issue Split Share Certificate as requested by the member.
- 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.

Meetings

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

The Share Transfer Committee has met five times during the financial year 2015-2016

Date of the Meeting	Total Strength of Committee	No. of Members Present
June 24, 2015	3	3
July 30, 2015	3	3
October 06, 2015	3	3
December 21, 2015	3	3
February 12, 2016	3	3

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

Name		Category	Share Transfer Committee Meetings				
			June 24, 2015	July 30, 2015	October 06, 2015	December 21, 2015	February 12, 2016
Mr. J C Sharma	Chairman	Vice Chairman & Managing Director	✓	✓	✓	✓	✓
Mr. Ravi PNC Menon	Member	Executive Chairman	✓	✓	✓	✓	✓
Mr. P Ramakrishnan	Member	Deputy Managing Director	✓	✓	✓	✓	✓

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

During the financial year 2015-16, one request for re-materialisation of equity shares was received by Link Intime India Private Limited, Registrar & Transfer agents of the Company. The request was satisfactorily attended to within the prescribed time limits.

No requests pertaining to transfer, dematerialisation, issue of duplicate or split share certificates etc. were received during the financial year 2015-2016.

Risk Management Committee

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

Terms of Reference

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

Meetings

The quorum for the meeting shall be any two members present at the meeting. The Committee met once during the financial year 2015-16

Date of the Meeting	Total Strength of Committee	No. of Members Present
May 11, 2015	3	3

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

Name	Category	Risk Management Committee Meetings	
		May 11, 2015	
Mr. Anup Shah	Chairman	Non-Executive Independent	✓
Mr. Ravi PNC Menon	Member	Executive Chairman	✓
Mr. J C Sharma	Member	Vice Chairman & Managing Director	✓

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

Disclosures

Related Party Transactions

In terms of Clause 49 of the Listing Agreement / Regulation 23 of Listing Regulations, the Board of Directors has formulated a Policy on Related Party Transactions which can be accessed from the website of the Company at <http://www.sobha.com/investor-relations-downloads-pol.php>. The disclosure of related party transactions is part of the Notes to Accounts section of the Annual Report.

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

Risk Hedging

Forex Risk: The Company has a policy in place to hedge 100% of any forex exposure which is higher than USD 1 lakh. This has been meticulously followed and implemented, the hedge is taken by way of forward cover within 7 working days of the liability crystalizing.

Commodity Risk: The Company buys following commodities in large quantities, i.e. cement and steel, for both these commodities, there is no viable robust commodity market where a hedge can be taken. The Company will continue to keep exploring the possibility of taking hedge for these two commodities as and when they are feasible.

Subsidiary Monitoring Framework

As on date, the Company has four subsidiaries in terms of the Companies Act, 2013

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

Sobha Highrise Ventures Private Limited is a subsidiary in terms of Accounting Standards notified by Companies (Accounting Standards) Rules, 2006.

In terms of Clause 49 of the Listing Agreement / Regulation 16 of Listing Regulations, the Board of Directors has formulated a policy for determining material subsidiaries and the Policy is available on the website of the Company at <http://www.sobha.com/investor-relations-downloads-pol.php>.

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

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

- Financial statements, in particular the investments made by the subsidiaries are reviewed by the Audit Committee of the Company.

- Review of annual business plan and budgets
- Review of Budget v Actuals and analysis of variance
- All the minutes of Board meetings of the subsidiaries are placed before the Company's Board regularly.
- A statement of all significant transactions and arrangements entered into by the subsidiaries

Code of Conduct

In accordance with Clause 49 of the Listing Agreement / Regulation 17 Listing Regulations, the Company has 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 is circulated to all the members of the Board and senior management personnel and compliance of the same is affirmed by them on an annual basis.

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

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

I confirm that the Company has, in respect of the financial year ended March 31, 2016, received from the senior management personnel of the Company and the members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.



Place: Bangalore
Date: May 19, 2016

J C Sharma
Vice Chairman & Managing Director

Code of Conduct for Prevention of Insider Trading

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

Vigil Mechanism

The Company has in place a vigil mechanism to promote ethical behaviour in all its business activities and a mechanism for employees to report any illegal, unethical behaviour, suspected fraud or violation of laws, rules and regulation or conduct to the Chief Vigilance Officer and the Audit Committee of the Board of Directors. The mechanism also provides for adequate protection to the whistle blower against victimisation or discriminatory practices.

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

Familiarisation Programmes

The familiarisation programmes for Independent Directors may be bifurcated into:

I. Initial or Preliminary

At the time of their appointment, the Independent Directors are apprised of their role, duties and responsibilities in the Company. A detailed letter of appointment is also issued which sets out the expectations of the Company, the rights, powers and liabilities of the Independent Director and the policies of the Company to be adhered by them. The Company also arranges visits to various project sites

as well as the manufacturing divisions, viz. Glazing and Metal Works Division, Interiors Division and Concrete Products Division in order to enable the Independent Directors to familiarise themselves with the functioning and business model of the Company.

II. Continual or Ongoing

Periodic presentations are made to the Independent Directors on the financial and operational performance of the Company, strategy and business plan, significant process improvements and material business developments among others. The Independent Directors are also regularly updated and informed about material regulatory and statutory developments affecting the Company.

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

Compliances

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

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 material penalties or strictures imposed on the Company by the stock exchanges / SEBI / any other statutory authority relating to the above.

The Company has complied with the corporate governance requirements specified in Clause C (13) of Schedule V to the Listing Regulations and has made necessary disclosures wherever required.

Management Discussion and Analysis Report

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

- Industry structure and developments
- Risks and concerns

- Discussion on financial performance with respect to operational performance

Corporate Governance Compliance Certificate

The Corporate Governance Compliance Certificate for the year ended 31st March 2016 issued by Mr. Nagendra D Rao, Practicing Company Secretary in terms of the Listing Regulations is annexed to the Directors' Report and forms part of the Annual Report.

Secretarial Audit Report

The Secretarial Audit Report for the year ended 31st March 2016 issued by Mr. Nagendra D Rao, Practicing Company Secretary in accordance with the provisions of Section 204 of the Companies Act, 2013 forms part of the Annual Report.

CEO / CFO Certificate

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

Remuneration to Statutory Auditors

During the financial year 2015-2016, the details of the fees paid to the Statutory Auditors of the Company are as follows:

	(₹ in million)
Audit fees [includes fees for limited reviews]	11.60
Other services	-
Out of pocket expenses	0.62
Total	12.22

Compliance of Non-Mandatory Requirements

Part E of Schedule II of Listing Regulations contain certain non-mandatory requirements to be implemented as per the Company's discretion. However, disclosures on compliance with mandatory requirements and adoption (and compliance) / non-adoption of the non-mandatory requirements shall be made in the Corporate Governance Report of the Annual Report. The status of compliance of the non-mandatory requirements is as follows:

A. The Board

The Chairman of the Board of Directors is an Executive Chairman and hence the requirements pertaining to non-executive Chairman are not applicable to the Company.

B. Shareholders Rights

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

C. Modified opinion(s) in audit report

There are no qualifications or adverse remarks in the Statutory Auditors' Report which require any explanation from the Board of Directors. The Statutory Auditors have expressed an unmodified opinion in the audit reports in respect of the audited financial statements for the financial year ended March 31, 2016.

D. Separate posts of Chairman and CEO

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

E. Reporting of Internal Auditor

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

Company Information

Annual General Meeting

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

Financial Year	Date and Time	Venue	Special Resolutions
2014-2015	July 15, 2015 at 3.00 pm	The Gateway Hotel Residency Road Bangalore, 66, Residency Road, Bangalore – 560 025	<ul style="list-style-type: none"> Issue of Non-Convertible Debentures on a Private Placement Basis
2013-2014	July 11, 2014 at 10.00 am	Park Plaza Bengaluru Hotel, 90-4, Marathahalli Outer Ring Road, Marathahalli, Bangalore – 560 037	<ul style="list-style-type: none"> Revision of remuneration of Mr. Ravi PNC Menon, Whole-time director of the Company designated as Chairman Re-appointment of Mr. Jagdish Chandra Sharma as Vice Chairman and Managing Director Re-appointment of Mr. Ramakrishnan Prabhakaran as Deputy Managing Director Change of name of the Company from Sobha Developers Limited to Sobha Limited Power of Board of Directors of the Company to Borrow Funds Issue of Non-Convertible Debentures on a Private Placement Basis
2012-2013	July 05, 2013 at 10.00 am	'SOBHA', Sarjapur-Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore - 560103	No Special Resolution was passed

Extraordinary General Meeting

No Extraordinary General Meeting was held during the financial years, 2013-2014, 2014-2015 and 2015-16.

Postal Ballot

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

Means of Communication

Website	All vital information relating to the Company and its performance including financial results, press releases pertaining to important developments, performance updates and corporate presentations are regularly posted on the website www.sobha.com The 'Investors' section provides comprehensive and up-to-date information to the shareholders on matters such as shareholding pattern, outcome of board and general meetings, stock performance, unclaimed equity shares, unclaimed dividend, investor presentations etc.
Social Media	Key events and happenings are shared by the Company through social media like Facebook, LinkedIn, Twitter, Google Plus and YouTube
Financial Results	The quarterly, half-yearly and annual results are published in English Language (Business Standard or Financial Express) and Regional Language (Samyuktha Karnataka or Vijaya Karnataka) newspapers.
NEAPS	Stock exchange intimations are electronically submitted to NSE through NSE Electronic Application Processing System (NEAPS).
BSE Listing Centre	Stock exchange intimations are electronically submitted to BSE through BSE Listing Centre
Annual Report	The Directors' Report, Management Discussion and Analysis Report, Chairman's Message and the Corporate Governance Report form part of the Company's Annual Report and is available on the website of the Company
Investor Servicing	The Company has designated a separate E-mail ID called investors@sobha.com for investor servicing.
Stakeholder Satisfaction Survey	An online survey is available on the website of the Company for addressing the grievances of the stakeholders and for their feedback on the efficacy of investor service

Recommendation of Dividend and Dividend Payment Date

The Board of Directors has recommended a dividend of ₹ 2.00 per equity share of ₹ 10 each which is subject to the approval of the members in the ensuing Annual General Meeting.

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

Dividend History

The dividends declared by the Company post listing of its equity shares on NSE and BSE are as follows:

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
2010-11	30.00	3.00 per equity share of ₹10 each
2011-12	50.00	5.00 per equity share of ₹10 each
2012-13	70.00	7.00 per equity share of ₹10 each
2013-14	70.00	7.00 per equity share of ₹10 each
2014-15	70.00	7.00 per equity share of ₹ 10 each

Other Information

Custodial Fees	<p>The Company has paid custodial fees for the financial year 2015-16 to NSDL and CDSL on the basis of the number of beneficial accounts maintained by them.</p> <p>The custodial fees for the year 2016-17 to NSDL and CDSL will be paid upon demand.</p>
Listing on Stock Exchanges	<p>The equity shares of the Company are listed on the National Stock Exchange of India Limited (NSE).</p> <p>The equity shares and non-convertible debentures of the Company are listed on BSE Limited (BSE).</p> <p>The Company has paid the requisite Listing Fees to the stock exchanges for the year 2016-17.</p>
Reconciliation of Share Capital Audit	<p>In terms of Regulation 55A of the SEBI (Depositories and Participants) Regulations, 1996, reconciliation of Share Capital Audit is conducted every quarter by Mr. Natesh K, Practicing Company Secretary to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital and the report is forwarded to the Stock Exchanges where the shares of the Company are listed.</p>
Outstanding GDRs / ADRs / Warrants / Convertible Instruments and their Impact on Equity	<p>As on March 31, 2016, the Company does not have any outstanding GDRs / ADRs / Warrants / Convertible Instruments.</p>
Location of Divisions	<p>Interiors Division</p> <ul style="list-style-type: none"> Plot No.9, JBLR Industrial Area, Hennagara (Post), Anekal Taluk, Bommasandra, Bangalore – 562 106 Plot No. E-514, RIICO Industrial Area, Chopanki, Tehsil Bhiwadi, District Alwar, Rajasthan – 301 019 <p>Glazing Division</p> <ul style="list-style-type: none"> Plot No.10, JBLR Industrial Area, Hennagara (Post), Anekal Taluk, Bommasandra, Bangalore – 562 106 Plot No.G6, SIPCOT Industrial Park, Irungulam Village, Sriperumbudur Taluk, Kancheepuram District, Chennai – 602 105 Plot No. 127, Sector-56, HSIIDC, Kundli Industrial Area, District Sonapat, Haryana <p>Concrete Products Division</p> <ul style="list-style-type: none"> Plot No # 329, Bommasandra Jigani Link Road, Industrial Area, Jigani, Anekal Taluk, Bangalore – 560 105 Sector 106, 108 and 109, Babupur Village, Near New Palam Vihar, Gurgaon – 122 017 Survey No: 828 / 829 / 832, Pune - Ahmednagar Road, Sanaswadi Post, Shirur Taluk, Pune - 412 208

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

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

Stock Price Data

	National Stock Exchange of India Limited (NSE)				BSE Limited (BSE)			
	High	Low	Average	Volume	High	Low	Average	Volume
	₹	₹	₹	No	₹	₹	₹	No
April-15	468.60	379.55	412.00	3,087,005	467.90	379.55	412.39	410,211
May-15	439.00	381.00	410.97	2,506,634	438.00	380.00	411.01	195,606
June-15	439.50	349.25	380.30	3,200,279	437.00	350.00	380.20	177,636
July-15	385.00	317.00	359.13	3,655,612	383.90	318.55	359.34	203,957
August-15	367.75	278.00	320.11	2,869,005	368.70	275.00	320.08	230,258
September-15	289.90	244.00	265.12	7,648,829	289.95	244.20	265.44	1,691,427
October-15	332.00	268.50	304.49	4,592,156	331.95	270.00	304.58	336,521
November-15	348.75	292.50	319.95	2,336,896	348.65	293.10	319.63	255,042
December-15	328.00	299.00	311.97	1,659,629	328.00	299.00	312.14	172,941
January-16	320.75	280.00	299.04	1,099,461	321.70	280.90	298.47	94,866
February-16	300.45	230.00	257.32	1,206,028	300.00	230.05	257.27	95,872
March-16	279.40	237.00	259.24	2,318,022	280.50	237.00	259.15	704,829

The share price performance of the Company vis-à-vis the broad based indices during the financial year 2015-16 forms part of the Annual Report

Shareholding Pattern

Distribution of Shareholding as on March 31, 2016

Range of Equity Shares held	No. of Shareholders	%	Number of Shares	%
1 – 500	54,600	98.2845	1,876,629	1.9137
501 – 1000	470	0.8460	355,351	0.3624
1001 – 2000	208	0.3744	302,938	0.3089
2001 – 3000	55	0.0990	140,209	0.1430
3001 – 4000	36	0.0648	128,362	0.1309
4001 – 5000	18	0.0324	82,360	0.0840
5001 – 10000	43	0.0774	293,863	0.2997
10001 and above	121	0.2214	94,884,156	96.7575
Total	55,551	100.00	98,063,868	100.00

The shareholding pattern of the Company and details of Top 10 Shareholders as on March 31, 2016 are detailed in the Annexure to the Directors' Report.

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*	97,245	10	617	Cash	Preferential Allotment-Pre IPO Placement to Bennett, Coleman & Co. Limited	63,518,685	635,186,850
October 28, 2006**	486,223	10	617	Cash	Preferential Allotment-Pre IPO Placement to Kotak Mahindra Private Equity Trustee Limited	64,004,908	640,049,080
December 12, 2006***	8,896,825	10	640	Cash	8,014,705 Equity Shares were allotted to the public and 882,120 Equity Shares were allotted pursuant to employee reservation pursuant to the initial public offering	72,901,733	729,017,330
July 03, 2009****	25,162,135	10	209.40	Cash	Qualified Institutional Placement	98,063,868	980,638,680

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

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

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

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

Shares Held in Physical and Dematerialised Form

As on March 31, 2016, 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	39,792	97,059,270	98.9756
CDSL	15,747	1,004,420	1.0243
Physical	12	178	0.0002
TOTAL	55,551	98,063,868	100.00

Additional Shareholder Information

Unclaimed Dividend

In terms of Section 205A(5) of the Companies Act, 1956, amounts lying unpaid or unclaimed in the Unpaid Dividend Account of the Company 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.

During the financial year 2015 – 16, the Company was required to transfer to the Investor Education and Protection Fund, dividends declared in the Annual General Meeting held on July 24, 2008 and which was lying unclaimed for a period of seven years from the date they became due for payment. The Company has transferred an amount of ₹ 308,828 (Rupees Three Lakhs Eight Thousand Eight Hundred and Twenty Eight) to the Investor Education and Protection Fund.

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

Financial year	Date of declaration of dividend	Last date for claiming unpaid dividend	Unclaimed amount as on March 31, 2016 (₹)	Due date for transfer to Investor Education and Protection Fund
2008-09	June 24, 2009	June 23, 2016	400,268.00	July 22, 2016
2009-10	June 11, 2010	June 10, 2017	235,472.50	July 09, 2017
2010-11	June 30, 2011	June 29, 2018	198,186.00	July 28, 2018
2011-12	June 30, 2012	June 29, 2019	258,655.00	July 28, 2019
2012-13	July 05, 2013	July 04, 2020	309,960.00	August 02, 2020
2013-14	July 11, 2014	July 10, 2021	275,660.00	August 08, 2021
2014-15	July 15, 2015	July 14, 2022	376,348.00	August 12, 2022

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

Unclaimed Equity Shares

In terms of Clause 5A of the Listing Agreement / Regulation 39(4) of Listing Regulations, unclaimed equity shares shall be transferred to an “Unclaimed Suspense Account” opened by the Company for the purpose and the equity shares lying therein shall be dematerialised with a Depository Participant. The voting rights of such equity shares remain frozen till the rightful owner claims the shares.

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

Financial year	Aggregate No. of Shareholders and outstanding equity shares as on April 01, 2015	Number of shareholders who approached the Company for transfer of equity shares during the year	Number of shareholders to whom equity shares were transferred	Aggregate No. of Shareholders and outstanding equity shares as on March 31, 2016
2015-16	83 Shareholders and 841 outstanding equity shares	-	-	83 Shareholders and 841 outstanding equity shares

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

General Shareholder Information

Corporate Identification Number	L45201KA1995PLC018475
Registered and Corporate Office	Sobha Limited (Formerly Sobha Developers Limited) 'Sobha', Sarjapur – Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore – 560 103
Date and Venue of the Annual General Meeting (AGM)	Date: August 03, 2016 Time: 4:00 PM Venue: The Gateway Hotel Residency Road Bangalore, 66, Residency Road, Bangalore - 560 025
Financial Year	The financial year of the Company starts from 1st April of every year and ends on 31st March of the succeeding year.
Book Closure	The date of Book Closure is July 23, 2016
Dividend payment date	If approved by the shareholders in the ensuing annual general meeting, the dividend will be paid on or before August 31, 2016.
Declaration of Financial Results for financial year 2015-16	<ul style="list-style-type: none"> • For quarter ending June 30, 2015 – August 07, 2015 • For quarter ending September 30, 2015 – November 13, 2015 • For quarter ending December 31, 2015 – February 05, 2016 • For the year ending March 31, 2016 – May 19, 2016
Securities and Exchange Board of India	Securities and Exchange Board of India SEBI Bhavan, Plot No.C4-A, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400051 Tel: 1800 266 7575 Website: www.sebi.gov.in www.scores.gov.in
National Stock Exchange of India Limited	National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 Tel: +91 22 2659 8100 - 8114 Website: www.nseindia.com
BSE Limited	BSE Limited Floor 25, P.J Towers, Dalal Street, Mumbai – 400 001 Tel: +91 22 2272 1233/4 Website: www.bseindia.com
National Securities Depository Limited	National Securities Depository Limited 4th & 5th Floor, "A" Wing, Trade World, Kamala Mills Compound, Lower Parel, Mumbai – 400 013 Tel: +91 22 2499 4200 Website: www.nsdl.co.in
Central Depository Services (India) Limited	Central Depository Services (India) Limited 17th floor, P J Towers, Dalal Street, Fort, Mumbai – 400 001 Tel: +91 2272 8658 +91 2272 8645 Website: www.cdslindia.com

Debenture Trustee	<p>GDA Trusteeship Limited GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune - 411 038 Tel: +91 20 25280081 Fax : +91 20 25280275</p>
R&T Agents	<p>Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West) Mumbai 400 078 Tel: +91 22 2594 6970 +91 22 2596 3838 Fax: +91 22 2594 6969 Email: rnt.helpdesk@linkintime.co.in</p>
Share Transfer System	<p>Share transfers would be registered and returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects. The Company holds Share Transfer Committee Meetings up to three times a month or 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.</p>
Nomination	<p>Pursuant to the provisions of Section 72 of the Companies Act, 2013 read with Companies (Share Capital and Debentures) Rules, 2014, members may file nomination in respect of their shareholdings:</p> <ul style="list-style-type: none"> For shares held in physical form, members are requested to give the nomination request to Registrar & Share Transfer Agents of the Company. For shares held in dematerialised mode, members are requested to give the nomination request to their respective Depository Participants directly.
E-Voting	<p>Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company has availed the services of National Securities Depository Limited (NSDL) for providing the necessary e-voting platform to the members of the Company for the ensuing Annual General Meeting.</p> <p>For detailed information on the e-voting procedure, members may please refer the Notes to the Notice of Annual General Meeting.</p>

Website Disclosures

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

Address for Correspondence

For any queries, please write to

Mr. Kishore Kayarat
 Company Secretary & Compliance Officer
 Sobha Limited
 (Formerly Sobha Developers Limited)
 'Sobha', Sarjapur – Marathahalli Outer Ring Road (ORR), Devarabisanahalli,
 Bellandur Post, Bangalore – 560 103
 Direct Line: +91 80 4205 2798
 Board Line: +91 80 4932 0000 | Extension: 6024
 Fax: +91 80 4932 0446
 Email: kishore.kayarat@sobha.com
investors@sobha.com

For queries relating to financial statements, please write to

Mr. Subhash Mohan Bhat
 Chief Financial Officer
 Sobha Limited
 (Formerly Sobha Developers Limited)
 'Sobha', Sarjapur – Marathahalli Outer Ring Road (ORR), Devarabisanahalli,
 Bellandur Post, Bangalore – 560 103
 Telephone: +91 80 4932 0000 | Extension: 5026
 Fax: +91 80 4932 0446
 Email: subhash.bhat@sobha.com
investors@sobha.com

Secretarial Audit Report

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

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

Management's Responsibility

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

Auditor's Responsibility

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

Disclaimer

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

Nagendra D. Rao
Practising Company Secretary
Membership No. FCS – 5553
Certificate of Practice – 7731

Place : Bengaluru
Date : May 19, 2016

Form No. MR-3
Secretarial Audit Report
for the financial year ended March 31, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

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

Based on my verification of the Sobha Limited books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of the secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Sobha Limited ("the Company") for the financial year ended on 31st March 2016 according to the provisions of:

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

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

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

- (i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India and made effective 1st July, 2015).
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited (Valid up to November 30, 2015) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. (Effective from December 01, 2015)

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

I further report that

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

1. Passed a Special Resolution under Section 42 and 71 of the Companies Act, 2013, for the Issue of secured or unsecured redeemable non-convertible debentures in one or more series or tranches, aggregating up to Rs. 10,000,000,000 (Rupees One Thousand Crores only).
2. Allotted Secured Redeemable Non-Convertible Debentures aggregating to Rs. 325 Crores (Rupees Three Hundred and Twenty Five Crores) only on Private Placement basis.



Nagendra D. Rao
Practising Company Secretary
Membership No. FCS – 5553
Certificate of Practice – 7731

Place: Bengaluru
Date: May 19, 2016

Markets and Operating Environment

Macroeconomic Overview

The Indian economy, growing at 7.5% per annum, has emerged as the fastest growing large economy in the world. Amidst the global uncertainties, India remains a bright spot.

The central government along with the central bank announced various legislative and policy reforms, aimed at leading the economy back on the growth path. The efforts have resulted in improvements on the macro-economic front, though demand, investments and consumer spending is yet to see a significant upswing. The budget 2016 contained several positive measures in the areas of foreign direct investment, support for start-ups, progress on GST etc. These measures are expected to give a fillip to investments in the economy.

Sector Overview

The real estate sector continued to be tested with sector-specific and broad-based economic challenges in the financial year 2015-16. Conversely, the year was marked with several positive developments both on the economic and policy front which have laid the foundation for a revival in demand. RBI's monetary policies have led to a steady decline in interest rates, the benefits of which are now being passed on to the end-users by the lending institutions.

Liberalisation of FDI norms, rationalization of taxation regime for REITs and recent budgetary proposals for developers and home buyers are all welcome measures and will offer the necessary growth impetus to the real estate sector. An improvement in the absorption rates of commercial real estate on account of new employment generation has also been noticed. However, the demand for residential segment remained muted in almost all markets across the country

Outlook of our Markets

A. Real Estate

In the real estate vertical, Sobha has a presence in 9 cities spanning 5 States, namely Bangalore, Gurgaon (NCR), Chennai, Pune, Thrissur, Cochin, Calicut, Coimbatore and Mysore. The Company continues to operate in its existing markets whilst exploring avenues and opportunities for further diversification of its market presence.

Bangalore

Headquartered here, the Company has been present in the Bangalore market since its inception in 1995. During 2015-16, the Company had launched 2 projects namely 'Sobha Clovelly' at Banashankari Extension and 'Sobha 25 Richmond' at Langford town, measuring total developable area of 0.55 million square feet and 0.35 million square feet of super built-up area.

'Sobha Clovelly', is Bangalore's first boutique homes with a unique living space of a micro community where modern luxury and nature's goodness work in harmony to provide the ultimate retreat. The project is spread over 3.25 acres offering 3 BHK boutique homes and 4 BHK penthouse options with 60% glass structure for a panoramic view. Spaciously designed, the homes are surrounded with beautiful parks to offer luxurious living in an urban scenery.

Sobha 25 Richmond is an introduction of new high point in contemporary architectural design at Bangalore. The project is a masterpiece with a fine design and is poised to be among the most coveted properties in the city. The regal touch of SOBHA in crafting homes with a rare mix of stellar design and robust technology has been imbibed at this premium property.

'Sobha Dream Acres' which was launched in the last quarter of fiscal 2015 emerged as the fastest selling brand for the Company, garnering over ₹ 1,000 Crores in sales.

During the year, the Company has delivered 6 projects aggregating to 3.86 million square feet of total developable area and 2.74 million square feet of super built-up area. Overall, it has delivered 88 projects aggregating 30.28 million square feet of total developable area and 23.40 million square feet of super built-up area.

Presently, the Company has 21 ongoing projects aggregating to 23.30 million square feet of total developable area and 16.70 million square feet of super built-up area.

Gurgaon - NCR

The Company ventured into the Gurgaon-NCR market in the year 2011-12 with the project International City. During 2015-16, the Company pre-launched 'Sobha City' project in Gurgaon. The total developable area of the project is 4.55 million square feet and super built-up area of 3.24 million square feet. Sobha City is one of the single largest group housing projects in Gurgaon.

The Company had also delivered its first residential project in Gurgaon, namely 'International City, Phase 1 – Row Houses' measuring total developable area of 0.50 million square feet and 0.35 million square feet of super built-up area.

Presently, the Company has 5 ongoing projects within International City development, aggregating to 10.65 million square feet of total developable area and 7.21 million square feet of super built-up area.

Chennai

During 2015-16, the company has delivered its first project 'Sobha Meritta' aggregating to 0.90 million square feet of developable area and 0.72 million square feet of super built-up area.

Presently, the Company has 4 ongoing projects aggregating to 1.48 million square feet of total developable area and 1.06 million square feet of super built-up area.

Calicut

The Company ventured into the Calicut market in the year 2013-14 with the project Sobha Bela Encosta, a Super Luxury Villa Development.

Presently, the Company has 2 ongoing projects aggregating to 1.82 million square feet of total developable area and 1.08 million square feet of super built-up area.

Cochin

The Company ventured into the Cochin market in year 2013-14 with the project Sobha Isle.

Presently, the Company has 1 ongoing project aggregating to 1.11 million square feet of total developable area and 0.89 million square feet of super built-up area.

Pune

The Company ventured into the Pune market in the year 2007-08 with the project Sobha Carnation, a Super Luxury multi-storied apartment. Overall, it has delivered 3 projects aggregating 1.03 million square feet of total developable area and 0.75 million square feet of super built-up area.

Presently, the Company has 2 ongoing projects aggregating to 0.60 million square feet of total developable area and 0.50 million square feet of super built-up area.

Thrissur

The Company ventured into the Thrissur market in year 2007-08 with the project Sobha City, first Integrated Township in Kerala. During the financial year 2015-16, the Company's Commercial Project 'Sobha City-Mall' situated at Puzhakkal in Thrissur, Kerala commenced its operations.

Overall, the Company has delivered 9 projects within Sobha City, Township development aggregating to 2.27 million square feet of total developable area and 1.84 million square feet of super built-up area.

Presently, the Company has 2 ongoing projects aggregating to 0.92 million square feet of total developable area and 0.75 million square feet of super built-up area.

Coimbatore

The Company ventured into the Coimbatore market in the year 1998-99 with the plotted development project Sobha Harishree Gardens and launched its first Villa development, Sobha Emerald in the year 2008-09.

The Company has delivered overall 7 projects aggregating 3.55 million square feet of total developable area and 2.96 million square feet of super built-up area. Presently, it has 2 ongoing projects aggregating to 0.70 million square feet of total developable area and 0.48 million square feet of super built-up area.

Mysore

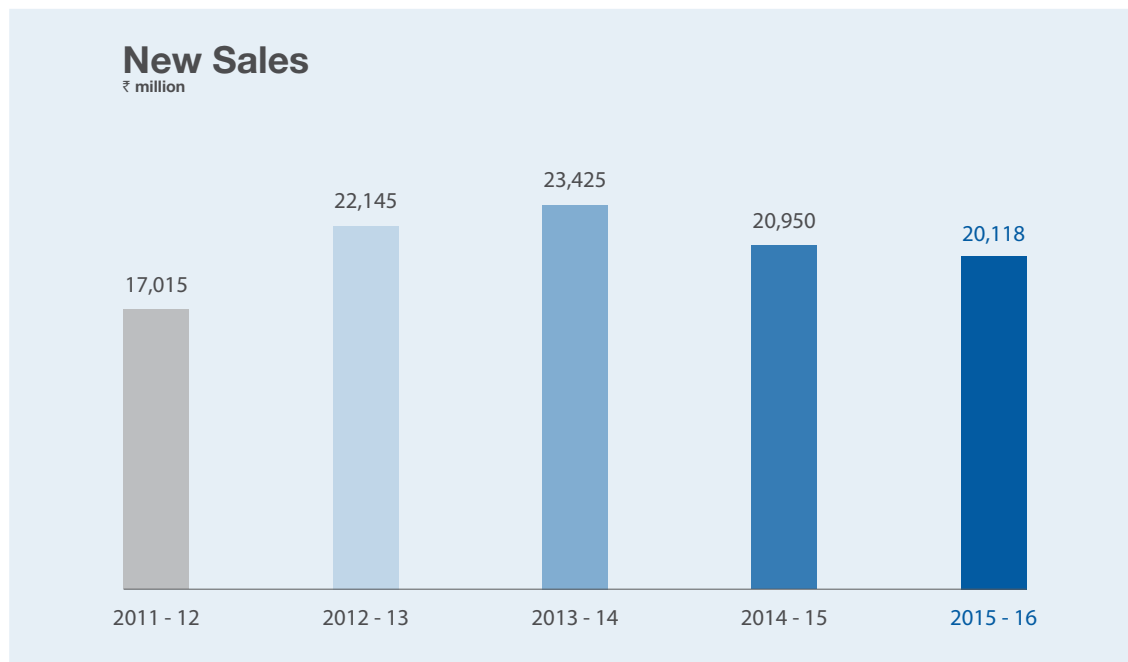
The Company entered the Mysore market in the year 2011-12 with the plotted development project Sobha Garden. During 2015-16, the Company had launched one project – ‘Sobha Retreat’-aggregating to 0.62 million square feet of developable area and 0.33 million square feet of super built-up area.

Sobha Retreat is one of the most prestigious plotted development project in Mysore. Consisting of premium villa plots, Retreat presents a golden

opportunity for anyone looking for the right investment. A neighbourhood designed with world-class amenities, Sobha Retreat also offers the luxury of living a life of peace, away from the buzz of the city.

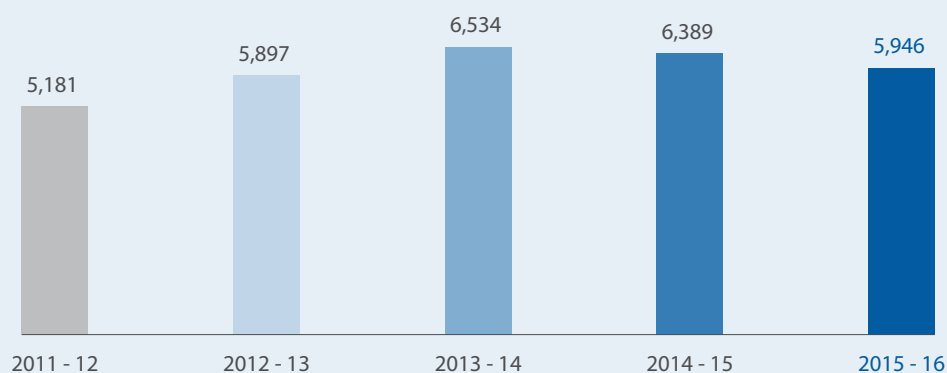
Overall, it has delivered 2 projects aggregating 0.71 million square feet of total developable area and 0.35 million square feet of super built-up area.

Having regard to the slowdown in the real estate market, the Company's sales performance during the financial year was lesser than anticipated. During the financial year, the Company launched 4 projects with a total developable area of 5.72 million Square Feet and total saleable area of 3.92 million Square Feet. The Company was hampered by approval delays in the State of Kerala and Chennai, which limited its ability to launch new projects and provide a catalyst to the sales momentum. The Company achieved 3.38 million Square Feet of news sales area valued at ₹ 20.12 Billion at an average price realization of ₹ 5,946 Per Square Feet. In spite of challenges facing the real estate sector, the Company has consistently achieved new sales of 3 million Square Feet on average in the past three years.



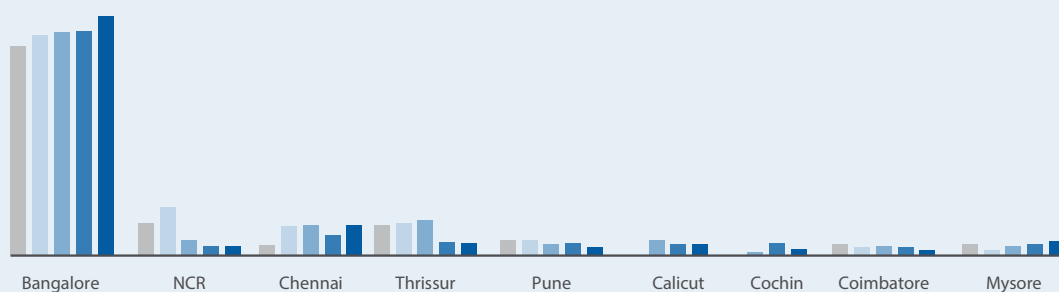
Average Price Realization

per square feet



New Sales

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



	Bangalore	NCR	Chennai	Thrissur	Pune	Calicut	Cochin	Coimbatore	Mysore
■ 2011-12	2.26	0.32	0.09	0.30	0.13	-	-	0.09	0.09
■ 2012-13	2.38	0.51	0.29	0.34	0.14	-	-	0.06	0.03
■ 2013-14	2.41	0.13	0.30	0.36	0.08	0.13	0.02	0.07	0.08
■ 2014-15	2.44	0.08	0.20	0.12	0.11	0.09	0.10	0.05	0.09
■ 2015-16	2.59	0.07	0.30	0.10	0.05	0.09	0.04	0.02	0.12

With a better inventory mix and new launches planned in Bangalore, Cochin and Chennai markets in coming quarters, the Company is confident of improving its sales performance in the financial year 2016-17.

Our prime focus will remain on the core residential business to generate positive cash flows through faster execution and monetization of receivables and to ensure appropriate investment in the best available opportunities so that projects can be launched and converted to cash flows within a minimum possible timeframe.

B. Commercial

During the 3rd quarter of fiscal 2016, the Company commenced operations of its first commercial mall in Sobha City project, Thrissur. It has a total developable area of 0.44 million square feet with a total leasable area of 0.32 million square feet, we had also initially sold 0.61 million square feet. So far, we have leased about 80% of area to various reputed brands.

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

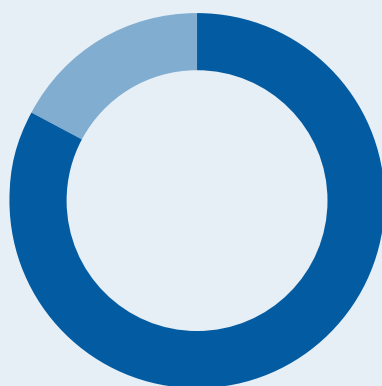
C. Contractual

In the contractual vertical, Sobha has a presence in 25 cities spanning 13 States. The Company has a diverse client base for contractual operations catering to premium clients.

The Company has delivered overall 42.41 million square feet, out of which 33.73 million square feet of area to Infosys, its single largest client. It has 8.07 million square feet of area under execution. While the Company values this long-standing relationship, it also recognises the need to spread its client base and reduce its risk-portfolio. The share of contractual orders from non-Infosys clients stands at 64% as at the end of March 2016. Our corporate clients includes Biocon, LuLu group, Dell, Bosch, Syngene, Taj Hotels, HCL, ITC Hotels, GMR, Huawei Technologies, Manipal group etc.

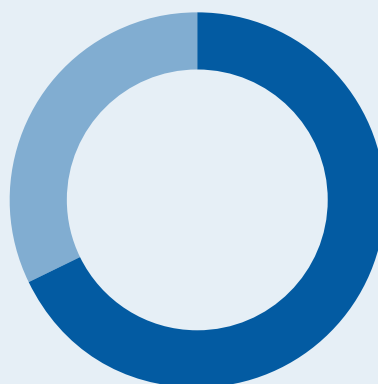
As the Company predominantly operates on a cost + margin basis, it seeks to expand its contractual operations while preserving its margins.

Completed Projects



100% = 42.41 million square feet

Ongoing Projects



100% = 8.07 million square feet

Regulatory Environment:

The Real Estate and Construction Industry continues to be one of the most highly regulated sectors in India. It is also one of the highest tax paying sectors.

The biggest development in the regulatory arena was the enactment of Real Estate (Regulation and Development) Act. The new law is expected to bring in greater transparency and would be beneficial for the end customers. While transition to the new regime may be onerous for many players, it should be fairly smooth and seamless for those developers whose current practices are in line with the new requirements. Further, various operational parameters for implementation of the law have to be prescribed by respective state governments. As it is an evolving piece of legislation, the benefits from this regulation will be realised over a period of time.

During the year, the Government has liberalised the norms for FDI investment in Housing and Construction Sector. Easing requirements pertaining to minimum capitalisation, minimum area of development and exit of investors is a welcome measure and may result in the development of several projects at a smaller scale.

The Company anticipates tax reforms especially the introduction of GST to rationalize the tax impact and avoid multiple taxation impact thereby providing relief to the end customers as well.

As the Indian economy recovers its growth momentum, we remain positive about the markets in which we operate and maintain an optimistic outlook for the future.

Projects and Work Done

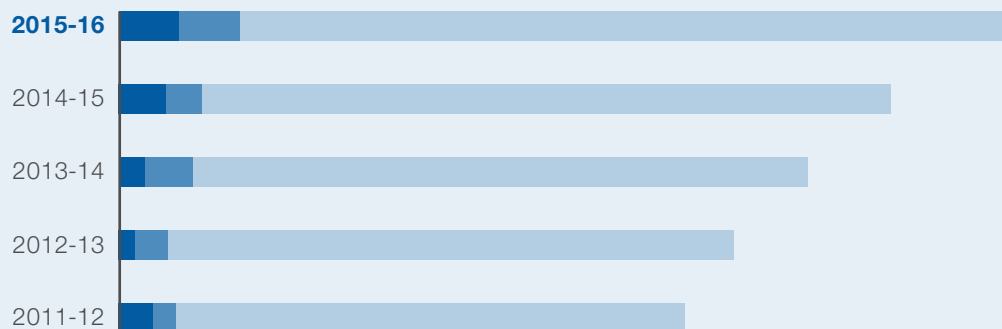
Our ability to provide excellent execution and delivering projects on time are two aspects that we take immense pride in. These were also demonstrated during the financial year 2015-16 when we completed and handed over 11.10 million square feet of area - the highest volume since the Company's inception.

I. Overall Execution

Since SOBHA started its operations in 1995, it has executed 389 projects aggregating 81.64 million square feet of area. The Company has been steadily launching real estate projects and executing new contractual projects wherein significant project level investments are being made on a regular basis. These on-going projects are excluded from the purview of overall execution since, on average, a real estate project take around 3 to 4 years to complete.

Execution Track Record

Developed Area in million square feet



	2015-16	2014-15	2013-14	2012-13	2011-12
Cumulative	81.64	70.54	62.93	56.25	51.79
Real Estate	5.60	4.36	2.34	1.48	3.15
Contracts	5.50	3.25	4.34	2.98	2.07

II. Completed Projects

During financial year 2015-16, the Company completed 25 projects in its Real Estate and Contractual vertical, measuring 11.10 million square feet of developable area and 9.71 million square feet of super built-up area.

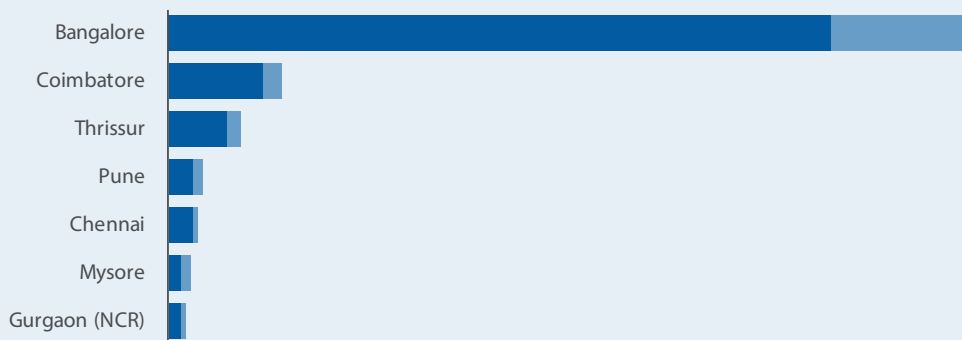
a. Real Estate

In fiscal 2016, SOBHA completed 9 real estate projects measuring 5.60 million square feet of developable area and 4.21 million square feet of super built-up area in 4 cities.

Overall, so far the Company has completed 111 real estate projects measuring 39.23 million square feet of developable area and 30.37 million square feet of super built-up area.

Real Estate Completed - Location Wise Breakup

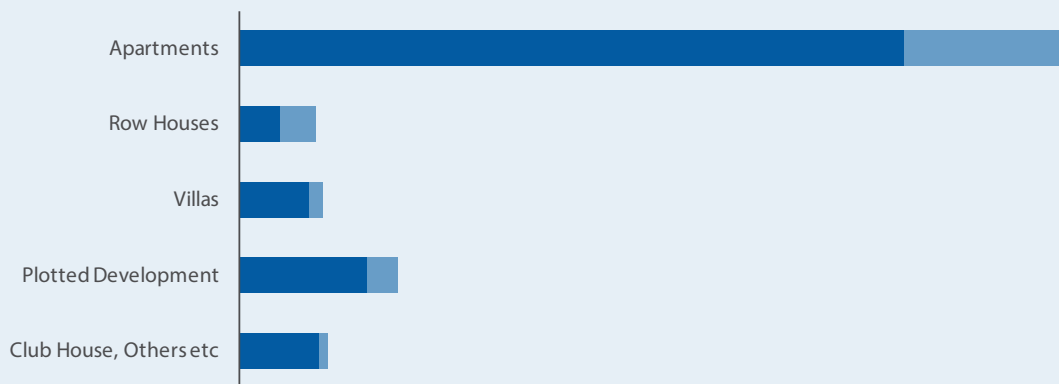
Area in million square feet



	Bangalore	Coimbatore	Thrissur	Pune	Chennai	Mysore	Gurgaon (NCR)
Developed area	30.27	3.55	2.27	1.03	0.90	0.71	0.50
Super Built-up area	23.40	2.96	1.84	0.75	0.72	0.35	0.34

Real Estate Completed - Product Mix

Area in million square feet



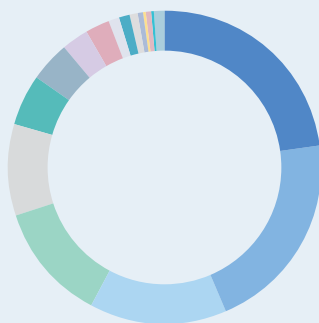
	Apartments	Row Houses	Villas	Plotted Development	Club House, Others etc
Developed area	27.09	2.25	2.51	4.72	2.66
Super Built-up area	20.97	1.18	2.04	3.79	0.35

b. Contractual

During the financial year 2015-16, SOBHA completed 16 contractual projects measuring 5.50 million square feet spread across 6 cities. Overall, so far the Company has completed 278 contractual projects measuring 42.41 million square feet.

Contracts Completed

Developed Area in million square feet



Bangalore	9.76	Hyderabad	5.17	Mangalore	1.68	Jaipur	0.49	Panchkula	0.25	Durgapur	0.17
Mysore	8.74	Chennai	4.12	Bhubaneshwar	1.18	Roorkee	0.45	Cochin	0.19	Others	0.36
Pune	6.02	Trivendrum	2.21	Chandigarh	1.13	Coimbatore	0.30	Pallakkad / Thrissur	0.19		

100% = 42.41 million square feet

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

III. Ongoing Projects

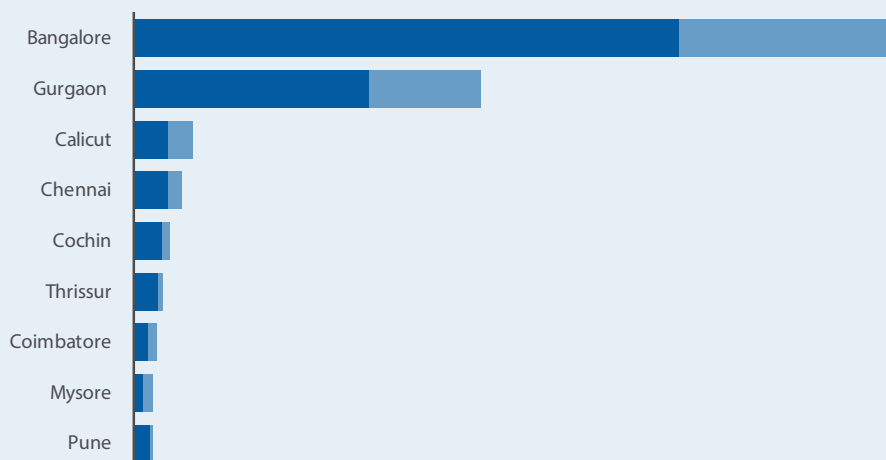
The Company has 67 on-going projects measuring 49.27 million square feet of developable area and 37.07 million square feet of saleable area.

a. Real Estate

SOBHA currently has 40 on-going real estate projects aggregating 41.20 million square feet of developable area and 29.00 million square feet of super built-up area spread across 9 cities.

Real Estate Ongoing - Location Wise Breakup

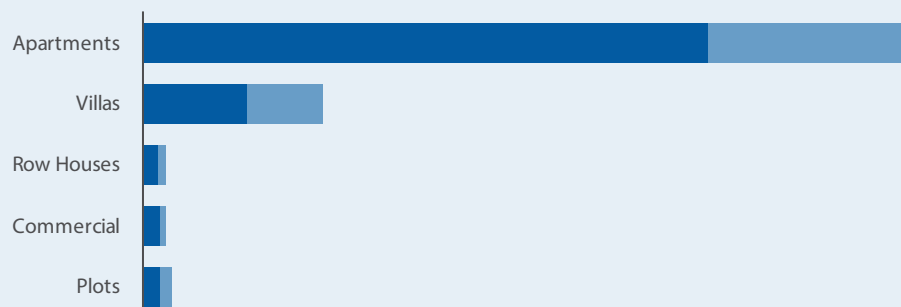
Area in million square feet



	Bangalore	Gurgaon	Calicut	Chennai	Cochin	Thrissur	Coimbatore	Mysore	Pune
Developable area	23.30	10.65	1.82	1.48	1.11	0.92	0.70	0.62	0.60
Super Built-up area	16.70	7.21	1.08	1.06	0.89	0.75	0.48	0.33	0.50

Real Estate Ongoing - Product Mix

Area in million square feet



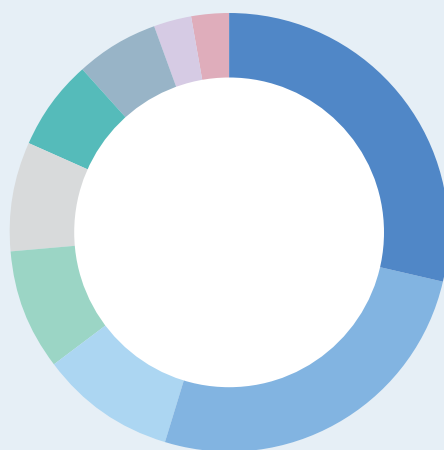
	Apartments	Villas	Row Houses	Commercial	Plots
■ Developable area	31.11	7.26	0.86	0.84	1.13
■ Super Built-up area	22.93	4.17	0.58	0.66	0.66

b. Contractual

The Company has 27 on-going contractual projects aggregating 8.07 million square feet spread across 9 cities.

Contracts Ongoing Projects

Developable Area in million square feet



■ Bangalore	2.33	■ Mangalore	0.73	■ Nagpur	0.50
■ Cochin	2.09	■ Trivendrum	0.64	■ Bhubaneswar	0.22
■ Hyderabad	0.81	■ Mysore	0.54	■ Jaipur	0.21

100% = 8.07 million square feet

Environment, Health and Safety

At SOBHA, it is our firm belief that all our employees must work in safe settings and in an environment which is healthy. A healthy environment means good working conditions in an atmosphere which is both productive and safe for the people working in it.

Environment

The focus at SOBHA has been on taking up sustainable initiatives so that not only do we work in a healthy environment but we also help in preserving this environment. This is true not only of our construction sites but also of our manufacturing facilities where every attempt is made to keep the carbon footprint low by following the best industry practices.

SOBHA has received the ISO 9001, ISO 14001 and OHSAS 18001 certifications for its quality, safety and environment management systems respectively, making it one of the few construction companies to get this backing.

Rainwater Harvesting

Among the many efforts undertaken at SOBHA to protect the environment is rainwater harvesting. This includes harvesting rainwater through collection tanks for roof-based runoffs and recharge pits for land-based runoffs. The land-based runoffs augment depleting groundwater resources and also save potable water from municipal supply or groundwater.

Sewage Treatment Plant

The Sewage Treatment Plant (STP) has been designed to treat the waste water generated in buildings which is then used for secondary uses. The generated waste water is treated up to the secondary level and is used for, among other things, flushing of toilets and landscaping thus helping in water conservation. This also helps reduce fresh water consumption.

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

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

Organic Waste Converter

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

Waste from plant and animal origins or manmade food comes in the organic waste category. Organic waste can be treated and used in the form of manure. Organic waste also helps in the faster bioconversion of waste into organic manure. The treated organic waste is used for landscaping and gardening. The inorganic portion is handed over to authorised waste recyclers for further processing.

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

Health and Safety

All SOBHA's construction sites are given special safety instructions and strict compliance with these is ensured. Apart from complying with the requirements laid down by various statutory and regulatory authorities, SOBHA has also voluntarily undertaken a number of environment and people friendly practices.

During the year 2015-16, the following activities were undertaken in the realm of health and safety:

- Identified all the high potential zones during the monsoon season and required safety controls:
 - Scaffolding
 - Excavation areas
 - Hoardings
 - Labour camp sheets to be tied properly
 - External areas
 - Electrical safety
 - Shaft closing to avoid rainwater
 - Earth collapse

- Updated standard work procedures for Safety Assurance and Training.
- Identified all unsafe acts, conditions and practices related to incidents and action taken by all concerned to avoid such incidents in the future.
- Three-dimensional approach, safety revolution and safety mission 116 days was introduced.
- Special trainings/instructions were given to masonry workers (contractors/workforce) to not allow work without required safety gear including a safety belt, safety net protection (bottom and top), permit system and proper supervision.
- Special safety audits were done for the Precast Plant.
- EHS objectives/targets were updated as per OHSAS 18001 and their implementation is in progress.
- Flash safety audit was done by a team from the head office.
- Initiation on new safety signages and revision of existing signages. This is a work in progress. Implemented TOP 16 construction hazard signage for all the projects.
- Three-day national level training programme on 'Electrical Safety' was attended by three safety personnel in Bangalore.

Other Highlights

Visits by government officials

- Sr. Civil Judge and Member Secretary of District Legal Services Board, Labour Officer Sub Div. – 03 and Labour Inspector 44th Circle – Bangalore, visited the SOBHA City project. The officials visited the main labour camp, MCC paid compliments on the maintenance and facilities provided for the workforce.
- Karnataka Legal Service Authority (Judges) & Labour Department officials visited the SOBHA Valleyview project.
- A programme on spreading legal awareness among construction workers, under the Building and Other Construction Workers Act was organised during the visit.

Others

- Special audit done for all the marketing offices.
- Specific checks were done for all the Plant & Machinery major equipment and vehicles (internal and external) for required statutory documents.
- Safety portal ERP updation

Corporate Social Responsibility

Right from the time of its inception in 1995, SOBHA has been conscious about working with the lesser privileged people. As the Company grew in scale and size, our commitment towards CSR activities have remained firm and resolute.

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

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

Education and Vocational Training

The SOBHA Academy

In an attempt to reach out to young minds who can benefit from the advantages that education provides, The SOBHA Academy was set up in 2007 to tap young minds and channelise their focus and energies towards education. Targeted specifically at children from the weaker sections, all applications that come to The SOBHA Academy are scrutinised to ensure that only deserving candidates are given access to the free and quality education that the Academy provides. Selected students undergo a medical fitness test and the final selection of students is done through an open draw. The Academy, which follows the CBSE curriculum, looks after all academic and related costs like that on fees and books, transportation, food and healthcare. During 2015-16, 913 students in the Vadakkenchery and Kizhakkenchery panchayats were on the rolls from LKG to Class 9.

A unique feature of The SOBHA Academy, which is perhaps unparalleled, is that almost 100 per cent of its students belong to under-privileged communities. These students are given high quality education backed by advanced technology. In an attempt to help these children even more, students in Class 9 are provided free boarding and lodging and also assisted by tutors to help them in the learning process. This also helps students become self-reliant in their routines.

The residential lives of students are an integral part of the Academy as SOBHA believes that their experiences in the hostel are a significant part of their learning. It believes that these experiences help the students to become an integral part of the communities to which they belong as this life teaches them how to live and learn together.

SOBHA Pre-Schooling

SOBHA's CSR initiatives also extend to pre-schooling, a programme which is being launched during this academic year for prospective students of The SOBHA Academy. This programme will make available e-resources and facilities at students' homes to improve their sense of words, numbers, shapes and colours in a systematic manner. As a start around 90 students will be provided with audio-visual aids and other necessary materials to improve their vocabulary and communication skills. This programme will also help in developing a bond between the school and parents.

SOBHA e-Self Learning

SOBHA e-self learning at home was introduced for LKG and UKG classes in 2014-15; it will progressively include classes 1 and 2 covering 360 students. Every house will be equipped to support self-learning of students using e-devices. The objective of the programme is to provide opportunities to students for developing their communication-interaction skills thereby improving their all-round performance. This will also help families living in the rural areas who cannot provide academic support to their children.

SOBHA Icon Higher Secondary Course

The SOBHA Icon Higher Secondary Course is a two-year full time on-campus course. This regular, 6-day, technology-driven, professional college enrolment oriented programme caters to a batch of 60 students each in Science and Commerce streams. The programme is conducted at the SOBHA Icon Campus at Moolamcode and is registered with the Kerala State Open School for certification.

In the 2015 Kerala Higher Secondary Board Examinations, not only did all the students get 100 per cent distinctions but 95 of the students also scored more than 90 per cent marks. Twenty students scored full A pluses in all subjects with the score as high as 98.8 in some subjects. Two students also qualified in the JEE Main examination in May 2015 and five Icons have got admission in Azim Premji University's UG programme with 100 per cent scholarships. In the 2016 batch, 18 students have been selected with scholarships for the university's UG courses via a national entrance test.

Similarly, more than a dozen students passed with distinction/credit, the International Assessment for Indian schools (IAIS) conducted by Macmillan Education in association with South Wales University, Australia in 2015. Three students also passed the Chennai based Aha Guru Physics challenge examination in the same year.

All the 56 Icons of the 2015 batch are enrolled in reputed colleges with financial assistance for their higher education also being extended.

SOBHA Icon

This initiative aims at creating 'Icons for India' by making high-quality learning opportunities available for deserving high school students from government schools who have interest but do not have the opportunities to study further. Regular professionals have been engaged to enhance the academic performance of more than 120 students. In the 2015 SSLC examinations, all students passed with distinctions; eight students had full A pluses in all the subjects. Twelve students of Class 8 were awarded with the National Means Cum Merit Scholarship Examination (NNMSE) in 2015. One student topped the Mathematics talent examination during the same year.

SOBHA Shadow Icon

This is an intensive weekend academic support programme for students from upper primary schools. Around 75 students from classes 6 and 7 from different local schools are beneficiaries of this programme.

Regular meetings are held with parents of students in The SOBHA Academy, SOBHA Icons, SOBHA Icon Higher Secondary as well as SOBHA Shadow Icons. The meetings discuss the progress made by the children so as to maximise the benefits of the education being provided to them.

The SOBHA Vocational Training Centre

The SOBHA Vocational Training Centre (SVTC) was started to meet the lacuna in accessing vocational training options among adults. The centre provides vocational training and paid apprenticeship options to adults from weaker economic sections in carpentry; another centre provide training in computer education. The computer centre has so far provided training to around 110 adults and direct and indirect placements to them. The computer training is being discontinued from 2016 as such training is being offered by government and semi-government agencies free of cost.

Providing healthcare facilities

SOBHA Healthcare

SOBHA Healthcare, which was started in 2007, is one of SOBHA's flagship CSR activities which provides free and easy access to primary healthcare. SOBHA Healthcare fills an important space as a high quality primary healthcare centre in an extremely backward area which offers state-of-the-art healthcare resources, facilities and services to the villagers free of cost. This also includes free medicines at SOBHA's CSR panchayats. More than 2 lakh patients have been treated so far under this initiative which shows the important role that it is performing at the community level in terms of accessibility and acceptability. The healthcare facilities offered include consultations, diagnostics, treatment, medicines and dental and ophthalmology care.

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

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

- Residents of SOBHA Hermitage.
- Students of The SOBHA Academy and SOBHA Icon who are screened twice a year for medical/ophthalmology/dental care. Road to health growth charts are also maintained for all students.
- All parents of students at The SOBHA Academy undergo medical/relevant clinical laboratory examinations; they are also provided appropriate treatment.
- Below the poverty line families in the two selected panchayats of Vadakkenchery and Kizhakkenchery who have also been given identity cards.

During 2015-16, 15,158 patients were treated under the SOBHA Healthcare programmes.

Looking after the aged and the impoverished

SOBHA Hermitage

The focus of SOBHA's CSR activities is equally on the aged. Besides the young, the Company also firmly believes in looking after the elderly. Hence, it set up SOBHA Hermitage with the specific aim of providing shelter and assistance to elderly from weaker sections of society. In proof that SOBHA's CSR activities are well targeted, SOBHA Hermitage has become a home for senior citizens and young widows and their children. Besides providing residents a roof over their head, SOBHA Hermitage also makes sure that they are provided all necessary amenities to lead comfortable lives. Residents have independent rooms, a library and a common television room, a gym and also internet access. All residents can also avail of round-the-clock medical facilities, if needed, which are provided by paramedical staff; there is a doctor on call during non-working hours. The Hermitage also has an in-house clinic.

To make the residents feel comfortable and have a sense of belonging cultural and social activities like celebrating birthdays of residents are also organised at the Hermitage.

Other initiatives

The SOBHA Young Mothers Rehabilitation Programme

The Hermitage is providing a comprehensive rehabilitation package for young resident widowed mothers. There are 13 mothers and their 21 children living at the Hermitage. Special arrangements are in place for their living, safety, security and welfare which are all provided free of cost. The children are assured free education at The SOBHA Academy.

All mothers are encouraged to continue their education and many have completed their graduation. All the young mothers are employed in The SOBHA Academy and paid for the work which they do which is a source of potential savings for them.

For young mothers whose children have grown up, individual flats have been constructed for each family.

SOBHA Rural Women's Empowerment

To empower rural women, 50 widowed mothers and their children from the Vadakkenchery and Kizhakkenchery panchayats are being provided with basic monthly living allowances besides clothing, medical and other personal accessories. Their children's educational expenses too are met by the Company. Those children who attend government school are given coaching to help improve their performance.

SOBHA Social Wedding Programme

The social wedding programme is a constructive approach to tackle multiple serious issues of dowry and destitution. So far 490 couples have been married under the aegis of the programme.

SOBHA Community Centre

The SOBHA Community Centre provides a stage for various community development programmes like social weddings and for conducting medical camps and orientation/training classes. Besides, the centre also has a dining hall which can accommodate about 300 people. The poor and destitute are provided free meals twice a day at the centre.

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

Going green

SOBHA has taken up a number of green initiatives in the CSR project areas. The campus where CSR activities are undertaken has more than 3,000 plants and herbs and follows rainwater harvesting. Waste management too is being undertaken and the campus is totally plastic free and a no-smoking area.

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

Supporting Other Charitable Causes

In the financial year 2015-16, SOBHA also contributed to various charitable organisations and sponsored welfare events and programmes in the states of Karnataka and Tamil Nadu. The Company extended ample support to various healthcare initiatives geared towards the underprivileged section, women & rural development as well as events to encourage ideation and innovation. Some of the beneficiaries include Sankara Nethralaya, CBCI Society for Medical Education, Shree Laxmi Institute for Women & Rural Development, Vidyarthi Shikshana Seva Trust, Bangalore Kidney Foundation etc.

Research and Development

At SOBHA, the emphasis is on research and development to make sure that the products meet international standards and provide the best value for money to its customers.

Achieving this involves remaining up to date with the latest technological developments so that these can be adapted to cater to the needs and demands of SOBHA's customers. Moreover, SOBHA believes in standardising its construction activities and best practices across all projects so that it can provide uniformity in quality across its various sites and divisions.

In keeping with this rational, SOBHA has spent a lot of time and manpower to master the art of selecting the right method of construction, using the best-in class machines & materials. Hence, R&D has become a significant part of SOBHA's core business process. The Company constantly encourages its employees to develop new technologies not only to improve existing products but also to come up with newer ones to meet the ever changing needs of its customers.

The Company has an in-house virtual application, Idea Space, which is used for identifying best practices and for inviting ideas from employees in different areas of its applications. These ideas cover four broad parameters: quality, feasibility, safety and customer orientation. Models which can lead to better business performance are selected from among the entries received. These are then implemented across the Company's different locations and divisions. The selected entries are also showcased at Genesis, an exhibition of talent at SOBHA held twice every year to celebrate creativity and innovation among its employees.

The technology and innovation based initiatives at SOBHA can be categorised into two segments:

1. Central innovations
2. Project specific innovations

1. Central innovations

Project management resources

A module in mPower helps in identifying the key competencies of employees and also records their work histories effectively. All the project staff take part in this yearly exercise.

The introduction of the competency module helps employees record their activities during their tenures. These are then graded by their RA/ reviewer to ascertain their competencies. This process starts at the beginning of the year. The proposed improvement in this process is to initiate it every quarter so as to get more accurate data which can be used by the training department to figure out the training needs of employees. It will help employees save time as they will have ready access to their previous activities of last quarter. This innovation will help match an employee to a particular role and vice-versa. Moreover, it will help find right fitment of people and tasks. In addition, this practice will assess the current level of staff competencies and the set of competencies needed towards improvements and provide ready access to work histories and core competencies of employees.

Assessment of Completed Projects

Assessment of completed projects period-wise is done for the following criteria's Distress and Complaint Analysis and Solutions are arrived to improve the current practices and processes followed at SOBHA projects.

2. Project specific innovations

Anti Collision Device (ACD) control circuit modification

The idea behind this innovation was to help deal with the problem of voltage fluctuations in sites where Potain ACD was being used. After the Switched Mode Power Supply (SMPS) was replaced this led to lower fluctuations and consequently reduced breakdowns. Equally significantly the innovation helped reduce initial costs and also led to a smoother production process.

Augmenting club house facilities

Though club house facilities are available at all SOBHA sites, an attempt was made to provide more games/physical activities in club houses without impacting the built-up space. The problem was that specific areas were earmarked for particular sports which could not be used for any other sport or for any other purpose.

In addition, providing separate areas for different sports also meant providing common areas for each sport which too ate into the existing space. The innovation proposed constructing a multisport hall which can house a number of sports in the same hall at the same time. A multisport hall requires much less space as compared to different areas being provided for different sports. This innovative dealing of the issue of space constraint has meant that more sports facilities can be provided under the same roof. It also ensures that less space is used for providing common areas/corridors/movement spaces.

The multisport hall can be built in an area of 10,000 square feet whereas it would require 1,00,000 square feet to provide the same facilities in different areas earmarked for different sports.

Employees

Diversity amongst its employees is something that SOBHA is extremely proud of. SOBHA's employees come from different backgrounds and speak multiple languages. They regularly come up with new creative ways to tackle problems which has resulted in more productive teams producing better results.

The Company promotes a culture which values employees for their unique skills, experiences and perspectives and this is what distinguishes SOBHA from the others. Needless to say SOBHA's employees are its most valued asset and to retain this edge, the Company has aligned its employee differentiation and reward strategies with its business strategy. The Company rewards innovations, quality and efficiency that deliver the organization's strategic objectives.

We at SOBHA also believe that finding talent is difficult but keeping this talent engaged is challenging. That is why the Company continually focuses on developing its employees to help them reach their full potential. Individual development plans help identify developmental activities that individuals should be undertaking. This provides a roadmap for individuals which includes measurable goals and a realistic time frame for achieving each goal.

Performance metrics help employees understand where they need to be and what they can realistically achieve. SOBHA also provides opportunities to those who have potential so that they can take on new

responsibilities within and outside their job functions to expand their skill sets and improve their chances for success in any future roles that they could be considered for. Besides providing motivation this also leads to energy and excitement in the workplace.

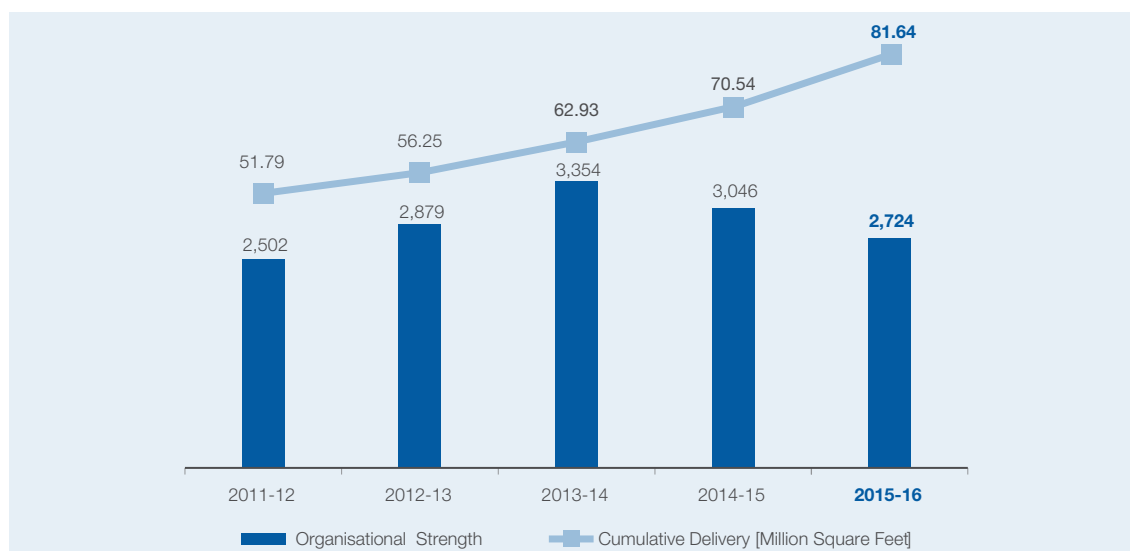
Training and Development

Technical Training

It is very important for SOBHA to provide effective technical training to its employees so that they are equipped to deliver best in class products to an increasing number of customers spread across the country. For this it trains employees at different levels. During 2015-16, 175 training programs were conducted for technical staff members and 100 programs were organized for technical supervisors' training. These training sessions were held in Thrissur, Bangalore, NCR and Chennai. In all there was 6,720 hours of technical training imparted during the year; the training for technical supervisors ran into 3,488 hours.

Training for technician staff members included Technicians Training (450 employees were trained in this), Plumbing & Sub-Contractor Training. Along with this post-skill analysis training was also given to employees.

Besides these training programs, some of the other specific training programs conducted during the



year included Stores training for 10 store executives at the SOBHA training Academy and a Training on Project Costing in which 15 staff members took part.

Behavioral Training

Behavioral training provides employees with an opportunity to develop their talent and augment their skills thus contributing to their overall development.

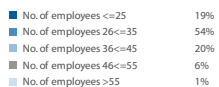
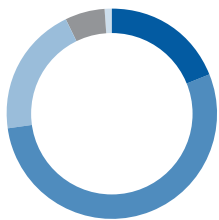
This training covers a wide range of subjects such as Interpersonal Skills, Time Management, Communication Skills, Etiquette & Mannerisms, Team Building, Industrial Relations, Man Management, Motivation Skills, Interviewing Skills, Art of Success and Work Life Balance.

During 2015-16, 185 behavioral training programs were conducted for staff members at different levels. In all 185 training programs covering 18,600 hours was undertaken.

In addition, 200 Adhoc Behavioral & Technical training programs were also conducted during the year 2015-16 which were attended by 2,771 employees.

Awareness training was given on the The Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013.

Age wise Distribution



Other Highlights

Some of the highlights of the other training conducted during the year was training for the pre-sales team, training for front office executives and training for the tele-marketing team for 'aspirational homes.'

Training an on-going exercise

At SOBHA training is an on-going process and the Company assesses the efficiency and performance of its employees at regular intervals. These are tested against established targets and prevailing industry standards.

SOBHA recognizes high performance individuals and awards them accordingly.

Covering all aspects

Creative club

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

Employee safety measures

Fire-fighting and first aid training is imparted to employees on a regular basis. Safety Day is observed at all project sites every year when the construction workforce is briefed about the safety procedures to be followed. Sites which achieve zero accidents are rewarded.

Employee communiqué

SOBHA's in-house magazine 'Innervé' communicates news and developments in the organization to all its employees. The magazine also carries articles written by the senior management, recognizes high-performing employees and also carries contributions by employees.

Risk Management Report

In a highly competitive and increasingly globalised world every organisation has to live with the inevitability of facing risks. Be it decision making or carrying out the day-to-day operations, a company has to be ready and prepared for handling risks.

This inevitability is as much -- if not more -- true of the construction and development sector. In this sector a company is exposed to risks at various levels, some of which are within its control while others are not, so a company has to have a risk management policy in place.

Having a risk management framework helps a company to identify, assess and prioritise the risks so as to be able to deal with them effectively. Risk management also prepares a company to anticipate risks so that effective ways of dealing with them can be put in place. This helps in mitigating the impact of the risks and also finding ways of reducing their occurrence. Further, effective risk management helps a company not only tide over a risk but also to do so while optimising its performance while facing the risk.

Broadly speaking risks can be classified into two categories:

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

Risks which are beyond the control of a company include:

Natural and man-made disasters:

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

Risk Containment Strategy and Measures

SOBHA takes adequate insurance cover for managing disaster-related risks. It also takes

appropriate measures to ensure that the structural design of its buildings conforms to the applicable construction standards in the various regions that it operates.

Risks related to the sector

Sales Market Risks

Customers are the key to the success of any company, a real estate company being no exception. While owning a home is an aspiration for many in India, the decision to purchase a house can always be deferred.

An adverse change in economic conditions, may make potential customers defer or cancel their decision to own a home. A perceived decline or expected decline in the real estate market may cause potential buyers to turn cautious and defer or delay their purchasing decisions.

Land Related Risks

Land is a basic input for a construction company and its unavailability or shortage can lead to an increase in its prices. Such situations with the resultant increase in prices of land can have an adverse impact on the performance of a company. Further, the availability of land, its use, and development are subject to regulations by various local authorities. In India, the uncertainty of underlying land titles is also a major factor involving the risk of legal disputes and related costs. Further in India not only are the laws and regulations complicated, there is also a shortage of appropriate right sized parcels of land. This makes the prices of land volatile. A drop in land prices may erode the book value carrying cost of land. This in turn could affect the profitability of a company.

Interest rate risks

Interest rates are subject to a number of factors primary among which are those that have to do with the government, monetary and tax policies, domestic/international economic and political conditions, and other factors beyond the control of a company. Changes in interest rates may

increase the company's cost of borrowing and impact its profitability.

Regulatory risks

SOBHA is subject to extensive local, state and central laws and regulations governing the acquisition, construction and development of land, including those related to zoning, permitted land use, fire safety standards, height of buildings and access to water and other utilities.

Legal risks

SOBHA is involved in certain legal proceedings relating to the lands owned by it and claims in relation to taxation matters. Any adverse decision may have a significant effect on the company's business, prospects and financials.

Political risks

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

Risks related to the economy

An economic slowdown

Just as the risks associated with the construction sector are beyond the control of a company so also the risks that have to do with the economy as a whole. A downturn in the economy can lead to a decrease in sales or market rates for residential projects. Prospective customers may not be able to obtain housing finance. In extreme cases of an economic downturn a company may also run the risk of customer insolvencies though the registration of property happens only on receipt of entire dues from the customers. These factors could decrease the revenue generation from some or all of a company's residential businesses, adversely affecting its business and future growth.

Uncertainties in global and national economic systems

Uncertainties in the global and national economic systems, a changing demographic profile of the country and inflation also have a bearing on the functioning of a company operating in the real estate sector. The per capita income of the country has witnessed a steady growth and there has been a consequent increase in the purchasing power of customers. However, a downturn in the economy may see increased levels of unemployment and a decline in income levels. This may impact the operations of a company.

In India, a real estate company's business is dependent on the easy availability of finance. An economic slowdown and rising inflation can result in funds drying up.

Risks which are within the control of a company include:

Customer risks

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

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

Borrowing risks

The real estate sector is capital intensive and requires a significant expenditure for land acquisition and development. SOBHA is subject to the risks normally associated with debt financing and may be required to dedicate a portion of its cash flow towards repayment of its debt commitments. This may reduce the availability of funds for other business purposes such as working capital expenditure, financing of acquisitions and investments. It may not be possible to generate adequate cash flows to service principal

and interest payments. In certain cases, lenders also have the right to recall a loan. Such an event could impact SOBHA's liquidity and credit rating.

Liquidity risks

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

Credit risks

SOBHA undertakes certain projects in collaboration with other parties. Credit risk arises when they do not discharge their obligations and in such circumstances, SOBHA may be required to make additional investments in a joint venture or become liable for the other party's obligations.

Project implementation risks

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

Input cost risks

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

Supply chain risks

If suppliers of raw materials curtail, discontinue or disrupt the supply of materials, SOBHA's ability to meet the material requirements for projects could be impaired. This could lead to disruption of

construction schedules, and projects may not be completed on time.

Personnel risks

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

IT and system risks

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

Competition risks

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

Diversification and investment risks

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

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

Risk Containment Strategy and Measures

SOBHA's attempt has always been to produce high-value products for quality conscious and discerning customers. A majority of its customers are not dependent on external financing and are able to self-finance the purchase. Moreover, the company also has a dedicated and robust in-house sales and marketing team, which is entrusted with the task of generating enquiries for the products and translating them into sales. This reduces reliance on external agents and brokers.

SOBHA has a Customer Relationship Management (CRM) department to exclusively interact with customers, resolve their queries, address their issues, streamline the purchase process and receive feedback. An online portal has been designed for customers where they can share their views and also check on the status of the project. The core responsibility of the CRM department is to ensure smooth and hassle-free transactions to the satisfaction of the customer.

SOBHA has been steadily expanding its geographic presence when it comes to the real estate domain. This diversification has reduced its dependence on a single market, Bengaluru, which at one point accounted for all the sales of the company. Bengaluru now contributes only 70 - 75 per cent of new sales.

There has also been a conscious effort to enlarge the client base when it comes to the contractual projects' front. Enlarging the client base to include a big pool of corporates and institutions ensures that dependence on any one particular client has been reduced. Out of the projects currently under progress, the share of contractual orders received from other clients has increased.

SOBHA has a proven track record in servicing its debt obligations. The gearing levels of the company have been efficiently managed in the last six financial years as a result of which the gearing ratio came down from 1.76 in 2008-09 to 0.8 in 2015-16.

Effective methodologies are in place for managing the land portfolio. Extensive diligence is carried out

before acquiring land or entering into partnerships for joint ventures or joint development.

Employing well-governed processes ensures that project-level implementation risks are minimised. SOBHA has an in-house Quality, Safety and Technology department to address quality issues of the end product.

SOBHA has long-standing relationships with suppliers for the purchase of key materials. It also follows a backward integration business model wherein the key inputs for the final product are sourced in-house, reducing the dependence on external suppliers.

With a view to containing the risk of attrition and retaining personnel, effective policies are in place to keep them motivated.

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

The outlook for long-term demand for real estate in India is stable and positive. The emergence of Tier-II and Tier-III cities, urbanisation, large-scale employment generation in cities, nuclear family setup among other opportunities, will contribute to a substantial increase in demand for real estate and corporate space in the future.

SOBHA has a strong in-house legal department. It also engages experts to mitigate legal and regulatory risks. It is an active member of trade associations like CREDAI, CII and FICCI and is involved in making joint representations to the government and regulators on common issues faced by the sector.

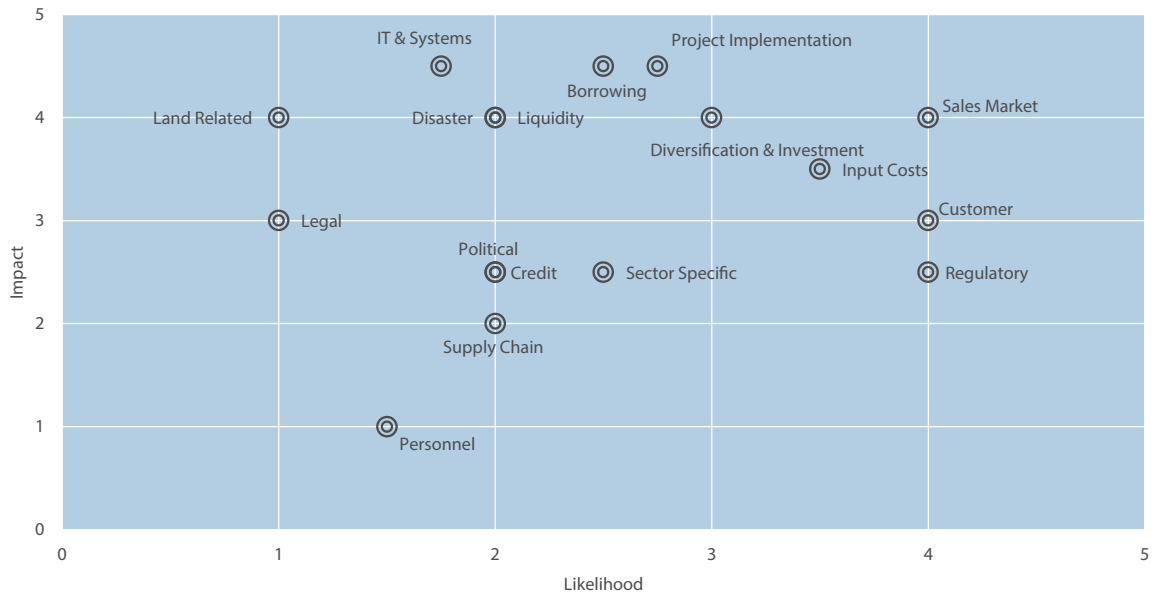
SOBHA'S foray into new geographies is based on a thorough analysis of the prevailing market conditions and regulatory environment. Several contractual projects have been successfully executed in the cities that it plans to enter and therefore, there is a good understanding of the local factors in play.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

Risk Interaction

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

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

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



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

Operational and Financial Analysis

The real estate sector continued to be tested with sector-specific and broad-based economic challenges in the financial year 2015-16. The year was marked with several positive developments both on the economic and policy front which have laid the foundation for a revival in demand. RBI's monetary policies have led to a steady decline in interest rates, the benefits of which are now being passed on to the end-users by the lending institutions. Liberalisation of FDI norms, rationalization of taxation regime for REITs and recent budgetary proposals for developers and home buyers are all welcome measures and will offer the necessary growth impetus to the real estate sector. An improvement in the absorption rates of commercial real estate on account of new employment generation has also been noticed.

It is with this backdrop that we present our financial and operational performance analysis for 2015-16.

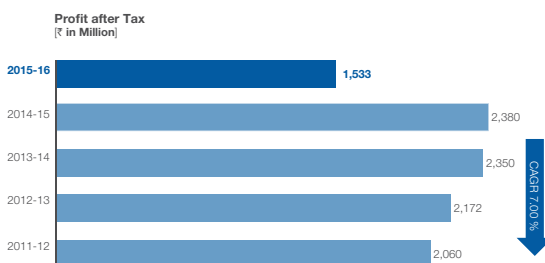
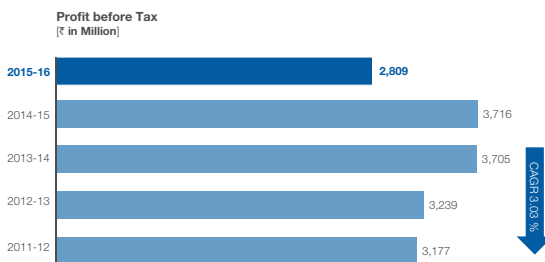
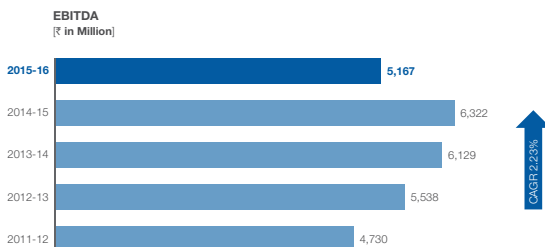
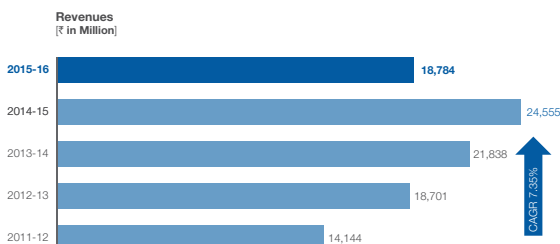
Following are the key financial takeaways for fiscal 2015-16

- Registered a turnover of ₹ 18.78 billion
- ₹ 12.56 billion revenues from real estate operations
- ₹ 6.07 billion revenues from contracts and manufacturing operations
- PBT of ₹ 2.81 billion
- PAT of ₹ 1.53 billion
- Collections of ₹ 22.55 billion
- Net operational cash flows at ₹ 4.83 billion
- Total sales value of ₹ 21.46 billion including share of JD partner and SOBHA'S share of ₹ 20.12 billion
- Price realization of ₹ 6,342 per square feet including share of JD partners and SOBHA'S share of ₹ 5,946 per square feet
- Debt equity ratio as on March 31, 2016 at 0.80
- Credit rating – ICRA (A) [retained] and CARE (A) [retained]

On operational parameters, the Company had

- Developed 81.64 million square feet of total area since inception
- Execution of 49.27 million square feet of total area in progress

- Executed over 33 million square feet in cumulative for our single largest contractual customer
- Completed a cumulative of 389 projects in the Real Estate and Contracts domains
- Execution presence of Real Estate and Contractual projects in 25 cities covering 13 states in India
- Completed 25 projects with a total area of 11.10 million square feet in the Real Estate and Contracts domains in 2015-16



New Sales

During the financial year, the Company registered a new sales of 3.38 million square feet of area valued at ₹ 20.12 billion at an average price realisation of ₹ 5,946 per square feet.

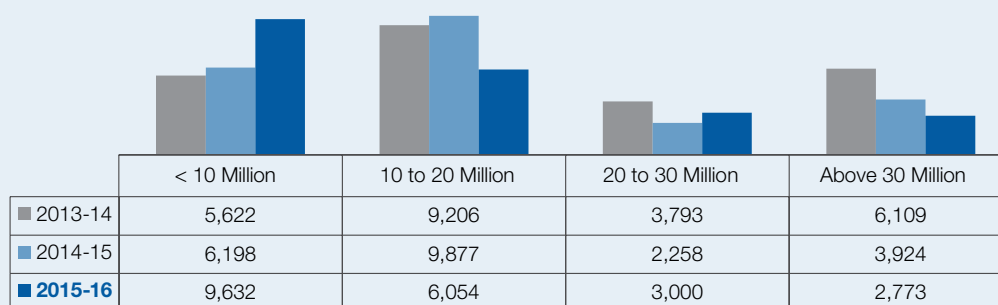
Our core competency has always been providing superior products with enduring value in emerging and fast growing locations. During 2014-15, the Company forayed into a new segment entitled 'SOBHA Dream Series'. This project consist of products ranging between ₹ 3.50 – ₹ 7.50 million. This project has helped the Company to achive the growth of 6% in sales volume during the year in Bangalore market.

The project involves the use of pre-cast technology for the first time in the Company's construction methodology. The benefits of inducting pre-cast technology on this scale will be realised in the form of reduction in the cost of construction as well as in the timelines required for project completion. The pre-cast technology can also be utilised across other projects of similar size and scale in the future.

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

Sales Value in terms of Price Band

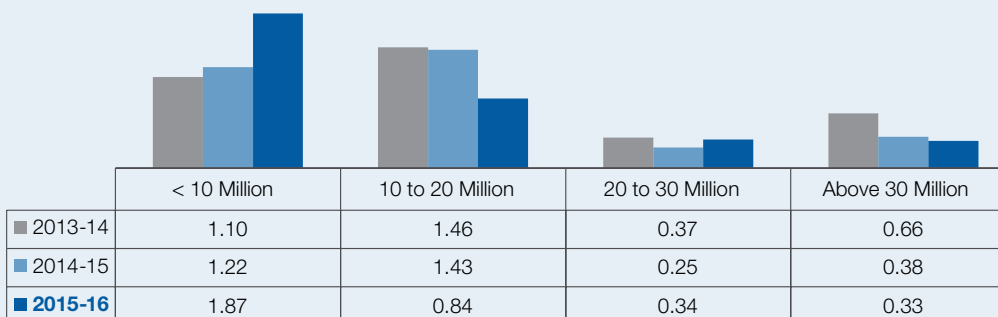
[₹ million]



Note: Includes the share of joint development partners

SBA Sold in terms of Price Band

[in million square feet]



Inventory Break-up

The location wise inventory details are given below

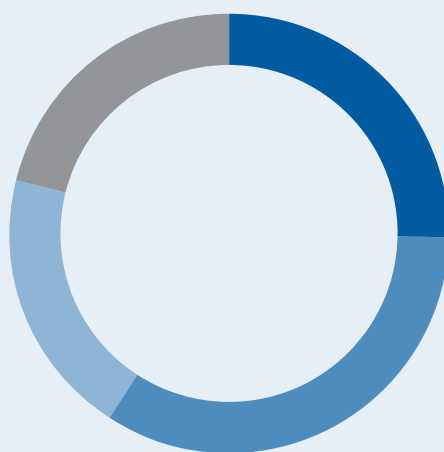
SBA in million square feet

Locations	Opening stock as on April 01, 2015	Projects launched during FY 15-16	increase/ (decrease) of existing stock	Stock available for sale	Area sold during FY 15-16	Closing stock as on 31st Mar-16	Area not offered for sale	Net Stock Available for Sale as on March 31, 2016
Bangalore	11.70	0.34	(0.06)	11.98	2.59	9.39	5.68	3.71
Gurgaon (NCR)	1.69	3.24	0.03	4.96	0.07	4.89	3.81	1.08
Chennai	0.60	-	0.05	0.65	0.30	0.35	-	0.35
Thrissur	0.23	-	-	0.23	0.10	0.13	-	0.13
Pune	0.45	-	(0.01)	0.44	0.05	0.39	-	0.39
Coimbatore	0.25	-	0.08	0.33	0.02	0.31	-	0.31
Calicut	0.86	-	-	0.86	0.09	0.77	-	0.77
Cochin	0.97	-	(0.20)	0.77	0.04	0.73	-	0.73
Mysore	0.06	0.33	-	0.39	0.12	0.27	-	0.27
Total	16.81	3.91	(0.11)	20.61	3.38	17.23	9.49	7.74

Note: Closing stock includes 0.18 million square feet of unsold inventory from completed projects

Unsold Inventory Break-up

Area Released for Sale (7.74 million square feet)



< 10 Million	1.97
10 to 20 Million	2.62
20 to 30 Million	1.52
> 30 Million	1.63

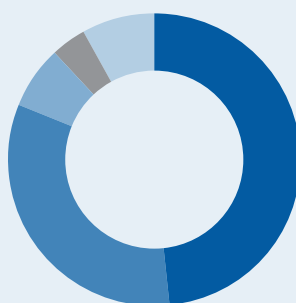
Construction Cost

During the financial year, input costs of critical resources like cement, sand and manpower increased along with a corresponding increase in indirect costs. However, the pricing restraints imposed by the prevailing market conditions did not mean that the Company passed on the increase in input costs to end customers.

Our Customers

Our products have been well received by our customers. An analysis of our customer profile reveals a healthy mix comprising of IT/ITES professionals, non-IT professionals, entrepreneurs and professionals. About 33% of our customers are IT/ITES professionals and we continue to enjoy good support from them.

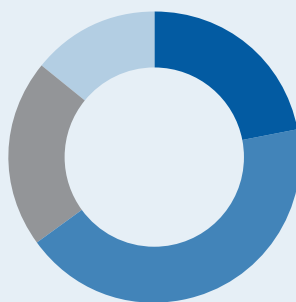
Profession Profile



■ Non-IT Professionals	49%
■ IT/ITES Professionals	33%
■ Business / Entrepreneurs	7%
■ Medical / Pharmaceutical	4%
■ Others	8%

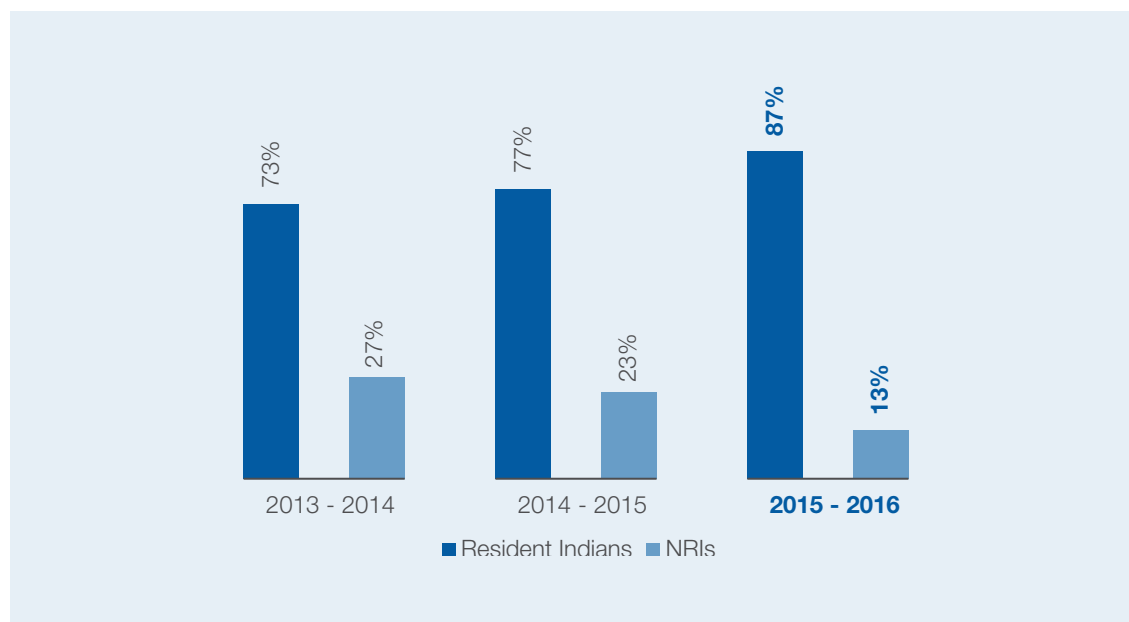
Note: Others include agriculturists, government employees etc.

Age Profile



■ 21-30	22%
■ 31-40	43%
■ 41-50	21%
■ Above 50	14%

The Company has a representative office in Dubai and a branch office in Singapore to market its products among the NRI community. The increase in the number of Resident Indians is mainly on account of the higher contribution of the local customer base from the SOBHA Dream Acres Project.



Real Estate

The main strength of the Company is its ability to consistently deliver quality products in the real estate space. The real estate operations of the Company are currently spread across 9 cities.

Following is the performance of the Real Estate Vertical:

	₹ in million				
	2015-16	2014-15	2013-14	2012-13	2011-12
Revenue	12,556.13	16,440.97	15,284.34	14,155.29	10,338.43
Share of Revenue (%)	66.84	66.96	69.99	75.69	73.10

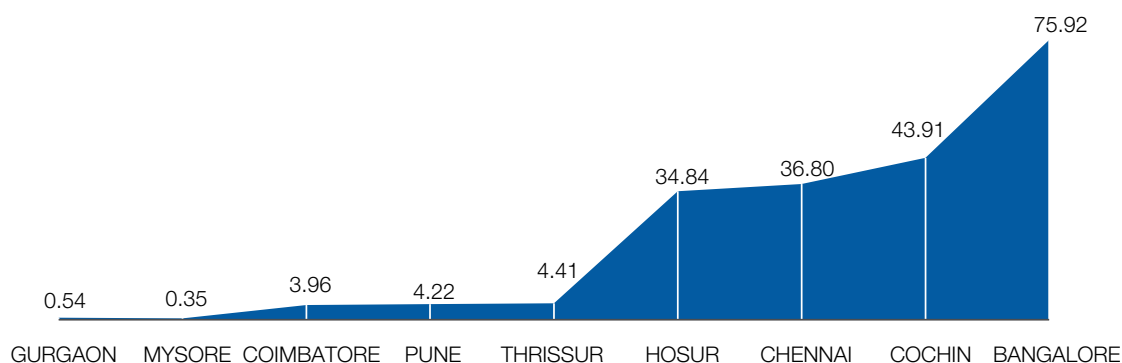
The CAGR in revenue for the Real Estate vertical from FY2011-12 to FY2015-16 is 4.98%. The share of real estate revenues to the overall revenues has been maintained at the same level as in the previous year.

Land Portfolio

Land Portfolio is a key differentiating asset for a real estate company. The ability to acquire land parcels at competitive prices or enter into joint developments for future launches helps in maximising profits for the Company. The Company has a land portfolio comprising of 2,476 acres wherein the Company holds an economic interest of 2,385 acres. A major part of the land portfolio has already been paid for. An amount of ₹ 2,352 million is payable as a part of its commitments to acquire the economic interest. The overall cost per square feet of the land portfolio is ₹ 205.

The location wise distribution of the land portfolio is given below

Sobha Share of Developable Area (in million square feet)



Land is one of the primary raw materials for the Company and a key factor of production. As such, the priority of the Company is to explore and identify suitable opportunities for its development. For instance, during 2014-15, the Company unlocked the value of land admeasuring 81 acres located at Balagere, Bangalore, a part of its historic land bank. It is one of the largest residential developments being undertaken by the Company.

Project Launches

During the year, the Company launched the following real estate projects:

- SOBHA Clovelly in Bangalore with a total saleable area of 0.33 million square feet
- SOBHA 25 Richmond in Bangalore with a total saleable area of 0.02 million square feet
- SOBHA Retreat (plotted development) in Mysore with a total saleable area of 0.33 million square feet
- SOBHA City in Gurgaon with a total saleable area of 3.24 million square feet

Contracting

The Contracts vertical has been executing orders ranging from civil structures, finishes, MEP works, metal and glazing works and interior furnishings for various reputed clients. The Contracts vertical of the Company has been a significant contributor to its revenue stream. With 8.07 million square feet of contractual orders under progress and unbilled contractual orders of approximately ₹ 7.63 billion pending to be executed as at March 31, 2016, the Contractual operations will continue to be a source of steady revenue.

Following is the performance of the Contracts vertical

	₹ in million				
	2015-16	2014-15	2013-14	2012-13	2011-12
Revenue	3,902.06	5,718.58	4,445.06	3,013.06	2,347.51
Share of Revenue (%)	20.77	23.29	20.36	16.11	16.61

The CAGR in revenue for the Contracts vertical from FY2011-12 to FY2015-16 is 13.55%.

Manufacturing

SOBHA is one of the few backward integrated real estate companies which has the capabilities, skills and resources to deliver a project from conceptualisation to completion. Backward integration ensures that the products and services required for the construction and development of a project meet our desired standards of quality and are delivered in a timely manner. This also ensures that the products are superior and the Company has a reduced dependence on external suppliers. The quality of the end products is monitored and substantial product related improvements can be carried out. The Company believes that its backward integration model has been one of the important factors for its successful execution track record without compromising on quality.

Our backward integration model comprises of Glazing and Metal Works, Interiors and Furnishing Works and Concrete Works which supplement our core business of Real Estate and Contracting. Each of these manufacturing divisions is a profit centre by itself and is efficiently and professionally managed.

Glazing and Metal Works Division

The Glazing and Metal Works Division of the Company deals with metal and steel fabrication and aluminium and steel structures and has facilities in Bangalore, Chennai and Sonapat.

Interiors Division

The Interiors Division of the Company deals with manufacturing of wood based products such as doors, windows, panelling, cabinets, cupboards and loose furniture. It also manufactures 'SOBHA Restoplus', a premium quality spring mattress. The Division has facilities in Bangalore and Alwar.

Concrete Products Division

The Concrete Products Division of the Company deals with the manufacture of a wide range of concrete products such as concrete blocks, pavers, kerb stones, water drainage channels, paving slabs and elite landscape products. The Division has also set up new facilities for producing Glass Fibre Reinforced Concrete Manufacturing. The Division has facilities in Bangalore, Gurgaon and Pune.

Following is the performance of the Manufacturing vertical:

	₹ in million				
	2015-16	2014-15	2013-14	2012-13	2011-12
Glazing and Metal Works Division	1,070.03	1,215.07	1,239.24	756.44	745.36
Interiors Division	859.43	801.71	580.81	556.33	524.71
Concrete Products Division	239.29	229.28	184.90	164.29	123.02
Total	2,168.74	2,246.06	2,004.94	1,477.06	1,393.09
Share of Revenue (%)	11.55	9.15	9.18	7.90	9.85

The CAGR in revenue for the Manufacturing vertical from FY2011-12 to FY2015-16 is 11.70%.

Cash Flows

The cash flow summary for the financial year 2015-2016 under direct cash flow method is as follows:

	₹ in million
Particulars	2015-16
Operational Cash inflow	22,549
Operational Cash outflow	17,717
Net Operational Cash inflow	4,832

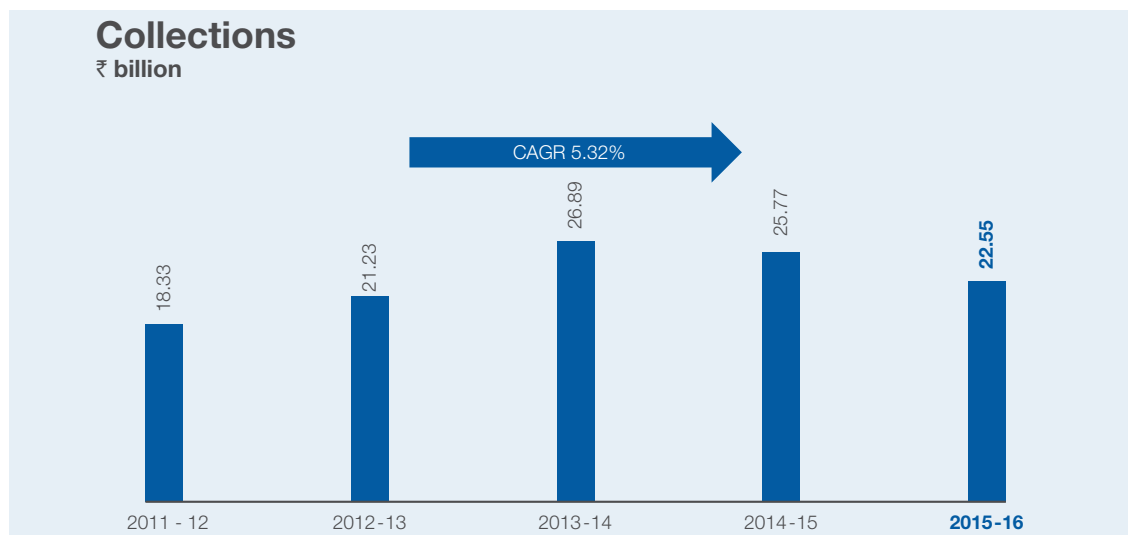
The CompanyThe Company collected ₹ 22.55 billion during the year from Real Estate, Contractual and Manufacturing activities. After expending on construction expenses for Real Estate, Contractual and Manufacturing activities and overheads, etc. the net operating cash inflows were ₹ 4,832 million.

Out of the above, the Company utilised ₹ 2,671 million towards payment of interest and ₹ 608 million for income tax. This leads to a surplus of ₹ 1,553 million.

The Company spent ₹ 1,670 million towards land payments during the year. In addition to this, the Company incurred ₹ 1,180 million towards capex expenditure, ₹ 173 million towards CSR contribution and ₹ 826 million for dividend payments including tax.

This overall collection came down mainly on account of subdued sales. However, the company took stringent control of expenses, which resulted in a positive cash flow generation of ₹ 1,553 million after meeting interest and tax expenses.

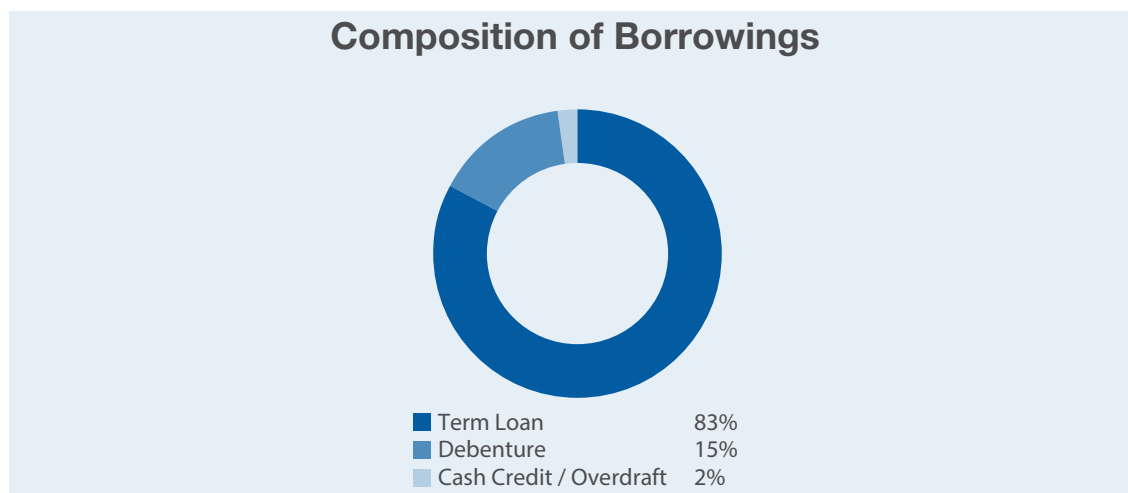
The Cash Flow statement prepared as per the Indirect Method forms part of the Financial Statements.

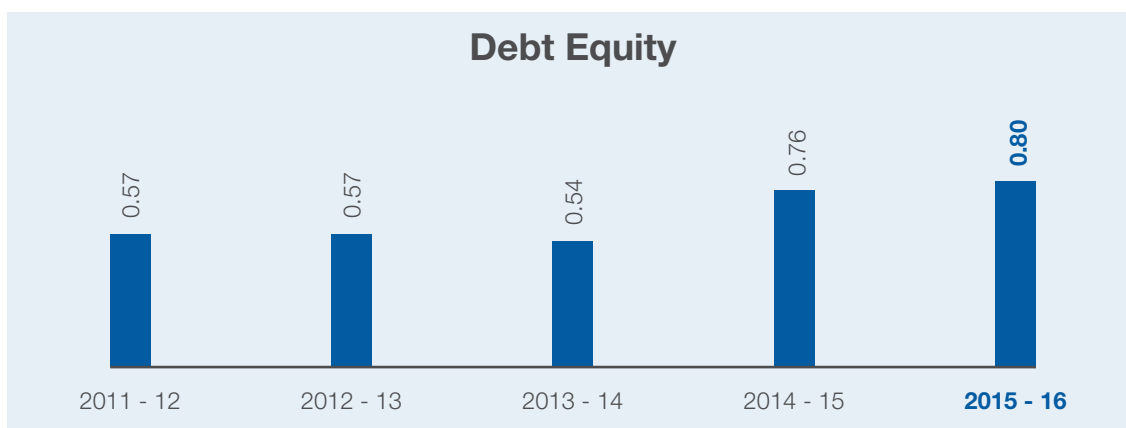


Debt

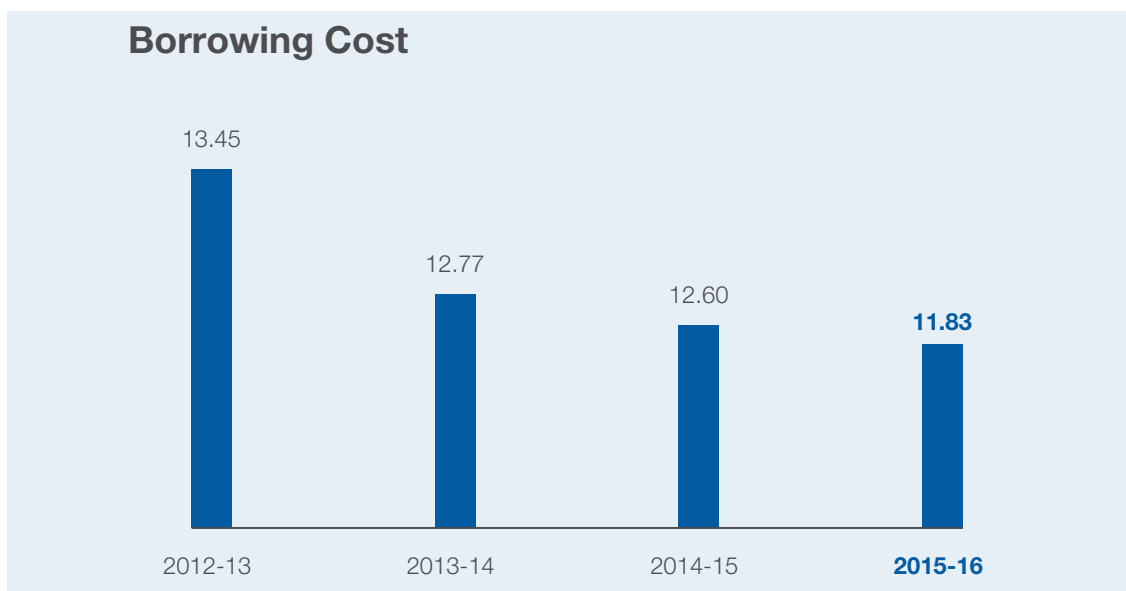
The Company seeks to maintain an optimum balance between low-cost debt and relatively higher cost equity. Debt financing is utilised for executing various projects - residential, commercial and contractual and to finance the acquisition of land parcels for future development.

As on March 31, 2016, the net debt of the Company was ₹ 20,604 million as compared to ₹ 18,409 million in the previous year. The increase in debt is primarily on account of pursuing investment opportunities in Bangalore and Gurgaon. As a consequence, the debt-equity ratio increased to 0.80 at the close of the financial year.





As on March 31, 2016, net debt to EBITDA stood at 3.98. The cost of indebtedness as on March 31, 2016 was 11.83%. Despite the economic slowdown and consequent slowdown in the Real Estate sector, the Company's cost of borrowings has decreased y-o-y.

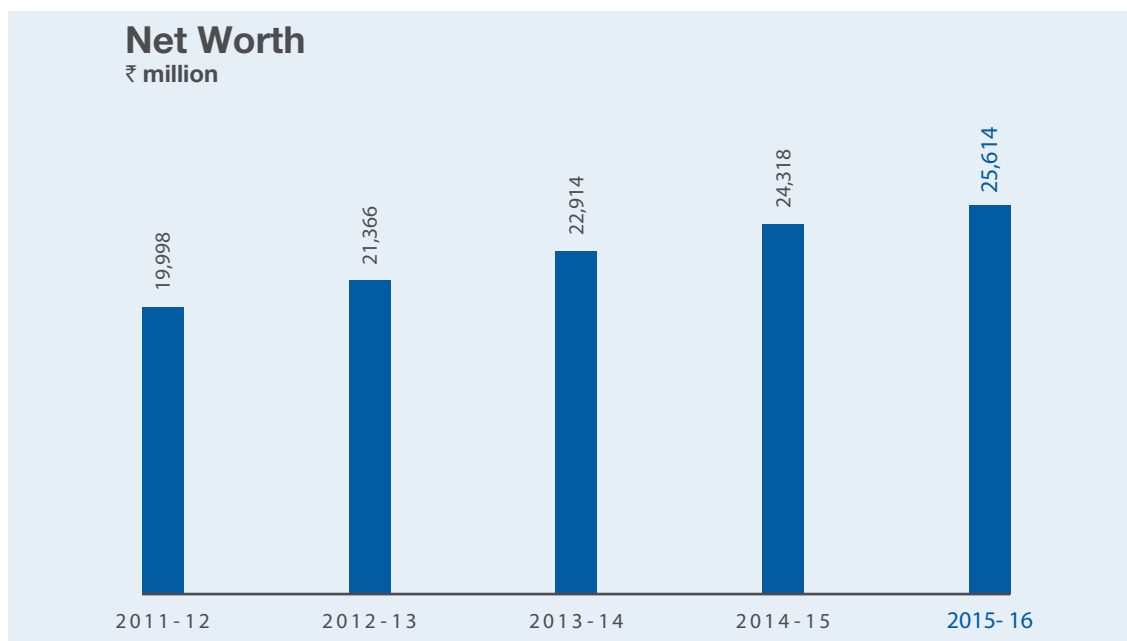


During the year the borrowings of the Company were rated by various credit rating agencies as follows:

CARE	A (Retained)
ICRA	A (Retained)

Net Worth

The net worth of the Company as on March 31, 2016 was ₹ 25,614 million..



The compounded annual rate of growth in net worth over the past four financial years is 6.38%. The market value / book value as on March 31, 2016 was 1.05 as compared 1.62 in the previous year.

Fixed Assets

During financial year 2015-16, the gross addition to fixed assets was ₹ 3,137.15 million. This is mainly because of SOBHA City Mall at Trissur and the pre-cast plant at the Balagere site being newly added to fixed assets.

Current Assets

During financial year 2015-16, the current assets increased by ₹ 1,899.80 million as compared to the previous year. This is mainly on account of increase in short-term loans and advances by ₹ 1,802 million.

Current Liabilities

During financial year 2015-16, the current liabilities stood at ₹ 32,652 million as against ₹ 32,893

million in the preceding financial year; they almost maintained the same level.

Dividends

As part of the Company's track record of consistent dividend payouts, the Board has recommended a dividend of ₹ 2 per share in spite of the challenging environment and lower profits.

Guidance

The Company has set a Guidance of new sales value of ₹ 20 billion measuring around 3.50 million square feet for financial year 2016-17. The Guidance set out remains the same in value terms and is about 3% higher in volume terms as compared to the FY16's performance.

Cautionary Statement: The financial and operational information contained in the Management Report is based on the consolidated operations of the Company unless stated otherwise. Further, statements in the Management Report describing the Company's objectives, projections, estimates, expectations may be "forward looking statements" within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. 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.

Chief Executive Officer and Chief Financial Officer Certificate

[As per Regulation 17 of the Securities and Exchange Board of India
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

We certify that:

- A. We have reviewed financial statements and the cash flow statement for the quarter and financial year ended March 31, 2016 and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee
- (1) significant changes in internal control over financial reporting during the quarter and financial year ended March 31, 2016;
 - (2) significant changes in accounting policies during the quarter and financial year ended March 31, 2016 and that the same have been disclosed in the notes to the financial statements; and
 - (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting



Bangalore
May 19, 2016

Subhash Mohan Bhat
Chief Financial Officer



J C Sharma
Vice Chairman and Managing Director

INDEPENDENT AUDITOR'S REPORT

To the Members of Sobha Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Sobha Limited [formerly known as Sobha Developers Limited] ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information

required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, its profit and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 29 (a) to the financial statements, relating to the notice of termination issued to a buyer by the Company and invoking of the arbitration clause and other legal remedies by the Company under the agreement with such buyer to enforce its rights under the agreement. The management of the Company is confident that it would be able to enforce its rights under the aforesaid agreements and accordingly no adjustments are considered necessary in these financial statements. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 29 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

Other Matter

We did not audit the financial information as regards Company's share in profits of partnership firm (post tax) amounting to ₹ 83.35 million for the year ended March 31, 2016. The financial information has been audited by other auditors whose reports have been furnished to us, and the Company's share in profits of partnership firm investments has been included in the accompanying standalone financial statements solely based on the report of other auditors. Our opinion is not modified in respect of this matter.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Adarsh Ranka
Partner
Membership Number: 209567

Place: Bengaluru, India
Date: May 19, 2016

Annexure 1 referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date

Re: Sobha Limited (“the Company”)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) (a) The Company has granted interest free unsecured loan and subscribed to unsecured debentures to two parties covered in the register maintained under Section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant for such loan/ debentures are not prejudicial to the Company's interest, considering Company's economic interest in such entities, wherein it has granted interest free loan.
- (b) The loan granted is re-payable on demand and the repayment of the principal amount is as demanded and thus, there has been no default on the part of the parties to whom the money has been lent. The unsecured debentures are compulsorily convertible into equity shares on expiry of 19 years from date of issue or on happening of certain events. As explained to us, events warranting conversion of compulsorily convertible debentures have not happened. The payment of interest is regular as per the agreed terms.
- (c) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under Section 189 of the Companies Act, 2013 which are outstanding for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, provisions of Section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to the construction of buildings/ structures and other related activities, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute are as follows:

Name of the statute	Nature of dues	Amount * (₹ in million)	Period to which amount relates	Forum where dispute is pending
Andhra Pradesh Sales Tax Act	Basis of charge of sales tax	26.92	2002-04	High Court
Karnataka Sales Tax Act	Basis of charge of sales tax	30.68	1998-06	Sales Tax Appellate Tribunal
Karnataka Sales Tax Act	Basis of charge of sales tax	64.55	2003-05	High Court
Karnataka Sales Tax Act	Basis of charge of sales tax	127.27	2007-08	High Court
Karnataka Sales Tax Act	Basis of charge of sales tax	25.60	2008-09	High Court
Karnataka Sales Tax Act	Basis of charge of sales tax	28.62	2009-10	High Court
Kerala Sales Tax Act	Basis of charge of sales tax	20.97	2012-13	Deputy Commissioner (Appeals)
Haryana Sales Tax Act	Basis of charge of sales tax	177.03	2012-14	Joint Excise and Taxation Commissioner (Appeals)
Income Tax Act	Differential tax treatment	1.65	1999-01	High Court
Income Tax Act	Differential tax treatment	1.89	1999-01	Income Tax Appellate Tribunal
Income Tax Act	Disallowances	10.40	2008-09	Commissioner of Income Tax (Appeal)
Income Tax Act	Disallowances	4.60	2007-11	Additional Commissioner of Income Tax
Income Tax Act	Disallowances	153.21	2005-07	High Court
Income Tax Act	Disallowances	1,236.96	2006-14	Commissioner of Income Tax (Appeal)
Finance Act, 1994 (Service Tax Provisions)	Basis of valuation	95.67	2006-08	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994 (Service Tax Provisions)	Service tax demand	790.44	2006-07	Supreme Court
Finance Act, 1994 (Service Tax Provisions)	Disallowances	4.23	2002-07	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994 (Service Tax Provisions)	Service tax demand	119.32	2008-11	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994 (Service Tax Provisions)	Service tax demand	392.07	2006-12	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994 (Service Tax Provisions)	Service tax demand	67.72	2012-13	Commissioner of Central Excise and Service Tax (LTU)
Finance Act, 1994 (Service Tax Provisions)	Service tax demand	0.33	2008-11	Commissioner of Central Excise and Service Tax (Appeals)
Customs Act, 1962	Differential tax treatment	1.27	2010-11	Central Excise and Service Tax Appellate Tribunal
The Central Excise Act, 1944	Excise duty demand	6.67	2013-16	Central Excise and Service Tax Appellate Tribunal

* Net of ₹ 226.52 million, paid under protest.

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders or government.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of debt instruments in the nature of Non-convertible debentures and term loans (representing loans with a repayment period beyond 36 months) for the purposes for which they were raised.

- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Adarsh Ranka
Partner
Membership Number: 209567

Place: Bengaluru, India
Date: May 19, 2016

Annexure 2 to the Independent Auditor's Report of even date on the standalone financial statements of Sobha Limited

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

To the Members of Sobha Limited

We have audited the internal financial controls over financial reporting of Sobha Limited [formerly known as Sobha Developers Limited] ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Adarsh Ranka
Partner
Membership Number: 209567

Place: Bengaluru, India
Date: May 19, 2016

Balance sheet as at March 31, 2016

	Notes	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Equity and liabilities			
Shareholders' funds			
Share capital	3	980.64	980.64
Reserves and surplus	4	23,610.83	22,477.70
		24,591.47	23,458.34
Non-current liabilities			
Long-term borrowings	5	4,882.06	1,956.80
Deferred tax liability (net)	13	2,466.91	1,576.02
Trade payables	6	177.62	177.62
Long-term provisions	7	71.57	46.96
		7,598.16	3,757.40
Current liabilities			
Short-term borrowings	8	16,004.67	16,146.54
Trade payables	9		
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		4,249.79	4,874.81
Other current liabilities	9	11,454.09	9,033.62
Short-term provisions	7	495.45	1,408.77
		32,204.00	31,463.74
TOTAL		64,393.63	58,679.48
Assets			
Non-current assets			
Fixed assets			
Tangible assets	10	3,718.60	3,058.77
Intangible assets	11	4.63	12.92
Capital work-in-progress		454.30	524.45
Non-current investments	12	3,569.57	2,486.24
Long-term loans and advances	14	4,590.41	4,399.46
Trade receivables	15.1	265.41	196.84
Other non-current assets	15.2	271.71	108.23
		12,874.63	10,786.91
Current assets			
Inventories	16	25,205.77	22,834.15
Trade receivables	15.1	2,414.73	1,871.53
Cash and bank balances	17	1,135.03	1,195.41
Short-term loans and advances	14	19,651.65	17,898.75
Other current assets	15.2	3,111.82	4,092.73
		51,519.00	47,892.57
TOTAL		64,393.63	58,679.48

Summary of significant accounting policies

2.1

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

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W/E300004
Chartered Accountants

per Adarsh Ranka
Partner
Membership No.: 209567

Place: Bengaluru, India
Date: May 19, 2016

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

Ravi PNC Menon
Chairman
DIN: 02070036

Subhash Bhat
Chief Financial Officer

Place: Bengaluru, India
Date: May 19, 2016

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

Kishore Kayarat
Company Secretary and
Compliance Officer

Statement of profit and loss for the year ended March 31, 2016

	Notes	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Income			
Revenue from operations (gross)	18	18,166.99	23,941.33
Less : Excise duty		133.57	117.53
Revenue from operations (net)		18,033.42	23,823.80
Other income	19	151.55	192.67
Total revenue		18,184.97	24,016.47
Expenses			
Land purchase cost		834.09	1,560.60
Cost of raw material and components consumed	20	1,605.45	1,881.76
(Increase)/ decrease in inventories of building materials, finished goods, stock in trade - flats, land stock and work-in-progress	21	(2,670.49)	(2,385.85)
Purchase of project materials		3,745.25	6,327.29
Subcontractor and other charges		5,232.55	6,615.37
Employee benefits expense	22	1,764.65	1,977.27
Depreciation and amortization expense	24	585.84	688.60
Finance costs	25	1,529.22	1,522.86
Other expenses	23	3,043.30	2,834.75
Total		15,669.86	21,022.65
Profit before tax		2,515.11	2,993.82
Tax expenses (refer note 39)			
Current tax		255.03	624.28
Deferred tax charge/ (credit)		890.89	571.89
MAT credit entitlement		-	(193.20)
Total tax expense		1,145.92	1,002.97
Profit for the year		1,369.19	1,990.85
Earnings per equity share [nominal value of ₹ 10 (Previous year - ₹ 10)]			
Basic and Diluted	27	13.96	20.30

Summary of significant accounting policies

2.1

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

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W/E300004
Chartered Accountants

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

per Adarsh Ranka
Partner
Membership No.: 209567

Ravi PNC Menon
Chairman
DIN: 02070036

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

Subhash Bhat
Chief Financial Officer

Kishore Kayarat
Company Secretary and
Compliance Officer

Place: Bengaluru, India
Date: May 19, 2016

Place: Bengaluru, India
Date: May 19, 2016

Cash flow statement for the year ended March 31, 2016

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Cash flow from operating activities		
Profit before tax	2,515.11	2,993.82
Adjustment of items appropriated to retained earnings		
CSR expenditure - Donation	-	(144.70)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Share of profit from investment in partnership firm	(83.35)	(146.69)
Depreciation/ amortization	585.84	688.60
(Profit)/ loss on sale of fixed assets (net)	9.50	(0.33)
Provision for doubtful debts and advances	-	10.00
Interest expense	1,353.68	1,394.53
Interest income	(89.22)	(112.39)
Operating profit before working capital changes	4,291.56	4,682.84
Movements in working capital :		
Increase/ (decrease) in trade payables	(625.02)	(755.17)
Increase/ (decrease) in other current liabilities	1,878.59	(1,607.69)
Decrease/ (increase) in trade receivables	(611.77)	512.79
Decrease/ (increase) in inventories	(2,371.62)	(2,214.31)
Decrease/ (increase) in other assets	973.72	(767.89)
Decrease/ (increase) in loans and advances	(1,031.90)	(2,668.89)
Increase/ (decrease) in provisions	25.22	33.15
Cash generated from / (used in) operations	2,528.78	(2,785.17)
Direct taxes paid (net of refunds)	(447.78)	(596.82)
Net cash flow from/ (used in) operating activities (A)	2,081.00	(3,381.99)
Cash flows from investing activities		
Purchase of fixed assets, including capital work-in-progress and capital advances	(1,069.68)	(636.32)
Proceeds from sale of fixed assets	-	2.01
Purchase of non-current investments	-	(15.97)
Amount contributed to partnership current account	(1,199.98)	-
Proceeds from redemption of debentures	200.00	-
(Investments in)/ redemption of bank deposits (having original maturity of more than three months) - net	8.51	(8.57)
Interest received	96.41	124.17
Net cash flow from/ (used in) investing activities (B)	(1,964.74)	(534.68)

Cash flow statement for the year ended March 31, 2016

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Cash flows from financing activities		
Proceeds from long-term borrowings	4,299.97	2,350.00
Repayment of long-term borrowings	(990.99)	(601.06)
Proceeds from short-term borrowings	8,960.35	15,025.90
Repayment of short-term borrowings	(9,102.22)	(9,571.05)
Interest paid (gross)	(2,344.91)	(1,998.59)
Dividends paid on equity shares	(686.30)	(685.88)
Tax on equity dividend paid	(140.55)	(116.66)
Net cash flow from/ (used in) in financing activities (C)	(4.65)	4,402.66
Net increase/ (decrease) in cash and cash equivalents (A + B + C)	111.61	485.99
Cash and cash equivalents at the beginning of the year	975.38	489.39
Cash and cash equivalents at the end of the year	1,086.99	975.38
Components of cash and cash equivalents		
Cash on hand	11.63	6.73
Cheques/ drafts on hand	49.50	16.78
With banks- on current account	982.72	949.86
- on deposit account	40.98	-
- unclaimed dividend accounts*	2.16	2.01
Total cash and cash equivalents (refer note 17)	1,086.99	975.38

Summary of significant accounting policies

2.1

* The Company can utilize this balance only towards settlement of the unclaimed dividend liability.

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W/E300004
Chartered Accountants

per Adarsh Ranka
Partner
Membership No.: 209567

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

Ravi PNC Menon
Chairman
DIN: 02070036

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

Subhash Bhat
Chief Financial Officer

Kishore Kayarat
Company Secretary and
Compliance Officer

Place: Bengaluru, India
Date: May 19, 2016

Place: Bengaluru, India
Date: May 19, 2016

Notes to the financial statements for the year ended March 31, 2016

1 Corporate Information

Sobha Limited (Formerly known as Sobha Developers Limited) ('Company' or 'SL') was incorporated on August 07, 1995. SL is a leading real estate developer engaged in the business of construction, development, sale, management and operation of all or any part of townships, housing projects, commercial premises and other related activities. The Company is also engaged in manufacturing activities related to interiors, glazing and metal works and concrete products which also provides backward integration to SL's turnkey projects.

2 Basis of preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies

a) 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, classification of assets and liabilities into current and non-current, estimates of the economic useful lives of fixed assets, net realisable value of inventory (including land advance/refundable deposits) and provisions for bad and doubtful debts. Any revision to accounting estimates is recognised prospectively.

b) Tangible fixed assets and Intangible assets

i. Tangible fixed assets

Tangible 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. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Borrowing costs directly attributable 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.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Notes to the financial statements for the year ended March 31, 2016

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the statement of profit and loss.

ii. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets, comprising of software and intellectual property rights are amortized on a straight line basis over a period of 3 years, which is estimated to be the useful life of the asset.

c) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on written down value basis using the following useful lives prescribed under Schedule II, except where specified.

Tangible fixed assets	Useful lives estimated by the management (in years)
Factory buildings	30
Buildings - other than factory buildings	60
Buildings - Temporary structure	3
Plant and machinery	
i. General plant and machinery	15
ii. Plant and machinery - Civil construction	12
iii. Plant and Machinery - Electrical installations	10
Furniture and fixtures	10
Motor vehicles	8
Computers	
i. Computer equipment	3
ii. Servers and network equipment	6
Office equipments	5

Steel scaffolding items are depreciated using straight line method over a period of 6 years, which is estimated to be the useful life of the asset by the management based on planned usage and technical advice thereon. These lives are higher than those indicated in Schedule II.

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.

d) Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is any indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available.

Notes to the financial statements for the year ended March 31, 2016

If no such transactions can be identified, an appropriate valuation model is used. Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

e) Leases

Where the Company is lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased asset, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognized as finance costs in the statement of profit and loss.

A leased asset is depreciated on a straight-line basis over the lower of the lease term or the estimated useful life of the asset unless there is reasonable certainty that the Company will obtain ownership, wherein such assets are depreciated over the estimated useful life of the asset.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

f) 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.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the

issue of shares or other securities, the acquisition cost is the fair value of the securities issued.

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.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

g) Inventories

Related to contractual and real estate activity

Direct expenditure relating to construction activity is inventorised. Other expenditure (including borrowing costs) during construction period is inventorised to the extent the expenditure is directly attributable cost of bringing the asset to its working condition for its intended use. Other expenditure (including borrowing costs) incurred during the construction period which is not directly attributable for bringing the asset to its working condition for its intended use is charged to the statement of profit and loss. Direct and other expenditure is determined based on specific identification to the construction and real estate activity. Cost incurred/ items purchased specifically for projects are taken as consumed as and when incurred/ received.

- i. Work-in-progress - Contractual: Cost of work yet to be certified/ billed, as it pertains to contract costs that relate to future activity on the contract, are recognised as contract work-in-progress provided it is probable that they will be recovered. Contractual work-in-progress is valued at lower of cost and net realisable value.
- ii. Work-in-progress - Real estate projects (including land inventory): Represents cost incurred in respect of unsold area of the real estate development projects or cost

Notes to the financial statements for the year ended March 31, 2016

incurred on projects where the revenue is yet to be recognised. Real estate work-in-progress is valued at lower of cost and net realisable value.

- iii. Finished goods - Flats: Valued at lower of cost and net realisable value.
- iv. Finished goods - Plots: Valued at lower of cost and net realisable value.
- v. Building materials purchased, not identified with any specific project are valued at lower of cost and net realisable value. Cost is determined based on a weighted average basis.
- vi. Land inventory: Valued at lower of cost and net realisable value.

Related to manufacturing activity

- i. Raw materials are valued at lower of cost and net realisable value. Cost is determined based on a weighted average basis.
- ii. Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. However, inventory held for use in production of finished goods is not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

h) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from operations (gross) is net of sales tax/ value added tax and adjustments on account of cancellation/ returns. Excise duty deducted from revenue (gross) is the amount that is included in the revenue

(gross) and not the entire amount of liability arising during the year.

i. Recognition of revenue from contractual projects

If the outcome of contractual contract can be reliably measured, revenue associated with the construction contract is recognised by reference to the stage of completion of the contract activity at year end (the percentage of completion method). The stage of completion on a project is measured on the basis of proportion of the contract work/ based upon the contracts/ agreements entered into by the Company with its customers.

ii. Recognition of revenue from real estate projects

Revenue from real estate projects is recognised when it is reasonably certain that the ultimate collection will be made and that there is buyers' commitment to make the complete payment. The following specific recognition criteria must also be met before revenue is recognized:

a. Recognition of revenue from property development

For projects commenced and period where revenue recognised before April 1, 2012

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

Notes to the financial statements for the year ended March 31, 2016

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 and are accounted based upon the contracts/ agreements entered into by the Company with its customers.

For projects commenced on or after April 1, 2012 and also to projects which have already commenced but where revenue is being recognised for the first time on or after April 1, 2012

Revenue from real estate projects including revenue from sale of undivided share of land [group housing] is recognised upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the

contracts entered into with buyers, which generally coincides with the firming of the sales contracts/ agreements. Where the Company still has obligations to perform substantial acts even after the transfer of all significant risks and rewards, revenue in such cases is recognised by applying the percentage of completion method only if the following thresholds have been met:

- (a) all critical approvals necessary for the commencement of the project have been obtained;
- (b) the expenditure incurred on construction and development costs (excluding land cost) is not less than 25 % of the total estimated construction and development costs;
- (c) at least 25 % of the saleable project area is secured by contracts/agreements with buyers; and
- (d) at least 10 % of the contracts/ agreements value are realised at the reporting date in respect of such contracts/agreements.

When the outcome of a real estate project can be estimated reliably and the conditions above are satisfied, project revenue (including from sale of undivided share of land) and project costs associated with the real estate project should be recognised as revenue and expenses by reference to the stage of completion of the project activity at the reporting date arrived at with reference to the entire project costs incurred (including land costs).

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

Notes to the financial statements for the year ended March 31, 2016

coincides with the firming of the sales contracts/ agreements. Revenue from sale of land and development rights is only recognised when transfer of legal title to the buyer is not a condition precedent for transfer of significant risks and rewards of ownership to the buyer.

iii. Recognition of revenue from manufacturing division

Revenue from sale of materials is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer which coincides with dispatch of goods to the customers. 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 unit holders' 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 when the same is credited to the Company's current account 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.

i) Foreign currency translation

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency

amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items or on reporting monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

j) 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

Notes to the financial statements for the year ended March 31, 2016

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 statement of profit and loss 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.

k) Retirement and other employee benefits

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

The Company makes contributions to Sobha Developers Employees Gratuity Trust ('the trust') to discharge the gratuity liability to employees. Provision towards gratuity, a defined benefit plan, is made for the difference between actuarial valuation by an independent actuary and the fund balance, as at the year-end. The cost of providing benefits under gratuity is determined on the basis of actuarial valuation using the projected unit credit method at each year end. Actuarial gains and losses are immediately taken to statement of profit and loss and are not deferred.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date. Actuarial gains/losses are immediately taken to statement of profit and loss 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.

l) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after

Notes to the financial statements for the year ended March 31, 2016

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.

m) Provisions

A provision is recognised when the Company 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 the 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.

n) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

o) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement

comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

p) Borrowing costs

Borrowing costs directly attributable to acquisition/ construction of qualifying assets are capitalised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use/ sale. All other borrowing costs not eligible for inventorisation/ capitalisation are charged to statement of profit and loss.

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 land stock under inventories.

Amounts paid by the Company to the land owners towards right for development of land in exchange of constructed area are recognized as land advance under loans and advances and on the launch of the project, the non-refundable amount is transferred as land cost to work-in-progress.

The Company has entered into agreements with land owners/ possessor to develop properties on such land in lieu of which, the Company has agreed to transfer certain percentage of constructed area. The Company measures development rights/ land received under these agreements at cost of construction transferred, as adjusted for other cash/ non-cash consideration on a net basis.

Notes to the financial statements for the year ended March 31, 2016

3 Share Capital

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Authorised shares		
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
Issued, subscribed and fully paid-up shares		
98,063,868 (Previous year - 98,063,868) equity shares of ₹10 each fully paid up	980.64	980.64
Total issued, subscribed and fully paid-up share capital	980.64	980.64

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

	31-Mar-16		31-Mar-15	
	No of Shares	₹ million	No of Shares	₹ million
<i>Equity shares</i>				
At the beginning of the year	98,063,868	980.64	98,063,868	980.64
Issued during the year	-	-	-	-
Outstanding at the end of the year	98,063,868	980.64	98,063,868	980.64

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share.

Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting.

In event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the Company

Name of shareholder	31-Mar-16		31-Mar-15	
	No of Shares in million	Holding percentage	No of Shares in million	Holding percentage
<i>Equity shares of ₹ 10 each fully paid up</i>				
Mrs. Sobha Menon	41.35	42.16%	41.35	42.16%
Mr. P.N.C. Menon	12.49	12.74%	12.49	12.74%
Mr. P.N.C. Menon and Mrs. Sobha Menon (Jointly)	5.49	5.60%	5.49	5.60%
Platinum Asia Fund	6.77	6.91%	6.19	6.30%
Nordea 1 Sicav - Emerging Stars Equity Fund	5.11	5.21%	-	0.00%

Note : As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

Notes to the financial statements for the year ended March 31, 2016

4 Reserves and surplus

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Capital redemption reserve		
Balance as per the last financial statements	87.29	87.29
Closing balance	87.29	87.29
Securities premium account		
Balance as per the last financial statements	10,497.27	10,497.27
Closing balance	10,497.27	10,497.27
Debenture redemption reserve		
Balance as per the last financial statements	-	-
Add: Amount transferred from surplus balance in the statement of profit and loss	117.14	-
Closing balance	117.14	-
General reserve		
Balance as per the last financial statements	2,310.44	2,111.44
Add: Transfer from statement of profit and loss	136.92	199.00
Closing balance	2,447.36	2,310.44
Surplus in the statement of profit and loss		
Balance as per last financial statements	9,582.70	8,753.16
Profit for the year	1,369.19	1,990.85
Less: Appropriations		
Proposed final equity dividend [amount per share ₹ 2 (Previous year - ₹ 7)]	(196.13)	(686.45)
Tax on proposed equity dividend	(39.93)	(140.55)
Transitional adjustment on account of depreciation	-	(10.97)
CSR expenditure - Donation (refer note 38)	-	(124.34)
Transfer to debenture redemption reserve	(117.14)	-
Transfer to general reserve	(136.92)	(199.00)
Total appropriations	(490.12)	(1,161.31)
Net surplus in the statement of profit and loss	10,461.77	9,582.70
Total reserves and surplus	23,610.83	22,477.70

Notes to the financial statements for the year ended March 31, 2016

5 Long-term borrowings

₹ million

	Current maturities		Non current portion	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Secured debentures				
32,500 (Previous year - Nil) redeemable non-convertible debentures of ₹ 0.10 million each	-	-	3,250.00	-
Secured loans				
Term loans from banks	93.75	-	406.23	550.00
Term loans from financial institutions	355.93	153.29	382.08	188.05
Finance lease obligations	-	6.42	-	-
Equipment loans	0.19	0.19	-	-
	449.87	159.90	4,038.31	738.05
Amount disclosed under the head "other current liabilities" (refer note 9)	(449.87)	(159.90)		
Net amount	-	-	4,038.31	738.05
Unsecured loans				
Term loans from financial institutions	375.00	281.25	843.75	1,218.75
Amount disclosed under the head "other current liabilities" (refer note 9)	(375.00)	(281.25)		
Net amount	-	-	843.75	1,218.75
Net amount	-	-	4,882.06	1,956.80

(i) Secured debentures

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-16	31-Mar-15			
Debentures	3,250.00	-	11%-13%	Secured by equitable mortgage by pari passu charge over tangible immovable property of the company and maintaining Debt Service Reserve account equal to six months interest.	Repayable within a period ranging from 13 months to 49 months from the date of debenture issue.

Notes to the financial statements for the year ended March 31, 2016

(ii) Secured loans

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-16	31-Mar-15			
Term loans from banks	-	550.00	11%-12%	Secured by equitable mortgage of certain land of the Company and hypothecation of all project specific assets and receivables of the Company.	Twenty four equal monthly instalments of ₹ 25 million commencing from June 30, 2016.
Term loans from banks	499.98	-	10%-12%	Secured by exclusive hypothecation charge on equipments procured.	Repayable in 16 equal quarterly instalments of ₹ 31.25 million after 12 months moratorium period commencing from July 31, 2016.
Term loans from financial institutions	188.01	341.34	11%-13%	Secured by equitable mortgage of fixed assets and receivables of the Company.	Thirty equated monthly instalments from the date of first disbursement.
Term loans from financial institutions	550.00	-	11%-13%	Secured by equitable mortgage of certain land, building and project specific inventory of the Company, leasehold rights of the Company and hypothecation of receivables and Escrow account of the Company. Corporate guarantee of Group Company.	Repayable within 36 months including principal moratorium period of 12 months from the date of first disbursement.
Finance lease obligations	-	6.42	13%-15%	Secured by hypothecation of plant and machinery taken on lease.	Thirty five monthly instalments commencing from the month the loan is availed.
Equipment loan	0.19	0.19	13%-15%	Hypothecation against specific equipment.	Thirty five monthly instalments commencing from the month the loan is availed.

(iii) Unsecured loans

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-16	31-Mar-15			
Term loans from financial institutions	1,218.75	1,500.00	13%-15%	Secured by way of equitable mortgage of land owned by certain group Companies.	Forty eight equal monthly instalments of ₹ 31.25 million after a moratorium of twelve months from the date of first disbursement.

Notes to the financial statements for the year ended March 31, 2016

6 Other long term liabilities

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Trade payables		
(refer note 36 for details of dues to micro and small enterprises)		
Land cost payable	177.62	177.62
	177.62	177.62

7 Provisions

	Short term		Long term	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Provision for employee benefits				
Provision for gratuity (refer note 31)	51.66	52.31	71.57	46.96
Provision for leave benefits	58.40	57.14	-	-
	110.06	109.45	71.57	46.96
Other provisions				
Provision for taxation (net of advance tax payments)	149.33	472.32	-	-
Proposed equity dividend	196.13	686.45	-	-
Tax on proposed equity dividend	39.93	140.55	-	-
	385.39	1,299.32	-	-
	495.45	1,408.77	71.57	46.96

8 Short-term borrowings

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Secured		
Term loans from banks *	9,682.04	7,843.93
Term loans from financial institutions *	5,175.11	5,356.94
Cash credit from banks	347.52	2,145.67
	15,204.67	15,346.54
Unsecured		
Term loans from banks *	800.00	800.00
	800.00	800.00
	16,004.67	16,146.54

* Term loan from banks and financial institutions represents amount repayable within the operating cycle. Amount payable within twelve months ₹ 7,966.26 million (Previous year - ₹ 3,449.39 million)

Notes to the financial statements for the year ended March 31, 2016

(i) Secured loans

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-16	31-Mar-15			
From banks					
Term Loan	1,950.00	1,950.00	11%-13%	Secured by equitable mortgage of certain land and inventory of the Company.	Three equal quarterly instalments of ₹ 650 million after a moratorium of twenty seven months from the date of first disbursement.
Term Loan	-	412.13	12%-14%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Company and maintaining of Debt Service Reserve account equal to three months interest. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Quarterly instalments of amounts as mentioned in the repayment schedule commencing from September, 30, 2013.
Term Loan	6.80	466.80	11%-13%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Company. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Quarterly instalments of amounts as mentioned in the repayment schedule commencing from two years from the date of disbursement of loan.
Term Loan	-	125.00	12%-15%	Secured by equitable mortgage of certain project specific inventory of the Company. Further, the loan has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company and maintaining of Debt Service Reserve account equal to three months interest and one quarterly principal repayment.	Eight equal quarterly instalments of ₹ 125 million commencing from September 30, 2013.
Term Loan	810.00	675.00	10%-12%	Secured by equitable mortgage of project specific inventory of the Company.	Eight equal quarterly instalments of ₹ 168.75 million after a moratorium of twelve quarters from the date of first disbursement.
Term Loan	550.00	550.00	11%-13%	Secured by equitable mortgage of certain land and project specific receivables of the Company and maintaining of Debt Service Reserve account equal to three months interest.	Monthly instalments of amounts as mentioned in the repayment schedule commencing from two years from the date of disbursement of loan.
Term Loan	990.00	825.00	10%-12%	Secured by equitable mortgage of project specific inventory of the Company.	Eight equal quarterly instalments of ₹ 206.25 million after a moratorium of thirty six months from the date of first disbursement.

Notes to the financial statements for the year ended March 31, 2016

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-16	31-Mar-15			
Term Loan	750.00	750.00	11%-13%	Secured by equitable mortgage of receivables of the Company.	One instalment in every ninety days.
Term Loan	624.70	1,000.00	11%-13%	Secured by equitable mortgage of certain land of the Company and maintaining of Debt Service Reserve account equal to three months interest. Further secured by certain receivables of Group Company.	Twenty four equal monthly instalments of ₹ 41.70 million starting from July 15, 2015.
Term Loan	620.00	320.00	10%-12%	Secured by equitable mortgage of project specific inventory of the Company.	Five equal quarterly instalments of ₹ 350 million after a moratorium of thirty months from the date of first disbursement.
Term Loan	379.99	270.00	10%-12%	Secured by equitable mortgage of project specific inventory of the Company.	Five unequal quarterly instalments after a moratorium of eleven months from the date of first disbursement.
Term Loan	500.00	500.00	11%-13%	Secured by equitable mortgage of certain land of the Company.	Eight equal quarterly instalments of ₹ 62.50 million starting from April 30, 2016.
Term Loan	874.75	-	11%-13%	Secured by equitable mortgage of certain land of the Company and hypothecation of receivables and Escrow account and maintaining Debt Service Reserve account equal to three months interest.	Repayable in 24 monthly instalments of ₹ 41.75 million commencing from January 15, 2016.
Term Loan	645.80	-	10%-12%	Secured by equitable mortgage of project land and project buildings and charge on current and future stocks, receivable and other current assets pertaining to the project. Further secured by certain receivables of Group Company.	Repayable in 5 quarterly instalments of ₹ 500 million (June 2018), ₹ 750 million (September 2018), ₹ 800 million (December 2018), ₹ 800 million (March 2019), ₹ 150 million (June 2019).
Term Loan	740.00	-	11%-13%	Secured by equitable mortgage of 70% of the project building and first charge on escrow account and charge by way of hypothecation of all the assets of the project.	Repayable in 6 quarterly un equal instalments of ₹ 200 million, ₹ 200 million, ₹ 250 million, ₹ 160 million, ₹ 110 million and ₹ 80 million after the holiday period of 30 months i.e. starting from March 2018.
Term Loan	240.00	-	11%-13%	Secured by equitable mortgage of project property and all present and future assets of the company relating to the project.	Repayable in 5 equal quarterly instalments of ₹ 150 million after 27 months moratorium period commencing from August 2018.

Notes to the financial statements for the year ended March 31, 2016

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-16	31-Mar-15			
From financial institutions					
Term Loan	-	166.85	12%-14%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Company.	Quarterly instalments of amounts as mentioned in the repayment schedule commencing from September, 30, 2013.
Term Loan	-	300.00	12%-13%	Secured by equitable mortgage of certain land, building and project specific receivables of the Company. Further, the loan has been guaranteed by way of corporate guarantee given by certain group Company.	Seven equal monthly instalments of ₹ 100 million after a moratorium of eighteen months from the date of first disbursement.
Term Loan	203.11	390.59	11%-13%	Secured by equitable mortgage of certain land and building and receivables of the Company.	Thirty two equal monthly instalments of ₹ 15.63 million starting from September 15, 2014.
Term Loan	563.63	600.00	11%-13%	Secured by equitable mortgage fixed assets and receivables of the Company.	Forty eight equal monthly instalments of ₹ 18.18 million after a moratorium of fifteen months from the date of first disbursement.
Term Loan	-	1,500.00	12%-14%	Secured by equitable mortgage of certain land of the Company.	Twenty four equal monthly instalments of ₹ 62.50 million starting from January 15, 2016.
Term Loan	254.55	400.00	11%-13%	Secured by equitable mortgage of certain land and project specific receivables of the Company.	Thirty three equal monthly instalments of ₹ 12.12 million starting from April 30, 2015.
Term Loan	343.30	499.75	11%-13%	Secured by equitable mortgage of project specific inventory and receivables of the Company.	Eighteen equated monthly instalments after a moratorium of six months from the date of first disbursement.
Term Loan	360.00	499.75	12%-14%	Secured by equitable mortgage of project specific inventory and certain receivables of the Group Company and maintaining of Debt Service Reserve account equal to three months interest.	Twenty five equal monthly instalments of ₹ 20 million starting from September 15, 2015.
Term Loan	859.65	1,000.00	11%-13%	Secured by equitable mortgage of project specific inventory and receivables of the Company.	Twenty five equal monthly instalments of ₹ 41.70 million starting from April 15, 2016.

Notes to the financial statements for the year ended March 31, 2016

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-16	31-Mar-15			
Term Loan	1,250.00	-	11%-13%	Secured by equitable mortgage of certain land of Company and charge on hypothecation of receivable from the projects.	Repayable in 32 equal monthly instalments starting from 11th month from the first disbursement commencing from October 2016.
Term Loan	650.00	-	11%-13%	Secured by equitable mortgage of certain land, building and project specific inventory of the Company, leasehold rights of the company and hypothecation of receivables and Escrow account of the Company. Corporate guarantee of Group Company.	Repayable within 36 months including principal moratorium period of 12 months from the date of first disbursement.
Term Loan	690.87	-	11%-13%	Secured by mortgage of unsold units in the project of the Company and charge on the scheduled receivables of sold and unsold units under the documents entered into with the customers.	Repayable in 10 equal quarterly instalments of ₹ 70 million after 6 months moratorium period commencing from April 2016.
From banks					
Cash credit	-	429.44	12%-14%	Secured by charge on specific project inventory and receivables of the Company. Further, secured by equitable mortgage of land of the Company.	Repayable on demand
Cash credit	310.06	779.11	11%-13%	Secured by way of equitable mortgage of certain land and certain receivables of the Group Company.	Repayable on demand
Cash credit	14.60	321.56	11%-13%	Secured by charge on specific project inventory, current assets and receivables of the Company.	Repayable on demand
Cash credit	0.50	9.27	11%-13%	Secured by charge on specific project inventory, current assets and receivables of the Company.	Repayable on demand
Cash credit	3.57	5.27	11%-13%	Secured by charge on specific project inventory, current assets and receivables of the Company.	Repayable on demand
Cash credit	1.29	0.04	11%-13%	Secured by charge on specific project inventory, current assets and receivables of the Company.	Repayable on demand

Notes to the financial statements for the year ended March 31, 2016

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-16	31-Mar-15			
Cash credit	-	15.11	10%-14%	Secured by lien on fixed deposits of the Company.	Repayable on demand
Cash credit	-	548.07	10%-14%	Secured by charge on specific project inventory, current assets and receivables of the Company.	Repayable on demand
Cash credit	7.01	17.76	11%-13%	Secured by equitable mortgage of certain land, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company.	Repayable on demand
Cash credit	0.76	8.78	11%-13%	Secured by equitable mortgage of certain land, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company.	Repayable on demand
Cash credit	9.71	5.65	11%-13%	Secured by equitable mortgage of project specific inventory and receivables of the Company and maintaining of Debt Service Reserve account equal to three months interest.	Repayable on demand
Cash credit	-	3.47	10%-14%	Secured by charge on specific project inventory, current assets and receivables of the Company.	Repayable on demand
Cash credit	0.02	2.14	11%-13%	Secured by charge on specific project inventory, current assets and receivables of the Company.	Repayable on demand

(ii) Unsecured loans

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-16	31-Mar-15			
Term Loan	800.00	800.00	11%-13%	Secured by way of collateral security offered by group companies through equitable mortgage of land. Further, the loan has been guaranteed by way of corporate guarantee given by certain group Companies.	Four quarterly instalments of ₹ 253 million, ₹ 200 million, ₹ 235 million and ₹ 112 million after a moratorium of ten quarters from the date of first disbursement.

Notes to the financial statements for the year ended March 31, 2016

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

Nature of loan	Amount outstanding (₹ million)		Name of the Company	Nature of security
	31-Mar-16	31-Mar-15		
Term loans	-	300.00	Sobha Glazing & Metal Works Private Limited	Equitable mortgage of land and building
			Rusoh Marina Properties Private Limited	
			Chikmangaloor Developers Private Limited	
			Mapedu Realtors Private Limited	
			Kuthavakkam Realtors Private Limited	
			Rusoh Modern Properties Private Limited	
			Kuthavakkam Builders Private Limited	
			Mapedu Builders Private Limited	
			Allapuzha Fine Real Estate Private Limited	
			Mapedu Real Estate Private Limited	
Term loans	800.00	800.00	Vayaloor Builders Private Limited	Equitable mortgage of land
			Kuthavakkam Properties Private Limited	
			Chikmangaloor Properties Private Limited	
			Rusoh Modern Builders Private Limited	
			Rusoh Modern Developers Private Limited	
			Kuthavakkam Developers Private Limited	
			Rusoh Home Developers Private Limited	
			Marina Realtors Private Limited	
			Chikmangaloor Realtors Private Limited	
			Rusoh Fine Builders Private Limited	
Term loans	751.64	941.34	Sobha Glazing & Metal Works Private Limited	Equitable mortgage of land
Term loans	1,200.00	-	Sobha Glazing & Metal Works Private Limited	Equitable mortgage of land
Term loans	1,218.75	1,500.00	Sri Durga Devi Property Management Private Limited	Equitable mortgage of land
			Sri Parvathy Land Developers Private Limited	

Notes to the financial statements for the year ended March 31, 2016

9 Other current liabilities

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises (refer note 36 for details of dues to micro and small enterprises)	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		
Land cost payable	764.45	1,226.03
Others	3,485.34	3,648.78
	4,249.79	4,874.81
Other liabilities		
Current maturities of long-term borrowings (refer note 5)		
(Includes current maturity of finance lease obligation ₹ Nil million (Previous year - ₹ 6.42 million))	824.87	441.15
Book overdraft from scheduled banks	46.11	1.22
Advance from customers	8,916.50	7,423.38
Interest accrued but not due on borrowings	244.80	43.18
Investor education & protection fund shall be credited for unclaimed dividends when due		
Unclaimed dividend	2.16	2.01
Others		
Non-trade payable	202.25	268.13
Security deposit towards maintenance services	1,020.27	625.75
Payable to related parties (refer note 26)	105.70	94.93
Payable for purchase of fixed assets	21.09	64.70
Withholding taxes payable	37.82	36.17
Others	32.52	33.00
	11,454.09	9,033.62
	15,703.88	13,908.43

Notes to the financial statements for the year ended March 31, 2016

10 Tangible assets

	Freehold land	Factory buildings	Other buildings	Plant and machinery	Scaffolding items	Furniture and fixtures	Vehicles	Computers	Office equipments	Total
Cost - At 1 April 2014	81.90	385.09	1,208.97	2,256.54	1,296.79	91.22	51.09	160.15	54.78	5,586.53
Additions	-	-	118.44	156.40	217.61	5.71	4.52	22.40	3.38	528.46
Disposals	-	-	-	(0.28)	-	(2.02)	(1.20)	(4.03)	(0.73)	(8.26)
At 31 March 2015	81.90	385.09	1,327.41	2,412.66	1,514.40	94.91	54.41	178.52	57.43	6,106.73
Additions	-	471.66	5.87	622.08	125.43	2.67	1.74	13.75	2.61	1,245.81
Disposals	-	-	-	(116.74)	(34.47)	(0.54)	-	(1.89)	(0.04)	(153.68)
At 31 March 2016	81.90	856.75	1,333.28	2,918.00	1,605.36	97.04	56.15	190.38	60.00	7,198.86
Depreciation - At 1 April 2014	-	196.91	146.54	1,251.94	540.49	44.09	40.82	124.96	31.06	2,376.81
Charge for the year	-	22.12	75.22	315.80	191.26	15.06	3.93	29.15	8.62	661.16
Disposals	-	-	-	(0.08)	-	(1.70)	(0.34)	(4.01)	(0.45)	(6.58)
Other adjustments	-	-	-	0.33	-	0.11	0.90	4.76	10.47	16.57
At 31 March 2015	-	219.03	221.76	1,567.99	731.75	57.56	45.31	154.86	49.70	3,047.96
Charge for the year	-	39.42	65.57	226.63	205.47	11.00	4.08	19.56	4.75	576.48
Disposals	-	-	-	(106.65)	(34.47)	(0.52)	(0.65)	(1.89)	-	(144.18)
At 31 March 2016	-	258.45	287.33	1,687.97	902.75	68.04	48.74	172.53	54.45	3,480.26
Net Block										
At 31 March 2015	81.90	166.06	1,105.65	844.67	782.65	37.35	9.10	23.66	7.73	3,058.77
At 31 March 2016	81.90	598.30	1,045.95	1,230.03	702.61	29.00	7.41	17.85	5.55	3,718.60

1) Assets taken on finance lease

	Plant and machinery		Scaffolding items	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Gross block	371.89	371.89	306.54	306.54
Depreciation charge for the year	11.42	93.38	2.55	40.23
Accumulated depreciation	371.89	360.47	306.54	303.99
Net book value	-	11.42	-	2.55

Notes to the financial statements for the year ended March 31, 2016

11 Intangible assets

	₹ million		
	Software	Intellectual property rights	Total
Gross block - At 1 April 2014	77.93	47.62	125.55
Purchase	1.95	-	1.95
Other adjustments	-	-	-
At 31 March 2015	79.88	47.62	127.50
Purchase	1.07	-	1.07
Other adjustments	-	-	-
At 31 March 2016	80.95	47.62	128.57
Amortization - At 1 April 2014	55.40	31.74	87.14
Charge for the year	11.61	15.83	27.44
Other adjustments	-	-	-
At 31 March 2015	67.01	47.57	114.58
Charge for the year	9.31	0.05	9.36
Other adjustments	-	-	-
At 31 March 2016	76.32	47.62	123.94
Net Block			
At 31 March 2015	12.87	0.05	12.92
At 31 March 2016	4.63	-	4.63

12 Non-current investments

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
<i>Investment in subsidiaries</i>		
526,320 (Previous year - 526,320) equity shares of ₹ 1 each fully paid-up in Sobha Developers (Pune) Limited	986.41	986.41
100,000 (Previous year - 100,000) Class A equity shares of ₹ 10 each fully paid-up in Sobha Highrise Ventures Private Limited	1.00	1.00
2,500,000 (Previous year - 2,500,000) Class D equity shares of ₹ 10 each fully paid-up in Sobha Highrise Ventures Private Limited	25.00	25.00
10,000 (Previous year - 10,000) equity shares of ₹ 10 each fully paid-up in Sobha Assets Private Limited	0.10	0.10
50,000 (Previous year - 50,000) equity shares of ₹ 10 each fully paid-up in Sobha Nandambakkam Developers Limited	13.74	13.74
50,002 (Previous year - 50,002) equity shares of ₹ 10 each fully paid-up in Sobha Tambaram Developers Limited	2.24	2.24
Investment in the capital of partnership firm (Subsidiary)		
99% (Previous year - 99%) share in the profits of partnership firm:		
Sobha City - Capital account	399.99	399.99
Sobha City - Current account	1,737.41	454.08
Consideration paid for additional share in capital and profit of the partnership firm	128.00	128.00

Notes to the financial statements for the year ended March 31, 2016

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Unquoted preference instruments		
<i>Investment in subsidiary *</i>		
7,700,000 (Previous year - 7,700,000) Compulsorily Convertible Preference shares of ₹ 10 each fully paid-up in Sobha Highrise Ventures Private Limited	77.00	77.00
Unquoted debenture instruments		
<i>Investment in subsidiary *</i>		
1,985,000 (Previous year - 3,985,000) 17.5% Series B compulsorily convertible debentures of ₹ 100 each fully paid-up in Sobha Highrise Ventures Private Limited **	198.50	398.50
	3,569.39	2,486.06

* Subsidiary Company under Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended).

** Series B debentures have been issued at par and are convertible into Class D equity shares respectively in the ratio of two Class D equity shares for each Series B allotted, on expiry of 19 years from the date of issue or on happening of certain events.

The price per equity share, for conversion of Series B debentures into Class D equity shares shall be ₹ 50 per equity share. The debentures carry a simple interest of 17.5% per annum.

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Non-trade investments (valued at cost unless stated otherwise)		
<i>Investment in equity instruments (unquoted)</i>		
2,680,000 (Previous year - 2,680,000) equity shares of ₹ 10 each fully paid-up in Sobha Renaissance and Information Technology Private Limited	26.80	26.80
Less: Provision for diminution in value of investment	(26.70)	(26.70)
	0.10	0.10
<i>Government and trust securities (unquoted)</i>		
National savings certificates	0.08	0.08
	0.08	0.08
	3,569.57	2,486.24
Aggregate amount of unquoted investments (net of provision for diminution in value of investments)	3,569.57	2,486.24
Aggregate provision for diminution in value of investments	26.70	26.70

Details of investments in partnership firms

Investment in Sobha City

Name of Partner	Share of partner in profits (%)	
	31-Mar-16	31-Mar-15
Sobha Limited	99	99
Sobha Developers (Pune) Limited	1	1
Total capital of the firm (₹ million)	400.00	400.00

Notes to the financial statements for the year ended March 31, 2016

13 Deferred tax liability (net)

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Deferred tax liability		
Expenses allowed for tax purposes on payment basis but chargeable to the statement of profit and loss in future years	2,556.29	1,643.37
Gross deferred tax liability	2,556.29	1,643.37
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	20.21	16.94
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	61.49	42.87
Provision for doubtful debts and advances	7.68	7.54
Gross deferred tax asset	89.38	67.35
Net deferred tax liability	2,466.91	1,576.02

14 Loans and advances

	Current		Non-current	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Capital advances				
Unsecured, considered good			5.08	20.69
			5.08	20.69
Security deposit				
<i>Unsecured, considered good</i>				
Refundable deposit towards joint development agreement	3,883.96	2,961.32	99.22	97.82
Security deposit - Others	12.37	45.70	547.37	551.30
	3,896.33	3,007.02	646.59	649.12
Inter-corporate deposit to related party (refer note 26)				
Unsecured, considered good	-	47.11	-	-
Land advance *				
Unsecured, considered good	13,502.06	12,892.24	3,728.58	3,552.82
Advances recoverable in cash or kind				
Unsecured considered good	1,373.52	1,358.39	80.97	78.21
Other loans and advances				
Prepaid expenses	124.06	98.35	129.19	98.62
MAT Credit entitlement [net of ₹ 130.24 million (Previous year ₹ Nil) MAT Credit utilised]	62.96	193.20	-	-
Balances with statutory/ government authorities	692.72	302.44	-	-
	879.74	593.99	129.19	98.62
Total	19,651.65	17,898.75	4,590.41	4,399.46

* Advances for land though unsecured, are considered good as the advances have been given based on arrangements/ memorandum of understanding executed by the Company and the Company/ seller/ intermediary is in the course of obtaining clear and marketable title, free from all encumbrances, including for certain properties under litigation.

Notes to the financial statements for the year ended March 31, 2016

Loans and advances due by directors or other officers, etc.

	Current		Non-current	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Advances recoverable in cash or kind				
Dues from Sobha Projects & Trade Private Limited, in which the Company's director is a director and a member	443.31	374.52	-	-
Dues from Sobha Tambaram Developers Limited (Formerly known as Megatech Software Private Limited), in which the Company's director is a director and a member	24.90	-	-	-
Dues from Sobha Nandambakkam Developers Limited (Formerly Tirur Cybercity Developers Private Limited), in which the Company's director is a director	18.45	-	-	-
Dues from Sobha Assets Private Limited, in which the Company's director is a director	-	-	75.82	73.06
Dues from Sobha Contracting LLC (Dubai), in which the Company's director is a director	-	-	5.15	5.15
Inter-corporate deposit to related party				
Dues from Sobha Renaissance Information Technology Private Limited, in which the Company's director is a member	-	47.11	-	-

15 Trade receivables and other assets

	Current		Non-current	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
15.1 Trade receivable				
<i>Outstanding for a period exceeding six months from the date they are due for payment</i>				
Unsecured, considered good	431.85	366.67	-	-
Doubtful	-	-	19.97	22.29
	431.85	366.67	19.97	22.29
Provision for doubtful trade receivables	-	-	19.97	22.29
	431.85	366.67	-	-
<i>Other receivables</i>				
Unsecured, considered good	1,982.88	1,504.86	265.41	196.84
	1,982.88	1,504.86	265.41	196.84
	2,414.73	1,871.53	265.41	196.84
15.2 Other assets				
Unsecured, considered good unless stated otherwise				
Non-current bank balances (refer note17)			271.71	108.23

Notes to the financial statements for the year ended March 31, 2016

	Current		Non-current	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Others				
Unbilled revenue	2,879.12	3,787.45	-	-
Interest accrued on investments	8.29	15.48	-	-
Others	224.41	289.80	-	-
	3,111.82	4,092.73	271.71	108.23
Total other assets	5,526.55	5,964.26	537.12	305.07

	Current		Non-current	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Trade receivables include:				
Dues from Sobha Highrise Ventures Private Limited in which the Company's director is a director	-	55.42	-	-

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

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Raw materials and components	275.05	322.19
Building materials	56.33	17.20
Land stock	7,400.21	8,325.25
Work-in-progress	16,544.69	13,765.71
Stock in trade - flats	881.30	358.85
Finished goods	48.19	44.95
	25,205.77	22,834.15

17 Cash and bank balances

	Current		Non-current	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Cash and cash equivalents				
<i>Balances with banks:</i>				
– On current accounts	982.72	949.86		
– Deposits with less than three months maturity	40.98	-		
– On unclaimed dividend account	2.16	2.01		
Cheques/ drafts on hand	49.50	16.78		
Cash on hand	11.63	6.73		
	1,086.99	975.38		
Other bank balances				
– Margin money deposit	48.04	220.03	271.71	108.23
	48.04	220.03	271.71	108.23
Less: Amount disclosed under non-current assets (refer note 15.2)			(271.71)	(108.23)
	1,135.03	1,195.41	-	-

Margin money deposits given as security

Margin money deposits with a carrying amount of ₹ 319.75 million (Previous year - ₹ 328.26 million) are subject to first charge to secure the Company's borrowings.

Notes to the financial statements for the year ended March 31, 2016

18 Revenue from operations

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Revenue from operations		
Sale of products/ finished goods		
Income from property development	9,873.97	13,183.24
Income from sale of land and development rights	330.02	59.24
Income from glazing works	1,139.90	1,314.69
Income from interior works	948.82	859.40
Income from concrete blocks	264.55	252.36
Sale of services		
Income from contractual activity - Subsidiaries	1,534.09	2,329.04
Income from contractual activity - Others	3,902.06	5,718.58
Other operating revenue		
Share in profits of partnership firm investments (post tax)	83.35	146.69
Interest on land advances	49.28	-
Scrap sales	40.95	78.09
Revenue from operations (gross)	18,166.99	23,941.33
Less: Excise duty #	133.57	117.53
Revenue from operations (net)	18,033.42	23,823.80

Excise duty on sales amounting to ₹ 133.57 million (Previous year - ₹ 117.53 million) has been reduced from sales in statement of profit and loss and excise duty on (Increase)/decrease in inventory of finished goods amounting to ₹ 0.35 million (Previous year - ₹ 1.00 million) has been considered as (income)/expense in note 23 of financial statements.

19 Other income

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Interest income on		
Bank deposits	27.47	19.79
Long term investments	61.75	69.74
Others	-	22.86
Foreign exchange fluctuation (net)	-	2.72
Profit on sale of fixed assets (net)	-	0.33
Other non-operating income (net of expenses directly attributable to such income of ₹ Nil (Previous year - ₹ Nil)	62.33	77.23
	151.55	192.67

Notes to the financial statements for the year ended March 31, 2016

20 Cost of raw material and components consumed

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Inventory at the beginning of the year		
Glazing material	144.22	116.73
Interior material	117.41	112.88
Concrete block material	60.56	61.58
	322.19	291.19
Add: Purchases		
Glazing material	722.18	923.90
Interior material	600.24	602.22
Concrete block material	235.89	386.64
	1,558.31	1,912.76
Less: Inventory at the end of the year		
Glazing material	127.60	144.22
Interior material	116.13	117.41
Concrete block material	31.32	60.56
	275.05	322.19
Cost of raw material and components consumed		
Glazing material	738.80	896.41
Interior material	601.52	597.69
Concrete block material	265.13	387.66
Cost of raw material and components consumed	1,605.45	1,881.76

21 (Increase)/ decrease in inventories

	31-Mar-16	31-Mar-15	Less: Transferred to Capital work- in-progress/ tangible assets/ advances	₹ million (Increase) / decrease
Inventories at the end of the year				31-Mar-16
Building materials	56.33	17.20	-	(39.13)
Land stock	7,400.21	8,325.25	-	925.04
Work-in-progress	16,544.69	13,765.71	251.73	(3,030.71)
Stock in trade - flats	881.30	358.85	-	(522.45)
Finished goods	48.19	44.95	-	(3.24)
	24,930.72	22,511.96	251.73	(2,670.49)
Inventories at the beginning of the year				31-Mar-15
Building materials	17.20	15.76	-	(1.44)
Land stock	8,325.25	5,411.72	202.54	(3,116.07)
Work-in-progress	13,765.71	14,766.68	-	1,000.97
Stock in trade - flats	358.85	105.84	-	(253.01)
Finished goods	44.95	28.65	-	(16.30)
	22,511.96	20,328.65	202.54	(2,385.85)
Less: Transferred to Capital work-in-progress/ tangible assets/ advances	251.73	202.54		
	22,260.23	20,126.11		
(Increase)/ decrease	(2,670.49)	(2,385.85)		

Notes to the financial statements for the year ended March 31, 2016

22 Employee benefits expense

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Salaries, wages and bonus	1,596.50	1,766.19
Contribution to provident and other fund	52.70	51.62
Gratuity expense (refer note 31)	26.14	27.51
Compensated absence	23.64	25.18
Staff welfare expenses	65.67	106.77
	1,764.65	1,977.27

23 Other expenses

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Excise duty on (increase)/ decrease in inventory	(0.35)	(1.00)
License fees and plan approval charges	503.82	232.59
Power and fuel	314.39	339.12
Water charges	80.50	84.77
Freight and forwarding charges	101.23	149.22
Rent	296.55	296.81
Rates and taxes	68.12	70.92
Insurance	41.17	34.62
Property maintenance expenses	54.38	80.13
Repairs and maintenance		
Plant and machinery	24.20	19.59
Others	42.01	47.17
Advertising and sales promotion	426.79	469.52
Brokerage and discounts	75.96	100.57
Donation (refer note 38)	152.26	-
Travelling and conveyance	264.88	343.05
Legal and professional fees	197.30	193.13
Directors' commission and sitting fees	8.12	7.40
Payment to auditor (Refer details below)	12.22	10.74
Exchange difference (net)	2.83	0.08
Provision for doubtful debts and advances (net of write off)	-	10.00
Loss on sale of fixed assets (net)	9.50	-
Miscellaneous expenses	367.42	346.32
	3,043.30	2,834.75

Payment to auditor *

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
As auditor:		
Audit fee [including for Limited review ₹ 5.40 million (Previous year - ₹ 4.80 million)]	11.60	10.00
In other capacity:		
Other services	-	0.20
Reimbursement of expenses	0.62	0.54
	12.22	10.74

* Net of service tax

Notes to the financial statements for the year ended March 31, 2016

24 Depreciation and amortization expense

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Depreciation of tangible assets	576.48	661.16
Amortization of intangible assets	9.36	27.44
	585.84	688.60

25 Finance costs

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Interest		
- On borrowings	2,511.37	1,969.18
- On finance lease obligation	0.11	7.56
- Others	35.05	29.09
Bank charges	175.54	128.33
	2,722.07	2,134.16
Less: Interest cross charged and interest inventorised/capitalised to qualifying land advances and capital work-in-progress	(1,192.85)	(611.30)
Total *	1,529.22	1,522.86

* Gross of interest amounting to ₹ 1,086.77 million (Previous year - ₹ 1,156.43 million) inventorised to qualifying land stock and work-in-progress.

26 Related party disclosure

a List of related parties

Subsidiaries

Direct Subsidiaries

Sobha City

Sobha Highrise Ventures Private Limited

[Subsidiary Company under Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended)]

Sobha Developers (Pune) Limited

Sobha Assets Private Limited

Sobha Tambaram Developers Limited (Formerly known as Megatech Software Private Limited) [from March 16, 2015]

Sobha Nandambakkam Developers Limited (Formerly Tirur Cybercity Developers Private Limited) [from March 16, 2015]

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 Shareholder

Mr. P. N. C. Menon [Refer note 3 (c)]

Mrs. Sobha Menon [Refer note 3 (c)]

Notes to the financial statements for the year ended March 31, 2016

Key Management Personnel

Mr. Ravi PNC Menon
Mr. J. C. Sharma
Mr. P. Ramakrishnan
Mr. Ganesh Venkataraman [upto February 16, 2015]
Mr. Subhash Bhat [from February 16, 2015]
Mr. Kishore Kayarat

Relatives of key management personnel

Mrs. Sudha Menon

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

Al Barakah Financial Services Limited
Allapuzha Fine Real Estate Private Limited
Architectural Metal Works FZCO
Bikasa Properties Private Limited
Bikasa Realtors Private Limited
Chikmangaloor Realtors Private Limited
Chikmangaloor Properties Private Limited
Cochin Cyber City Private Limited
Cochin Cyber Golden Properties Private Limited
Cochin Cyber Value Added Properties Private Limited
Cochin Super City Developers Private Limited
Daram Cyber Developers Private Limited
Daram Cyber Properties Private Limited
Daram Land Real Estate Private Limited
Divyakaushal Properties LLP
Greater Cochin Cyber City Private Limited
Greater Cochin Developers Private Limited
Greater Cochin Properties Private Limited
Greater Cochin Realtors Private Limited
HBR Consultants Private Limited
Hill and Menon Securities Private Limited
Kilai Builders Private Limited
Kilai Properties Private Limited
Kilai Super Developers Private Limited
Kuthavakkam Developers Private Limited
Kuthavakkam Properties Private Limited
Mannur Real Estate Private Limited
Mapedu Realtors Private Limited
Mapedu Real Estates Private Limited
Moolamcode Traders Private Limited
Oman Builders Private Limited

Notes to the financial statements for the year ended March 31, 2016

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 Engineering and Contracting LLC, Dubai
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 Maple Tree Developers Private Limited
Sobha Nandambakkam Developers Limited (Formerly Tirur Cybercity Developers Private Limited) [upto March 15, 2015]
Sobha Projects & Trade Private Limited
Sobha Puravankara Aviation Private Limited
Sobha Renaissance Information Technology Private Limited
Sobha Space Private Limited
Sobha Technocity Private Limited
Sobha Tambaram Developers Limited (Formerly known as Megatech Software Private Limited) [upto March 15, 2015]
Sobha Ventures Limited
Sri Durga Devi Property Management Private Limited
Sri Kanakadurga Property Developers Private Limited
Sri Kurumba Trust
Sri Parvathy Land Developers Private Limited
Sunbeam Projects Private Limited
Technobuild Developers Private Limited
Thakazhi Developers Private Limited
Thakazhi Realtors Private Limited
Tirur Cyber Real Estates Private Limited

Notes to the financial statements for the year ended March 31, 2016

b Transactions with related parties

			₹ million	
Description of the nature of transaction	Description of relationship	Related party	31-Mar-16	31-Mar-15
Income from property development	Key management personnel	Mr. J. C. Sharma	-	0.16
		Sobha City	552.01	804.41
		Sobha Developers (Pune) Limited	690.53	1,115.86
	Subsidiary	Sobha Highrise Ventures Private Limited	236.63	408.77
Income from contractual activity		Sobha Tambaram Developers Limited	31.51	-
		Sobha Nandambakkam Developers Limited	23.41	-
	Key management personnel	Mr. Ravi PNC Menon	-	64.44
	Other related parties	Sri Kurumba Trust	-	2.81
		Sobha Tambaram Developers Limited	-	34.05
		Thakazhi Realtors Private Limited	-	3.34
Income from sale of land and development rights	Other related parties	Thakazhi Developers Private Limited	-	11.32
		Kilai Properties Private Limited	0.82	-
		Mannur Real Estate Private Limited	3.70	10.53
	Subsidiary	Sobha City	24.82	51.91
Income from glazing works	Key management personnel	Mr. Ravi PNC Menon	0.81	-
		Sri Kurumba Trust	3.71	2.91
	Other related parties	Sri Parvathy Land Developers Private Limited	-	2.01
	Subsidiary	Sobha City	26.14	10.97
	Key management personnel	Mr. P. Ramakrishnan	-	0.01
Income from interior works		Mr. Ravi PNC Menon	0.14	-
		Sri Parvathy Land Developers Private Limited	-	1.64
	Other related parties	Sobha Projects & Trade Private Limited	0.17	0.12
		Sri Kurumba Trust	8.51	8.87
Income from concrete block material	Other related parties	Sri Parvathy Land Developers Private Limited	-	1.63
Interest income on debentures	Subsidiary	Sobha Highrise Ventures Private Limited	61.75	69.74
Purchase of project items	Other related parties	Sobha Projects & Trade Private Limited	161.15	222.32
Amount contributed to partnership current account	Subsidiary	Sobha City	1,199.98	-
Aircraft hire charges*	Other related parties	Sobha Puravankara Aviation Private Limited	116.76	157.73
Share in profits of partnership firm	Subsidiary	Sobha City	83.35	146.69
Purchase of investment in equity share capital of Sobha Tambaram Developers Limited	Other related parties	Technobuild Developers Private Limited	-	1.84

Notes to the financial statements for the year ended March 31, 2016

				₹ million	
Description of the nature of transaction	Description of relationship	Related party	31-Mar-16	31-Mar-15	
Purchase of investment in equity share capital of Sobha Nandambakkam Developers Limited	Other related parties	Technobuild Developers Private Limited	-	13.74	
Investment in equity share capital	Subsidiary	Sobha Tambaram Developers Limited	-	0.40	
Directors' remuneration	Key management personnel	Mr. J. C. Sharma	41.00	57.61	
		Mr. Ravi PNC Menon	79.12	95.84	
		Mr. P. Ramakrishnan	8.33	9.16	
		Mr. P. N. C. Menon	87.42	87.42	
Dividend paid (Payment basis)	Key shareholder	Mr. P. N. C. Menon and Mrs. Sobha Menon (Jointly held shares)	38.46	38.46	
		Mrs. Sobha Menon	289.44	289.44	
	Key management personnel	Mr. Ravi PNC Menon	0.23	0.23	
		Mr. J. C. Sharma	0.63	0.63	
	Key management personnel	Mr. Kishore Kayarat	2.82	2.61	
		Mr. Subhash Bhat	8.02	0.95	
Salary (including perquisites)	Key management personnel	Mr. Ganesh Venkataraman	-	10.09	
CSR expenditure - Donation	Other related parties	Sri Kurumba Trust	150.10	144.70	
Reimbursement from related party	Subsidiary	Sobha Assets Private Limited	2.59	2.55	
		Sobha Developers (Pune) Limited	7.70	143.94	
		Sobha Nandambakkam Developers Limited	18.45	-	
		Sobha Tambaram Developers Limited	24.90	-	
		Sobha Highrise Ventures Private Limited	14.61	7.03	
		Technobuild Developers Private Limited	0.57	0.09	
	Other related parties	Sobha Projects & Trade Private Limited	5.46	0.29	
		Punkunnam Builders and Developers Private Limited	0.02	-	
		Mannur Real Estate Private Limited	0.01	0.14	
		Moolamcode Traders Private Limited	0.02	-	
		Pallavur Projects Private Limited	0.03	-	
		Puzhakkal Developers Private Limited	0.05	-	
		Sri Kurumba Trust	1.58	-	
		Sri Kanakadurga Property Developers Private Limited	-	0.15	
		Sri Durga Devi Property Management Private Limited	0.06	-	
		Sobha Puravankara Aviation Private Limited	-	6.21	
	Key management personnel	Mr. Ravi PNC Menon	0.40	1.58	
		Mr. P. Ramakrishnan	0.03	-	

Notes to the financial statements for the year ended March 31, 2016

			₹ million	
Description of the nature of transaction	Description of relationship	Related party	31-Mar-16	31-Mar-15
Reimbursement to related party	Subsidiary	Sobha City	-	2.98
	Other related parties	Sri Kanakadurga Property Developers Private Limited	1.66	-
		Sri Parvathy Land Developers Private Limited	0.03	-
Advance paid towards purchase of land, goods or services	Other related parties	Technobuild Developers Private Limited	208.82	3.51
		Sri Parvathy Land Developers Private Limited	8.67	-
		Puzhakkal Developers Private Limited	24.75	-
		Sobha Projects & Trade Private Limited	223.90	250.86
		Sobha Puravankara Aviation Private Limited	279.57	190.36
		Sri Durga Devi Property Management Private Limited	1.63	0.84
Refund of advance by the related party	Subsidiary	Sobha Assets Private Limited	0.17	-
	Other related parties	Technobuild Developers Private Limited	245.21	109.55
		Sobha Projects & Trade Private Limited	-	11.27
Rent paid	Other related parties	Sobha Interiors Private Limited	15.46	14.49
		Sri Kurumba Trust	-	0.12
		Sobha Glazing & Metal Works Private Limited	6.07	5.69
	Key management personnel	Mr. Ravi PNC Menon	0.60	0.85

Notes to the financial statements for the year ended March 31, 2016

c Closing balance

			₹ million	
Description of the nature of transaction	Description of relationship	Related party	31-Mar-16	31-Mar-15
Inter-corporate deposit **	Other related parties	Sobha Renaissance Information Technology Private Limited	-	47.11
		Technobuild Developers Private Limited	8,067.18	8,103.00
		Puzhakkal Developers Private Limited	150.27	125.47
Land advance	Other related parties	Sri Parvathy Land Developers Private Limited	101.33	92.14
		Sri Durga Devi Property Management Private Limited	52.27	50.59
		Sobha Glazing & Metal Works Private Limited	112.03	112.03
Rent deposit	Other related parties	Sobha Interiors Private Limited	280.00	280.00
Investment in subsidiaries - Current account	Subsidiary	Sobha City - Partner current account	1,737.41	454.08
Investment in preference shares	Subsidiary	Sobha Highrise Ventures Private Limited	77.00	77.00
Investment in debentures	Subsidiary	Sobha Highrise Ventures Private Limited	198.50	398.50
		Sobha Assets Private Limited	75.82	73.06
	Subsidiary	Sobha Nandambakkam Developers Limited	18.45	-
		Sobha Tambaram Developers Limited	24.90	-
		Sobha Projects & Trade Private Limited	443.31	374.52
	Other related parties	Sobha Puravankara Aviation Private Limited	595.00	388.05
		Architectural Metal Works FZCO	0.29	0.29
		Punkunnam Builders and Developers Private Limited	0.03	0.01
		Sobha Contracting LLC, Dubai	5.15	5.15
		Sobha City	-	160.21
Trade receivables	Subsidiary	Sobha Highrise Ventures Private Limited	-	55.42
	Other related parties	Sri Kurumba Trust	24.48	25.18
Interest accrued on investments	Subsidiary	Sobha Highrise Ventures Private Limited	8.29	15.48
		Sobha Glazing & Metal Works Private Limited	37.71	34.00
Payables	Other related parties	SBG Housing Private Limited	2.68	2.68
		Sobha Interiors Private Limited	65.31	57.67
		Sobha Puravankara Aviation Private Limited	308.67	231.24
		Sobha Space Private Limited	-	0.58
		Sobha Renaissance Information Technology Private Limited	2.89	50.00
Capital creditors **	Other related parties	Sobha Developers (Pune) Limited	1,112.38	1,792.15
		Sobha City	100.54	-
		Sobha Nandambakkam Developers Limited	13.37	-
		Sobha Tambaram Developers Limited	19.00	-
		Sobha Highrise Ventures Private Limited	25.39	-
Advance from customers	Subsidiary	Divyakaushal Properties LLP	39.89	-
		Mr. J. C. Sharma	29.62	77.62
		Mr. Ravi PNC Menon	32.44	36.47
Non-trade payable	Key management personnel	Sobha City	291.67	1,105.00
		Sobha Highrise Ventures Private Limited	160.00	150.00
		Sobha Developers (Pune) Limited	-	390.01

* During the year ended March 31, 2015, the Company had renewed the aircraft usage agreement with Sobha Puravankara Aviation Private Limited, wherein the usage charges have been revised with effect from April 1, 2014. The aircraft hire charges has been accrued based on revised agreement.

** Inter-corporate deposit receivable balance of ₹ 47.11 million from Sobha Renaissance Information Technology Private Limited ('SRIT') has been set off against the payable balance to SRIT during the year ended March 31, 2016.

Also, refer note 8 as regards guarantees received from key management personnel and relative of key management personnel and collateral securities offered by related companies in respect of loans availed by the Company.

Notes to the financial statements for the year ended March 31, 2016

27 Earnings per share ['EPS']

	₹ million	
Particulars	31-Mar-16	31-Mar-15
Profit after tax attributable to shareholders	1,369.19	1,990.85
Weighted average number of equity shares of ₹ 10 each outstanding during the period used in calculating basic and diluted EPS	98,063,868	98,063,868

28 Leases

(a) Finance lease: Company as lessee

The Company has acquired plant and machinery and scaffolding items under finance lease with the respective underlying assets as security. These leases have an average life of 3 to 5 years with renewal option included in the contract. Minimum lease payments (MLP) outstanding in respect of these assets are as follows (Figures in brackets are in respect of the previous year) :

	₹ million		
Particulars	Total MLP outstanding as on March 31, 2016	Interest	Present Value of MLP
Within one year	-	-	-
	(6.55)	(0.13)	(6.42)
After one year but not more than five years	-	-	-
	-	-	-
More than five years	-	-	-
	-	-	-
	-	-	-
	(6.55)	(0.13)	(6.42)

(b) Operating lease: Company as lessee

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.

	₹ million	
Particulars	31-Mar-16	31-Mar-15
Lease payments recognised as an expense in statement of profit and loss	296.55	296.81

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

	₹ million	
Particulars	31-Mar-16	31-Mar-15
Not later than one year	71.17	67.50
Later than one year and not later than five years	164.86	165.89
Later than five years	171.37	190.94
	407.40	424.33

Notes to the financial statements for the year ended March 31, 2016

29 Contingent liabilities (to the extent not provided for)

Particulars	31-Mar-16 ₹ million	31-Mar-15 ₹ million
i Guarantees given by the Company	2,753.00	4,235.14
ii Income tax matters in dispute	1,250.90	3.94
iii Sales tax matters in dispute	618.22	331.37
iv Service tax matters in dispute	2,303.24	1,512.80
v Excise duty matters in dispute	6.67	-
	6,932.03	6,083.25

The Company does not expect any reimbursement in respect of the above contingent liability and it is not practicable to estimate the timings of the cash outflows, if any, in respect of matters above pending resolution of the arbitration/ appellate proceedings and it is not probable that an outflow of resources will be required to settle the above obligations/ claims.

Other litigations

- With regard to ₹ 931 million receivable from a buyer pertaining to two agreements for sale of land in earlier years, the Company had issued a notice of termination and invoked the arbitration clause under the aforesaid agreements to enforce its rights, as the buyer has not made the balance payment and also has not completed the transaction as per agreed terms. The management of the Company has also initiated other legal remedies and is confident that it would be able to enforce its rights under the aforesaid agreements.
- Claims have been levied on the Company by Bruhat Bengaluru Mahanagara Palike ('BBMP') towards certain statutory charges which includes betterment charges, ground rent charges, etc. on certain real estate projects undertaken by the Company, the impact of which is not quantifiable. These claims are pending with various courts and are scheduled for hearings. Based on internal assessment, the management is confident that the matter would be decided in its favour, accordingly no provisions has made in this regard.
- The Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business, including certain litigation for lands acquired by it for construction purposes, either through joint development agreements or through outright purchases, the impact of which is not quantifiable. These cases are pending with various courts and are scheduled for hearings. After considering the circumstances and legal advice received, management believes that these cases will not adversely effect its financial statements. Service tax matters in dispute includes demands raised for joint development agreements, the tax impact of which for future years is not ascertainable. The Company has evaluated such arrangements for tax compliance and based on experts opinion, the management is of the view that the tax positions are appropriate.

30 Commitments

- The estimated amount of contracts, net of advances remaining to be executed on capital account is ₹ 100.92 million (Previous year - ₹ 526.46 million).
- At March 31, 2016, the Company has given ₹ 17,230.64 million (Previous year - ₹ 16,445.06 million) as advances for purchase of land. Under the agreements executed with the land owners, the Company is required to make further payments under the agreements based on the terms/ milestones stipulated under the agreement.

Notes to the financial statements for the year ended March 31, 2016

- (c) The Company has entered into joint development agreements with owners of land for its construction and development. Under the agreements the Company is required to pay deposits to the owners of the land and share in area/ revenue from such development in exchange of undivided share in land as stipulated under the agreements. As of March 31, 2016 the Company has paid ₹ 3,983.18 million (Previous year - ₹ 3,059.14 million) as refundable deposit against the joint development agreements.
- (d) The Company has entered into an aircraft usage agreement with a party wherein the Company along with certain other parties has committed minimum usage of aircraft.
- (e) For commitments relating to lease arrangements, please refer note 28.

31 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 statement of profit and loss and the funded status and amounts recognised in the balance sheet for gratuity benefit.

Statement of profit and loss

Net employee benefit expense (recognised in employee benefits expense)

Particulars	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Current service cost	15.82	14.81
Interest cost on benefit obligation	8.84	8.08
Expected return on plan assets	(1.01)	(1.75)
Net actuarial loss/ (gain) recognised	2.81	6.37
Net benefit expense	26.46	27.51
Capitalised to tangible assets	(0.32)	-
Net charge to statement of profit and loss	26.14	27.51

Balance sheet

Particulars	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Defined benefit obligation	125.89	112.02
Fair value of plan assets	2.66	12.75
Plan (asset)/ liability	123.23	99.27
Changes in the present value of the defined benefit obligation		
Opening defined benefit obligation	112.02	91.85
Interest cost	8.84	8.08
Current service cost	15.82	14.81
Benefits paid	(12.77)	(10.11)
Actuarial (gains)/ losses on obligation	1.98	7.39
Closing defined benefit obligation	125.89	112.02
Changes in the fair value of plan assets		
Opening fair value of plan assets	12.75	20.09

Notes to the financial statements for the year ended March 31, 2016

Particulars	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Expected return	1.01	1.75
Contributions by employer	2.50	-
Benefits paid	(12.77)	(10.11)
Actuarial gains/ (losses)	(0.83)	1.02
Closing fair value of plan assets	2.66	12.75
Actual return on plan assets		
Expected return on plan assets	1.01	1.75
Actuarial gain/ (loss) on plan assets	(0.83)	1.02
Actual return on plan assets	0.18	2.77
Investment details of plan assets		
Investment with insurer - 100% in debt instruments		
The principal assumptions used in determining gratuity obligation		
Discount rate	7.72%	7.89%
Expected rate of return on assets	7.72%	7.89%
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%

	₹ million				
Experience adjustment	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Defined benefit obligation	125.89	112.02	91.85	76.92	62.03
Plan assets	2.66	12.75	20.09	18.24	20.75
Surplus / (deficit)	123.23	99.27	71.76	58.68	41.28
Experience adjustments on plan liabilities	1.09	2.18	7.40	6.40	(0.24)
Experience adjustments on plan assets	(0.83)	1.02	0.24	0.07	(0.22)

Notes:

- The Company expects to contribute ₹ 51.66 million (Previous year - ₹ 52.31 million) to the trust towards gratuity fund in 2016-17.
- 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.

32 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 are no other significant geographical segment.

Notes to the financial statements for the year ended March 31, 2016

33 Supplementary statutory information

a. Expenditure in foreign currency [on accrual basis]

Particulars	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Salaries, wages and bonus	27.42	25.58
Travelling and conveyance	3.42	3.38
Rent	7.63	7.34
Legal and professional charges	2.51	1.80
Advertising and sales promotion	3.29	2.75
Miscellaneous expenses	9.74	8.66
	54.01	49.51

b. Value of imports calculated on CIF basis

Particulars	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Raw materials (including project items)	255.10	333.99
Capital goods	574.67	144.81
	829.77	478.80

c. Imported and indigenous raw materials consumption

Particulars	31-Mar-16		31-Mar-15	
	%	Amount	%	Amount
Raw Materials				
Imported	8.89%	142.73	8.09%	152.32
Indigenously obtained	91.11%	1,462.72	91.91%	1,729.44
	100.00%	1,605.45	100.00%	1,881.76

34 Construction contracts

Particulars	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Contract revenue recognised as revenue for the year ended March 31, 2016 *	15,267.30	20,489.98
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to March 31, 2016 for all the contracts in progress	39,744.21	49,155.64
The amount of customer advances outstanding for contracts in progress as at March 31, 2016 for which revenue has been recognised	7,480.16	5,824.48
The amount of retentions due from customers for contracts in progress as at March 31, 2016	402.33	644.87

* The Company has revised its project cost estimates in the current year, as a result of which the profit before tax for the year ended March 31, 2016 is lower by ₹ 619 million (Previous year - ₹ 586 million).

Notes to the financial statements for the year ended March 31, 2016

35 Derivative instruments and unhedged foreign currency exposure

Particulars	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Foreign currency exposure that are not hedged by derivative instruments or otherwise:		
Payables	3.74	18.03

- 36 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, 2016.

37 Capitalization of expenditure

During the year, the company has capitalized the following expenses of revenue nature to capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

Particulars	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Opening capital work in progress	519.12	412.23
Add: Expenses incurred during the year		
Purchase of project materials	0.85	2.78
Subcontractor and other charges	43.18	50.68
Salaries, wages and bonus	11.53	8.04
Rent	17.57	13.30
Others	79.95	32.09
Sub-total	153.08	106.89
Less: Expenses incurred for Joint owner	(224.40)	-
Closing capital work in progress	447.80	519.12

38 Corporate Social Responsibility (CSR)

The gross amount to be spent by the Company on Corporate Social Responsibility (CSR) during the year is ₹ 60.06 million (Previous year - ₹ 59.78 million). The details of amount spent during the year by the Company on CSR are as below:

Particulars	31-Mar-16			31-Mar-15		
	Amount paid	Amount yet to be paid	Total amount	Amount paid	Amount yet to be paid	Total amount
Included under deduction	150.10	-	150.10	144.70*	-	144.70

* During the year ended March 31, 2015, the Company had charged CSR expenditure incurred as an appropriation of profit in accordance with the clarification issued by the Institute of Chartered Accountants of India (ICAI), vide FAQ's on the provisions of CSR applicability under the Companies Act, 2013, pending issue of detailed guidance note on accounting for CSR expenditure. For the year ended March 31, 2016, based on the subsequent Guidance Note on Accounting for Expenditure on CSR activities issued by ICAI, which requires amount spent on CSR activities to be charged to the statement of profit and loss account, the Company has charged ₹ 150.10 million to the statement of profit and loss account.

Notes to the financial statements for the year ended March 31, 2016

- 39** Tax expenses (net) for the year ended March 31, 2016 includes taxes of ₹ 237.50 million (Previous year - ₹ 23.82 million) relating to earlier years.

40 Disclosure required under Section 186(4) of the Companies Act 2013

For details of loans, advances and guarantees given and securities provided to related parties refer note 26.

- 41** Disclosure as per clause 32 of the Listing agreement of the loans and advances granted to subsidiaries, fellow subsidiaries, joint ventures, associates and other Companies in which the directors are interested:

Particulars	31-Mar-16		31-Mar-15	
	Closing	Maximum	Closing	Maximum
	balance	amount due	balance	amount due
Sobha Highrise Ventures Private Limited	206.79	414.15	413.98	458.04
Sobha Renaissance Information Technology Private Limited	-	47.11	47.11	47.11

- 42** On May 19, 2016, the Board of Directors approved a buyback proposal for purchase by the Company of up to 2,275,000 million shares of ₹ 10 each (representing 2.32% of total equity capital) from shareholders of the Company on a proportionate basis by way of a tender offer route at a price of ₹ 330 per equity share for an aggregate amount not exceeding ₹ 750.75 million in accordance with the provision of the Companies Act, 2013 and SEBI (Buy Back of Securities) Regulations, 1998 (as amended).

43 Transfer pricing

As per the transfer pricing rules prescribed under the Income-tax Act, 1961, the Company is examining the domestic and international transactions and documentation in respect thereof to ensure compliance with the said rules. The management does not anticipate any material adjustment with regard to the transactions involved.

44 Prior year comparatives

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

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W/E300004
Chartered Accountants

per Adarsh Ranka
Partner
Membership No.: 209567

Place: Bengaluru, India
Date: May 19, 2016

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

Ravi PNC Menon
Chairman
DIN: 02070036

Subhash Bhat
Chief Financial Officer

Place: Bengaluru, India
Date: May 19, 2016

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

Kishore Kayarat
Company Secretary and
Compliance Officer

Independent Auditor's Report

To the Members of Sobha Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Sobha Limited [formerly known as Sobha Developers Limited] (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies and management of a subsidiary partnership firm included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether

due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2016, their consolidated profit, and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 29(a) to the consolidated financial statements, relating to the notice of termination issued to a buyer by the Company and invoking of the arbitration clause and other legal remedies by the Company under the agreement with such buyer to enforce its rights under the agreement. The management of the Company is confident that it would be able to enforce its rights under the aforesaid agreements and accordingly no adjustments are considered necessary in these consolidated financial statements. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, we report, to the extent applicable, that:

- (a) We / the other auditors whose reports we have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the

Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary Companies incorporated in India, none of the directors of the Group's Companies, incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary Companies incorporated in India, refer to our separate report in "Annexure 1" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 29 to the consolidated financial statements;
 - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary Companies incorporated in India.

Other Matter

- (a) The accompanying consolidated financial statements include (after eliminations) total assets of ₹ 4,373 million as at March 31, 2016, and total revenues and net cash outflows of ₹ 1,819 million and ₹ 5 million respectively for the year ended on that date, in respect

of eleven subsidiaries, which have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and

Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Adarsh Ranka
Partner
Membership Number: 209567

Place: Bengaluru, India
Date: May 19, 2016

Annexure 1 to the Independent Auditor's Report of even date on the consolidated financial statements of Sobha Limited

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

To the Members of Sobha Limited

In conjunction with our audit of the consolidated financial statements of Sobha Limited as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Sobha Limited (the "Holding Company") and its subsidiaries (together referred to as "the Group"), which are Companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary Companies, which are Companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary Companies, which are Companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to these ten subsidiary Companies, which are Companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary Companies incorporated in India.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Adarsh Ranka
Partner
Membership Number: 209567

Place: Bengaluru, India
Date: May 19, 2016

Consolidated balance sheet as at March 31, 2016

	Notes	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Equity and liabilities			
Shareholders' funds			
Share capital	3	980.64	980.64
Reserves and surplus	4	24,633.61	23,336.89
		25,614.25	24,317.53
Minority interest		156.15	147.53
Non-current liabilities			
Long-term borrowings	5	5,080.56	2,355.30
Deferred tax liability (net)	13	2,538.19	1,630.58
Trade payables	6	177.62	177.62
Long-term provisions	7	71.57	46.96
		7,867.94	4,210.46
Current liabilities			
Short-term borrowings	8	16,456.34	17,791.56
Trade payables	9		
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		4,187.37	4,784.56
Other current liabilities	9	11,511.11	8,865.72
Short-term provisions	7	496.73	1,451.25
		32,651.55	32,893.09
TOTAL		66,289.89	61,568.61
Assets			
Non-current assets			
Fixed assets			
Tangible assets	10	5,597.82	3,058.77
Intangible assets	11	46.53	91.94
Capital work-in-progress		454.30	524.45
Non-current investments	12	0.18	0.18
Long-term loans and advances	14	4,567.64	4,362.18
Trade receivables	15.1	265.41	196.84
Other non-current assets	15.2	271.72	147.76
		11,203.60	8,382.12
Current assets			
Inventories	16	27,908.91	27,283.93
Trade receivables	15.1	2,498.10	1,733.64
Cash and bank balances	17	1,333.41	1,631.37
Short-term loans and advances	14	20,005.57	18,203.57
Other current assets	15.2	3,340.30	4,333.98
		55,086.29	53,186.49
TOTAL		66,289.89	61,568.61

Summary of significant accounting policies

2.1

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

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W/E300004
Chartered Accountants

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

per Adarsh Ranka
Partner
Membership No.: 209567

Ravi PNC Menon
Chairman
DIN: 02070036

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

Subhash Bhat
Chief Financial Officer

Kishore Kayarat
Company Secretary and
Compliance Officer

Place: Bengaluru, India
Date: May 19, 2016

Place: Bengaluru, India
Date: May 19, 2016

Consolidated statement of profit and loss for the year ended March 31, 2016

	Notes	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Income			
Revenue from operations (gross)	18	18,784.07	24,523.14
Less : Excise duty		133.57	117.53
Revenue from operations (net)		18,650.50	24,405.61
Other income	19	133.88	149.17
Total revenue		18,784.38	24,554.78
Expenses			
Land purchase cost		834.09	1,560.60
Cost of raw material and components consumed	20	1,605.45	1,881.76
(Increase)/ decrease in inventories of building materials, finished goods, stock in trade - flats, land stock and work-in-progress	21	(2,441.86)	(2,999.70)
Purchase of project materials		3,745.25	6,327.29
Subcontractor and other charges		4,974.10	6,657.94
Employee benefits expense	22	1,764.65	1,977.27
Depreciation and amortization expense	24	634.01	722.68
Finance costs	25	1,724.87	1,883.42
Other expenses	23	3,135.22	2,827.40
Total		15,975.78	20,838.66
Profit before tax		2,808.60	3,716.12
Tax expenses (refer note 39)			
Current tax		359.59	843.46
Deferred tax charge/ (credit)		907.61	626.45
MAT credit entitlement		-	(193.20)
Total tax expense		1,267.20	1,276.71
Profit after tax		1,541.40	2,439.41
Profit attributable to:			
Owners of the Company		1,532.78	2,380.13
Minority interests		8.62	59.28
		1,541.40	2,439.41
Earnings per equity share [nominal value of ₹ 10 (Previous year - ₹ 10)]			
Basic and Diluted	27	15.63	24.27

Summary of significant accounting policies 2.1

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

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W/E300004
Chartered Accountants

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

per Adarsh Ranka
Partner
Membership No.: 209567

Ravi PNC Menon
Chairman
DIN: 02070036

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

Subhash Bhat
Chief Financial Officer

Kishore Kayarat
Company Secretary and
Compliance Officer

Place: Bengaluru, India
Date: May 19, 2016

Place: Bengaluru, India
Date: May 19, 2016

Consolidated cash flow statement for the year ended March 31, 2016

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Cash flow from operating activities		
Profit before tax	2,808.60	3,716.12
Adjustment of items appropriated to retained earnings		
CSR expenditure - Donation	-	(161.40)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/ amortization	634.01	722.68
(Profit)/loss on sale of fixed assets (net)	9.50	(0.33)
Provision for doubtful debts and advances	-	10.00
Interest expense	1,546.83	1,752.66
Interest income	(45.18)	(62.65)
Operating profit before working capital changes	4,953.76	5,977.08
Movements in working capital :		
Increase/(decrease) in trade payables	(597.19)	(789.07)
Increase/(decrease) in other current liabilities	2,119.84	(1,547.69)
Decrease/(increase) in trade receivables	(833.03)	643.31
Decrease/(increase) in inventories	(2,142.99)	(2,828.16)
Decrease/(increase) in other assets	993.66	(567.70)
Decrease/(increase) in loans and advances	(1,070.53)	(2,239.81)
Increase/(decrease) in provisions	25.22	33.15
Cash generated from / (used in) operations	3,448.74	(1,318.89)
Direct taxes paid (net of refunds)	(618.52)	(845.25)
Net cash flow from/ (used in) operating activities (A)	2,830.22	(2,164.14)
Cash flows from investing activities		
Purchase of fixed assets, including capital work-in-progress and capital advances	(1,441.94)	(636.32)
Proceeds from sale of fixed assets	-	2.01
Consideration paid on acquisition of subsidiary	-	(15.57)
Purchase of current investments	(921.26)	(1,207.64)
Proceeds from sale of current investments	921.26	1,207.64
(Investments in)/ redemption of bank deposits (having original maturity of more than three months) - net	42.64	(8.57)
Interest received	50.59	59.68
Net cash flow from/ (used in) investing activities (B)	(1,348.71)	(598.77)

Consolidated cash flow statement for the year ended March 31, 2016

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Cash flows from financing activities		
Proceeds from long-term borrowings	4,299.97	2,350.00
Repayment of long-term borrowings	(1,190.99)	(601.06)
Proceeds from short-term borrowings	9,160.35	15,115.91
Repayment of short-term borrowings	(10,495.57)	(10,320.93)
Interest paid (gross)	(2,554.39)	(2,369.47)
Dividends paid on equity shares	(686.30)	(685.88)
Tax on equity dividend paid	(140.55)	(116.66)
Net cash flow from/ (used in) in financing activities (C)	(1,607.48)	3,371.91
Net increase/ (decrease) in cash and cash equivalents (A + B + C)	(125.97)	609.00
Cash and cash equivalents at the beginning of the year	1,411.34	802.12
Cash inflow due to acquisition of subsidiary	-	0.22
Cash and cash equivalents at the end of the year	1,285.37	1,411.34
Components of cash and cash equivalents		
Cash on hand	12.13	6.87
Cheques/ drafts on hand	49.50	16.78
With banks- on current account	1,179.70	1,384.85
- on deposit account	41.88	0.83
- unclaimed dividend accounts*	2.16	2.01
Total cash and cash equivalents (refer note 17)	1,285.37	1,411.34

* The Company can utilize this balance only towards settlement of the unclaimed dividend liability.

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W/E300004
Chartered Accountants

per Adarsh Ranka
Partner
Membership No.: 209567

Place: Bengaluru, India
Date: May 19, 2016

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

Ravi PNC Menon
Chairman
DIN: 02070036

Subhash Bhat
Chief Financial Officer

Place: Bengaluru, India
Date: May 19, 2016

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

Kishore Kayarat
Company Secretary and
Compliance Officer

Notes to the consolidated financial statements for the year ended March 31, 2016

1 Corporate Information

Sobha Limited (Formerly known as Sobha Developers Limited) ('Company' or 'SL') was incorporated on August 07, 1995. SL together with its subsidiaries (herein after collectively referred to as 'the Group') is a leading real estate developer engaged in the business of construction, development, sale, management and operation of all or any part of townships, housing projects, commercial premises and other related activities. The Group is also engaged in manufacturing activities related to interiors, glazing and metal works and concrete products which also provides backward integration to SL's turnkey projects.

2 Basis of preparation

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

Name of subsidiary	Percentage of holding	
	31-Mar-16	31-Mar-15
Sobha City ['Partnership firm']	100% [Profit sharing ratio]	100% [Profit sharing ratio]
Sobha Developers (Pune) Limited [Formerly Sobha Developers (Pune) Private Limited]	100%	100%
Sobha Assets Private Limited [Subsidiary incorporated on March 13, 2012]	100%	100%
Sobha Highrise Ventures Private Limited [Subsidiary Company under Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended)]	50.0003%	50.0003%
Sobha Nandambakkam Developers Limited [Subsidiary Company from March 16, 2015]	100%	100%
Sobha Tambaram Developers Limited [Subsidiary Company from March 16, 2015]	100%	100%
Subsidiaries of Sobha City		
Vayaloor Properties Private Limited	100%	100%
Vayaloor Builders Private Limited	100%	100%
Vayaloor Developers Private Limited	100%	100%
Vayaloor Real Estate Private Limited	100%	100%
Vayaloor Realtors Private Limited	100%	100%
Valasai Vettikadu Realtors Private Limited	100%	100%

The consolidated financial statements have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The consolidated financial statements have been prepared to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention.

Notes to the consolidated financial statements for the year ended March 31, 2016

The financial statements of the subsidiary are drawn up to the same reporting date as that of the Company i.e. March 31, 2016. 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.

The excess of cost of the parent company of its investment in the subsidiary over its portion of equity in the subsidiary, on the date of investments is recognised in the financial statements as goodwill. The parent portion of equity in such subsidiary is determined on the basis of book values of assets and liabilities as per the financial statement of the subsidiary as on the date of investment. Goodwill is amortised over a period of 5 years from date of acquisition/ investment.

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

2.1 Summary of significant accounting policies

a) 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, classification of assets and liabilities into current and non-current, estimates of the economic useful lives of fixed assets, net realisable value of inventory (including land advance/ refundable deposits) and provisions for bad and doubtful debts. Any revision to accounting estimates is recognised prospectively.

b) Tangible fixed assets and Intangible assets

i. Tangible fixed assets

Tangible 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. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for plant and machinery. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Borrowing costs directly attributable to acquisition of fixed assets which

Notes to the consolidated financial statements for the year ended March 31, 2016

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.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the statement of profit and loss.

ii. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets, comprising of software and intellectual property rights are amortized on a straight line basis over a period of 3 years, which is estimated to be the useful life of the asset.

c) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on written down value basis using the following useful lives prescribed under Schedule II, except where specified.

Tangible fixed assets	Useful lives estimated by the management (in years)
Factory buildings	30
Buildings - other than factory buildings	60
Buildings - Temporary structure	3
Plant and machinery	
i. General plant and machinery	15
ii. Plant and machinery - Civil construction	12
iii. Plant and Machinery - Electrical installations	10
Furniture and fixtures	10
Motor vehicles	8
Computers	
i. Computer equipment	3
ii. Servers and network equipment	6
Office equipments	5

Steel scaffolding items are depreciated using straight line method over a period of 6 years, which is estimated to be the useful life of the asset by the management based on planned usage and technical advice thereon. These lives are higher than those indicated in Schedule II.

Leasehold land where title does not pass to the Group 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.

d) Impairment of tangible and intangible assets

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's

Notes to the consolidated financial statements for the year ended March 31, 2016

recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

e) Leases

Where the Group is lessee

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased asset, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognized as finance costs in the statement of profit and loss.

A leased asset is depreciated on a straight-line basis over the lower of the lease term or the estimated useful life of the asset unless there is reasonable certainty that the Group will obtain ownership, wherein such assets are depreciated over the estimated useful life of the asset.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

f) 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.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued.

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.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

Notes to the consolidated financial statements for the year ended March 31, 2016

g) Inventories

Related to contractual and real estate activity

Direct expenditure relating to construction activity is inventorised. Other expenditure (including borrowing costs) during construction period is inventorised to the extent the expenditure is directly attributable cost of bringing the asset to its working condition for its intended use. Other expenditure (including borrowing costs) incurred during the construction period which is not directly attributable for bringing the asset to its working condition for its intended use is charged to the statement of profit and loss. Direct and other expenditure is determined based on specific identification to the construction and real estate activity. Cost incurred/ items purchased specifically for projects are taken as consumed as and when incurred/ received.

- i. Work-in-progress - Contractual: Cost of work yet to be certified/ billed, as it pertains to contract costs that relate to future activity on the contract, are recognised as contract work-in-progress provided it is probable that they will be recovered. Contractual work-in-progress is valued at lower of cost and net realisable value.
- ii. Work-in-progress - Real estate projects (including land inventory): Represents cost incurred in respect of unsold area of the real estate development projects or cost incurred on projects where the revenue is yet to be recognised. Real estate work-in-progress is valued at lower of cost and net realisable value.
- iii. Finished goods - Flats: Valued at lower of cost and net realisable value.

- iv. Finished goods - Plots: Valued at lower of cost and net realisable value.
- v. Building materials purchased, not identified with any specific project are valued at lower of cost and net realisable value. Cost is determined based on a weighted average basis.
- vi. Land inventory: Valued at lower of cost and net realisable value.

Related to manufacturing activity

- i. Raw materials are valued at lower of cost and net realisable value. Cost is determined based on a weighted average basis.
- ii. Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs 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.

h) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue from operations (gross) is net of sales tax/ value added tax and adjustments on account of cancellation/ returns. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Notes to the consolidated financial statements for the year ended March 31, 2016

i. Recognition of revenue from contractual projects

If the outcome of contractual contract can be reliably measured, revenue associated with the construction contract is recognised by reference to the stage of completion of the contract activity at year end (the percentage of completion method). The stage of completion on a project is measured on the basis of proportion of the contract work/ based upon the contracts/ agreements entered into by the Group with its customers.

ii. Recognition of revenue from real estate projects

Revenue from real estate projects is recognised when it is reasonably certain that the ultimate collection will be made and that there is buyers' commitment to make the complete payment. The following specific recognition criteria must also be met before revenue is recognized:

a. Recognition of revenue from property development

For projects commenced and period where revenue recognised before April 01, 2012

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 and are accounted based upon the contracts/ agreements

Notes to the consolidated financial statements for the year ended March 31, 2016

entered into by the Group with its customers.

For projects commenced on or after April 1, 2012 and also to projects which have already commenced but where revenue is being recognised for the first time on or after April 1, 2012

Revenue from real estate projects including revenue from sale of undivided share of land [group housing] is recognised upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/ agreements. Where the Group still has obligations to perform substantial acts even after the transfer of all significant risks and rewards, revenue in such cases is recognised by applying the percentage of completion method only if the following thresholds have been met:

- (a) all critical approvals necessary for the commencement of the project have been obtained;
- (b) the expenditure incurred on construction and development costs (excluding land cost) is not less than 25 % of the total estimated construction and development costs;
- (c) at least 25 % of the saleable project area is secured by contracts/agreements with buyers; and
- (d) at least 10 % of the contracts/agreements value are realised at the reporting date in respect of such contracts/agreements.

When the outcome of a real estate project can be estimated reliably and the conditions above are satisfied, project revenue (including from sale of undivided share of land) and project costs associated with the real estate project should be recognised as revenue and expenses by reference to the stage of completion of the project activity at the reporting date arrived at with reference to the entire project costs incurred (including land costs).

b. Recognition of revenue from sale of land and development rights

Revenue from sale of land and development rights is recognised upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/ agreements. Revenue from sale of land and development rights is only recognised when transfer of legal title to the buyer is not a condition precedent for transfer of significant risks and rewards of ownership to the buyer.

iii. Recognition of revenue from manufacturing division

Revenue from sale of materials is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer which coincides with dispatch of goods to the customers. 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

Notes to the consolidated financial statements for the year ended March 31, 2016

of the contract work/ based upon the contracts/ agreements entered into by the Group with its customers.

iv. Recognition of revenue from leasing

Rental income receivable under operating leases (excluding variable rental income) is recognized in the income statement on a straight-line basis over the term of the lease. Rental income under operating leases having variable rental income is recognized as per the terms of the contract.

v. Dividend income

Revenue is recognised when the shareholders' or unit holders' right to receive payment is established by the balance sheet date.

vi. Interest income

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

i) Foreign currency translation

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items or on reporting monetary items of Group at rates different from those at which they were initially

recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

j) 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

Notes to the consolidated financial statements for the year ended March 31, 2016

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 statement of profit and loss 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.

k) Retirement and other employee benefits

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

The Group makes contributions to Sobha Developers Employees Gratuity Trust ('the trust') to discharge the gratuity liability to employees. Provision towards gratuity, a defined benefit plan, is made for the difference between actuarial valuation by an independent actuary and the fund balance, as at the year-end. The cost of providing benefits under gratuity

is determined on the basis of actuarial valuation using the projected unit credit method at each year end. Actuarial gains and losses are immediately taken to statement of profit and loss and are not deferred.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date. Actuarial gains/ losses are immediately taken to statement of profit and loss 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.

l) 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.

Notes to the consolidated financial statements for the year ended March 31, 2016

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.

m) Provisions

A provision is recognised when the Group 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 the 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.

n) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

o) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and

short-term investments with an original maturity of three months or less.

p) Borrowing costs

Borrowing costs directly attributable to acquisition/ construction of qualifying assets are capitalised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use/ sale. All other borrowing costs not eligible for inventorisation/ capitalisation are charged to statement of profit and loss.

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 land stock under inventories.

Amounts paid by the Group to the land owners towards right for development of land in exchange of constructed area are recognized as land advance under loans and advances and on the launch of the project, the non-refundable amount is transferred as land cost to work-in-progress.

The Group has entered into agreements with land owners/ possessor to develop properties on such land in lieu of which, the Group has agreed to transfer certain percentage of constructed area. The Group measures development rights/ land received under these agreements at cost of construction transferred, as adjusted for other cash/ non-cash consideration on a net basis.

Notes to the consolidated financial statements for the year ended March 31, 2016

3. Share Capital

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Authorised shares		
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
Issued, subscribed and fully paid-up shares		
98,063,868 (Previous year - 98,063,868) equity shares of ₹10 each fully paid up	980.64	980.64
Total issued, subscribed and fully paid-up share capital	980.64	980.64

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

	31-Mar-16		31-Mar-15	
	No of Shares	₹ million	No of Shares	₹ million
<i>Equity shares</i>				
At the beginning of the year	9,80,63,868	980.64	9,80,63,868	980.64
Issued during the year	-	-	-	-
Outstanding at the end of the year	9,80,63,868	980.64	9,80,63,868	980.64

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share.

Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting.

In event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the Company

	31-Mar-16		31-Mar-15	
Name of shareholder	No of Shares in million	Holding percentage	No of Shares in million	Holding percentage
<i>Equity shares of ₹10 each fully paid up</i>				
Mrs. Sobha Menon	41.35	42.16%	41.35	42.16%
Mr. P.N.C. Menon	12.49	12.74%	12.49	12.74%
Mr. P.N.C. Menon and Mrs. Sobha Menon (Jointly)	5.49	5.60%	5.49	5.60%
Platinum Asia Fund	6.77	6.91%	6.19	6.30%
Nordea 1 Sicav - Emerging Stars Equity Fund	5.11	5.21%	-	0.00%

Note : As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

Notes to the consolidated financial statements for the year ended March 31, 2016

4 Reserves and surplus

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Capital redemption reserve		
Balance as per the last financial statements	87.29	87.29
Closing balance	87.29	87.29
Securities premium		
Balance as per the last financial statements	10,497.27	10,497.27
Closing balance	10,497.27	10,497.27
Debenture redemption reserve		
Balance as per the last financial statements	-	-
Add: Amount transferred from surplus balance in the statement of profit and loss	117.14	-
Closing balance	117.14	-
General reserve		
Balance as per the last financial statements	2,310.44	2,111.44
Add: Transfer from statement of profit and loss	136.92	199.00
Closing balance	2,447.36	2,310.44
Surplus in the statement of profit and loss		
Balance as per last financial statements	10,441.89	9,236.92
Profit for the year	1,532.78	2,380.14
Less: Appropriations		
Proposed final equity dividend [amount per share ₹ 2 (Previous year - ₹ 7)]	(196.13)	(686.45)
Tax on proposed equity dividend	(39.93)	(140.55)
Transitional adjustment on account of depreciation	-	(10.97)
CSR expenditure - Donation (refer note 38)	-	(138.20)
Transfer to debenture redemption reserve	(117.14)	-
Transfer to general reserve	(136.92)	(199.00)
Total appropriations	(490.12)	(1,175.17)
Net surplus in the statement of profit and loss	11,484.55	10,441.89
Total reserves and surplus	24,633.61	23,336.89

Notes to the consolidated financial statements for the year ended March 31, 2016

5 Long-term borrowings

₹ million

	Current maturities		Non current portion	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Secured debentures				
32,500 (Previous year - Nil) redeemable non-convertible debentures of ₹ 0.10 million each	-	-	3,250.00	-
Unsecured debentures				
1,985,000 (Previous year: 3,985,000) 17.5% Series A Compulsorily Convertible Debentures of ₹100 each in Sobha Highrise Ventures Private Limited	-	-	198.50	398.50
Secured loans				
Term loans from banks	93.75	-	406.23	550.00
Term loans from financial institutions	355.93	153.29	382.08	188.05
Finance lease obligations	-	6.42	-	-
Equipment loans	0.19	0.19	-	-
	449.87	159.90	788.31	738.05
Amount disclosed under the head "other current liabilities" (refer note 9)	(449.87)	(159.90)	-	-
Net amount	-	-	788.31	738.05
Unsecured loans				
Term loans from financial institutions	375.00	281.25	843.75	1,218.75
Amount disclosed under the head "other current liabilities" (refer note 9)	(375.00)	(281.25)	-	-
Net amount	-	-	843.75	1,218.75
Net amount	-	-	5,080.56	2,355.30

i) Secured debentures

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-16	31-Mar-15			
Debentures	3,250.00	-	11%-13%	Secured by equitable mortgage by pari passu charge over tangible immovable property of the group and maintaining Debt Service Reserve account equal to six months interest.	Repayable within a period ranging from 13 months to 49 months from the date of debenture issue.

- ii) Series A debentures have been issued at par and are convertible into Class C equity shares in the ratio of two Class C equity shares of Sobha Highrise Ventures Private Limited for each Series A allotted in Sobha Highrise Ventures Private Limited, on expiry of 19 years from the date of issue or on happening of certain events.

The price per equity share, for conversion of Series A debentures into Class C equity shares shall be ₹ 50 per equity share. The debentures carry a simple interest of 17.5% per annum.

Notes to the consolidated financial statements for the year ended March 31, 2016

iii) Secured Term Loans

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-16	31-Mar-15			
Term loans from banks	-	550.00	11%-12%	Secured by equitable mortgage of certain land of the Group and hypothecation of all project specific assets and receivables of the Group.	Twenty four equal monthly instalments of ₹ 25 million commencing from June 30, 2016.
Term loans from banks	499.98	-	10%-12%	Secured by exclusive hypothecation charge on equipment procured.	Repayable in 16 equal quarterly instalments of ₹ 31.25 million after 12 months moratorium period commencing from July 31, 2016.
Term loans from financial institutions	188.01	341.34	11%-13%	Secured by equitable mortgage of fixed assets and receivables of the Group.	Thirty equated monthly instalments from the date of first disbursement.
Term loans from financial institutions	550.00	-	11%-13%	Secured by equitable mortgage of certain land, building and project specific inventory of the Group, leasehold rights of the Group and hypothecation of receivables and Escrow account of the Group. Corporate guarantee of Group Company.	Repayable within 36 months including principal moratorium period of 12 months from the date of first disbursement.
Finance lease obligations	-	6.42	13%-15%	Secured by hypothecation of plant and machinery taken on lease.	Thirty five monthly instalments commencing from the month the loan is availed.
Equipment loan	0.19	0.19	13%-15%	Hypothecation against specific equipment	Thirty five monthly instalments commencing from the month the loan is availed.

iv) Unsecured term loans

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-16	31-Mar-15			
Term loans from financial institutions	1,218.75	1,500.00	13%-15%	Secured by way of equitable mortgage of land owned by certain group Companies.	Forty eight equal monthly instalments of ₹ 31.25 million after a moratorium of twelve months from the date of first disbursement.

Notes to the consolidated financial statements for the year ended March 31, 2016

6 Other long term liabilities

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Trade payables		
(refer note 35 for details of dues to micro and small enterprises)		
Land cost payable	177.62	177.62
	177.62	177.62

7 Provisions

	Short term		Long term	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Provision for employee benefits				
Provision for gratuity (refer note 31)	51.66	52.31	71.57	46.96
Provision for leave benefits	58.40	57.14	-	-
	110.06	109.45	71.57	46.96
Other provisions				
Provision for taxation (net of advance tax payments)	150.61	514.80	-	-
Proposed equity dividend	196.13	686.45	-	-
Tax on proposed equity dividend	39.93	140.55	-	-
	386.67	1,341.80	-	-
	496.73	1,451.25	71.57	46.96

8 Short-term borrowings

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Secured		
Term loans from banks *	10,933.71	10,288.95
Term loans from financial institutions *	5,175.11	5,356.94
Cash credit from banks	347.52	2,145.67
	16,456.34	17,791.56

* Term loan from banks and financial institutions represents amount repayable within the operating cycle. Amount payable within twelve months ₹ 8,417.93 million (Previous year - ₹ 4,802.71 million)

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-16	31-Mar-15			
From banks					
Term Loan	1,950.00	1,950.00	11%-13%	Secured by equitable mortgage of certain land and inventory of the Group.	Three equal quarterly instalments of ₹ 650 million after a moratorium of twenty seven months from the date of first disbursement.

Notes to the consolidated financial statements for the year ended March 31, 2016

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-16	31-Mar-15			
Term Loan	800.00	800.00	11%-13%	Secured by equitable mortgage of land of the Group. Further, the loan has been guaranteed by way of corporate guarantee given by certain group Companies.	Four quarterly instalments of ₹ 253 million, ₹ 200 million, ₹ 235 million and ₹ 112 million after a moratorium of ten quarters from the date of first disbursement.
Term Loan	-	412.14	12%-14%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Group and maintaining of Debt Service Reserve account equal to three months interest. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Quarterly instalments of amounts as mentioned in the repayment schedule commencing from September, 30, 2013.
Term Loan	6.80	466.80	11%-13%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Group. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Quarterly instalments of amounts as mentioned in the repayment schedule commencing from two years from the date of disbursement of loan.
Term Loan	-	125.00	12%-15%	Secured by equitable mortgage of certain project specific inventory of the Group. Further, the loan has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company and maintaining of Debt Service Reserve account equal to three months interest and one quarterly principal repayment.	Eight equal quarterly instalments of ₹ 125 million commencing from September 30, 2013.
Term Loan	810.00	675.00	10%-12%	Secured by equitable mortgage of project specific inventory of the Group.	Eight equal quarterly instalments of ₹ 168.75 million after a moratorium of twelve quarters from the date of first disbursement.
Term Loan	550.00	550.00	11%-13%	Secured by equitable mortgage of project specific inventory and receivables of the Group and maintaining of Debt Service Reserve account equal to three months interest.	Monthly instalments of amounts as mentioned in the repayment schedule commencing from two years from the date of disbursement of loan.
Term Loan	990.00	825.00	10%-12%	Secured by equitable mortgage of project specific inventory of the Group.	Eight equal quarterly instalments of ₹ 206.25 million after a moratorium of thirty six months from the date of first disbursement.
Term Loan	750.00	750.00	11%-13%	Secured by equitable mortgage of receivables of the Group.	One instalment in every ninety days.

Notes to the consolidated financial statements for the year ended March 31, 2016

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-16	31-Mar-15			
Term Loan	624.70	1,000.00	11%-13%	Secured by equitable mortgage of certain land and receivables of the Group and maintaining of Debt Service Reserve account equal to three months interest.	Twenty four equal monthly instalments of ₹ 41.70 million starting from July 15, 2015.
Term Loan	620.00	320.00	10%-12%	Secured by equitable mortgage of project specific inventory of the Group.	Five equal quarterly instalments of ₹ 350 million after a moratorium of thirty months from the date of first disbursement.
Term Loan	379.99	270.00	10%-12%	Secured by equitable mortgage of project specific inventory of the Group.	Five unequal quarterly instalments after a moratorium of eleven months from the date of first disbursement.
Term Loan	500.00	500.00	11%-13%	Secured by equitable mortgage of certain land of the Group.	Eight equal quarterly instalments of ₹ 62.50 million starting from April 30, 2016.
Term Loan	-	390.01	12%-15%	Secured by equitable mortgage of certain project specific inventory and receivables of the Group and maintaining of Debt Service Reserve account equal to three months interest.	Twenty monthly instalments in accordance with repayment schedule mentioned by the bank commencing from July 15, 2014.
Term Loan	874.75	-	11%-13%	Secured by equitable mortgage of certain land, receivables and Escrow account of the Group and maintaining Debt Service Reserve account equal to three months interest.	Repayable in 24 monthly instalments of ₹ 41.75 million commencing from January 15, 2016.
Term Loan	645.80	-	10%-12%	Secured by equitable mortgage of project land and project buildings and charge on current and future stocks, receivable and other current assets pertaining to the project.	Repayable in 5 quarterly instalments of ₹ 500 million (June 2018), ₹ 750 million (September 2018), ₹ 800 million (December 2018), ₹ 800 million (March 2019), ₹ 150 million (June 2019).
Term Loan	740.00	-	11%-13%	Secured by equitable mortgage 70% of the project building and first charge on escrow account and charge by way of hypothecation of all the assets of the project.	Repayable in 6 quarterly un equal instalments of ₹ 200 million, ₹ 200 million, ₹ 250 million, ₹ 160 million, ₹ 110 million and ₹ 80 million after the holiday period of 30 months i.e. starting from March 2018.
Term Loan	240.00	-	11%-13%	Secured by equitable mortgage of project property and all present and future assets of the Group relating to the project.	Repayable in 5 equal quarterly instalments of ₹ 150 million after 27 months moratorium period commencing from August 2018.

Notes to the consolidated financial statements for the year ended March 31, 2016

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-16	31-Mar-15			
Term Loan	291.67	700.00	11%-13%	Secured by equitable mortgage of certain land and project specific receivables of the Group.	Twelve equal monthly instalments of ₹ 53.33 million commencing from September 12, 2015.
Term Loan	160.00	150.00	11%-13%	Secured by equitable mortgage of land and inventory of the Group.	Five quarterly instalments of ₹ 190 million each after a moratorium of twenty seven months from the date of first disbursement.
Term Loan	-	405.00	12%-15%	Secured by equitable mortgage of certain project specific inventory and receivables of the Group.	Two equal quarterly instalments after moratorium period of thirty nine months.
From financial institutions					
Term Loan	-	166.85	12%-14%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Group.	Quarterly instalments of amounts as mentioned in the repayment schedule commencing from September, 30, 2013.
Term Loan	-	300.00	12%-13%	Secured by equitable mortgage of certain land, building and project specific receivables of the Group. Further, the loan has been guaranteed by way of corporate guarantee given by certain group Company.	Seven equal monthly instalments of ₹ 100 million after a moratorium of eighteen months from the date of first disbursement.
Term Loan	203.11	390.59	11%-13%	Secured by equitable mortgage of certain land and building and receivables of the Group.	Thirty two equal monthly instalments of ₹ 15.63 million starting from September 15, 2014.
Term Loan	563.63	600.00	11%-13%	Secured by equitable mortgage of fixed assets and receivables of the Group.	Forty eight equal monthly instalments of ₹ 18.18 million after a moratorium of fifteen months from the date of first disbursement.
Term Loan	-	1,500.00	12%-14%	Secured by equitable mortgage of certain land of the Group.	Twenty four equal monthly instalments of ₹ 62.50 million starting from January 15, 2016.
Term Loan	254.55	400.00	11%-13%	Secured by equitable mortgage of certain land and project specific receivables of the Group.	Thirty three equal monthly instalments of ₹ 12.12 million starting from April 30, 2015.
Term Loan	343.30	499.75	11%-13%	Secured by equitable mortgage of project specific inventory and receivables of the Group.	Eighteen equated monthly instalments after a moratorium of six months from the date of first disbursement.

Notes to the consolidated financial statements for the year ended March 31, 2016

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-16	31-Mar-15			
Term Loan	360.00	499.75	12%-14%	Secured by equitable mortgage of project specific inventory and receivables of the Group and maintaining of Debt Service Reserve account equal to three months interest.	Twenty five equal monthly instalments of ₹ 20 million starting from September 15, 2015.
Term Loan	859.65	1,000.00	11%-13%	Secured by equitable mortgage of project specific inventory and receivables of the Group.	Twenty five equal monthly instalments of ₹ 41.70 million starting from April 15, 2016.
Term Loan	1,250.00	-	11%-13%	Secured by equitable mortgage of certain land of Company and charge on hypothecation of receivable from the projects.	Repayable in 32 equal monthly instalments starting from 11th month from the first disbursement commencing from October 2016.
Term Loan	650.00	-	11%-13%	Secured by equitable mortgage of certain land, building and project specific inventory of the Company, leasehold rights of the company and hypothecation of receivables and Escrow account of the Company. Corporate guarantee of Group Company.	Repayable within 36 months including principal moratorium period of 12 months from the date of first disbursement.
Term Loan	690.87	-	11%-13%	Secured by mortgage of unsold units in the project of the Company and charge on the scheduled receivables of sold and unsold units under the documents entered into with the customers.	Repayable in 10 equal quarterly instalments of ₹ 70 million after 6 months moratorium period commencing from April 2016.
From banks					
Cash credit	-	429.44	12%-14%	Secured by charge on specific project inventory and receivables of the Group. Further, secured by equitable mortgage of land of the Group.	Repayable on demand
Cash credit	310.06	779.11	11%-13%	Secured by way of equitable mortgage of certain land and project specific receivables of the Group.	Repayable on demand
Cash credit	14.60	321.56	11%-13%	Secured by charge on specific project inventory, current assets and receivables of the Group.	Repayable on demand
Cash credit	0.50	9.27	11%-13%	Secured by charge on specific project inventory, current assets and receivables of the Group.	Repayable on demand
Cash credit	3.57	5.27	11%-13%	Secured by charge on specific project inventory, current assets and receivables of the Group.	Repayable on demand
Cash credit	1.29	0.04	11%-13%	Secured by charge on specific project inventory, current assets and receivables of the Group.	Repayable on demand
Cash credit	-	15.11	10%-14%	Secured by lien on fixed deposits of the Group.	Repayable on demand
Cash credit	-	548.07	10%-14%	Secured by charge on specific project inventory, current assets and receivables of the Group.	Repayable on demand

Notes to the consolidated financial statements for the year ended March 31, 2016

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-16	31-Mar-15			
Cash credit	7.01	17.76	11%-13%	Secured by equitable mortgage of certain land, project specific inventory and receivables of the Group and hypothecation of movable fixed assets of the Group.	Repayable on demand
Cash credit	0.76	8.78	11%-13%	Secured by equitable mortgage of certain land, project specific inventory and receivables of the Group and hypothecation of movable fixed assets of the Group.	Repayable on demand
Cash credit	9.71	5.65	11%-13%	Secured by equitable mortgage of project specific inventory and receivables of the Group and maintaining of Debt Service Reserve account equal to three months interest.	Repayable on demand
Cash credit	-	3.47	10%-14%	Secured by charge on specific project inventory, current assets and receivables of the Group.	Repayable on demand
Cash credit	0.02	2.14	11%-13%	Secured by charge on specific project inventory, current assets and receivables of the Group.	Repayable on demand

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

Nature of loan	Amount outstanding (₹ million)		Name of the Company	Nature of security
	31-Mar-16	31-Mar-15		
Term loans	-	300.00	Sobha Glazing & Metal Works Private Limited	Equitable mortgage of land and building
Term loans	800.00	800.00	Rusoh Marina Properties Private Limited	Equitable mortgage of land
			Chikmangaloor Developers Private Limited	
			Mapedu Realtors Private Limited	
			Kuthavakkam Realtors Private Limited	
			Rusoh Modern Properties Private Limited	
			Kuthavakkam Builders Private Limited	
			Mapedu Builders Private Limited	
			Allapuzha Fine Real Estate Private Limited	
			Mapedu Real Estate Private Limited	
			Kuthavakkam Properties Private Limited	
			Chikmangaloor Properties Private Limited	
			Rusoh Modern Builders Private Limited	
			Rusoh Modern Developers Private Limited	
			Kuthavakkam Developers Private Limited	
			Rusoh Home Developers Private Limited	
Term loans	1,218.75	1,500.00	Marina Realtors Private Limited	Equitable mortgage of land
			Chikmangaloor Realtors Private Limited	
			Rusoh Fine Builders Private Limited	
Term loans	1,200.00	-	Sri Durga Devi Property Management Private Limited	Equitable mortgage of land
Term loans	751.64	941.34	Sri Parvathy Land Developers Private Limited	Equitable mortgage of land
Term loans	-	-	Sobha Glazing & Metal Works Private Limited	Equitable mortgage of land
Term loans	751.64	941.34	Sobha Glazing & Metal Works Private Limited	Equitable mortgage of land

Notes to the consolidated financial statements for the year ended March 31, 2016

9 Other current liabilities

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises (refer note 35 for details of dues to micro and small enterprises)	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		
Land cost payable	764.45	1,226.03
Others	3,422.92	3,558.53
	4,187.37	4,784.56
Other liabilities		
Current maturities of long-term borrowings (refer note 5) (Includes current maturity of finance lease obligation ₹ Nil million (Previous year - ₹ 6.42 million))	824.87	441.15
Book overdraft from scheduled banks	46.11	1.22
Advance from customers	8,636.96	7,005.56
Interest accrued but not due on borrowings	256.88	71.59
Investor education & protection fund shall be credited for unclaimed dividends when due		
Unclaimed dividend	2.16	2.01
Others		
Service tax payable	2.43	0.01
Non-trade payable	202.25	268.13
VAT Payable	3.15	-
Security deposit towards maintenance services	1,114.72	625.75
Lease deposits	33.54	-
Payable to related parties (refer note 26)	272.34	289.24
Payable for purchase of fixed assets	21.09	64.70
Withholding taxes payable	46.05	45.39
Others	48.56	50.97
	11,511.11	8,865.72
	15,698.48	13,650.28

Notes to the consolidated financial statements for the year ended March 31, 2016

10 Tangible assets

	Freehold	Factory	Other	Plant and	Scaffolding	Furniture	Vehicles	Computers	Office	Total
	land	buildings	buildings	machinery	items	and fixtures			equipments	
Cost - At 1 April 2014	81.90	385.09	1,208.97	2,256.54	1,296.79	91.22	51.09	160.15	54.78	5,586.53
Additions	-	-	118.44	156.40	217.61	5.71	4.52	22.40	3.38	528.46
Disposals	-	-	-	(0.28)	-	(2.02)	(1.20)	(4.03)	(0.73)	(8.26)
At 31 March 2015	81.90	385.09	1,327.41	2,412.66	1,514.40	94.91	54.41	178.52	57.43	6,106.73
Additions	132.47	471.66	1,591.56	766.46	125.43	24.11	1.74	15.43	7.22	3,136.08
Disposals	-	-	-	(116.74)	(34.47)	(0.54)	-	(1.89)	(0.04)	(153.68)
At 31 March 2016	214.37	856.75	2,918.97	3,062.38	1,605.36	118.48	56.15	192.06	64.61	9,089.13
Depreciation - At 1 April 2014	-	196.91	146.54	1,251.94	540.49	44.09	40.82	124.96	31.06	2,376.81
Charge for the year	-	22.12	75.22	315.80	191.26	15.06	3.93	29.15	8.62	661.16
Disposals	-	-	-	(0.08)	-	(1.70)	(0.34)	(4.01)	(0.45)	(6.58)
Other adjustments	-	-	-	0.33	-	0.11	0.90	4.76	10.47	16.57
At 31 March 2015	-	219.03	221.76	1,567.99	731.75	57.56	45.31	154.86	49.70	3,047.96
Charge for the year	-	39.42	72.77	229.63	205.47	11.61	4.08	19.71	4.84	587.53
Disposals	-	-	-	(106.65)	(34.47)	(0.52)	(0.65)	(1.89)	-	(144.18)
At 31 March 2016	-	258.45	294.53	1,690.97	902.75	68.65	48.74	172.68	54.54	3,491.31
Net Block										
At 31 March 2015	81.90	166.06	1,105.65	844.67	782.65	37.35	9.10	23.66	7.73	3,058.77
At 31 March 2016	214.37	598.30	2,624.44	1,371.41	702.61	49.83	7.41	19.38	10.07	5,597.82

1) Assets taken on finance lease

	Plant and machinery		Scaffolding items	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Gross block	371.89	371.89	306.54	306.54
Depreciation charge for the year	11.42	93.38	2.55	40.23
Accumulated depreciation	371.89	360.47	306.54	303.99
Net book value	-	11.42	-	2.55

Notes to the consolidated financial statements for the year ended March 31, 2016

11 Intangible assets

	₹ million			
	Goodwill on consolidation	Software	Intellectual property rights	Total
Gross block - At 1 April 2014	165.86	77.93	47.62	291.41
Additions	15.40	1.95	-	17.35
Other adjustments	-	-	-	-
At 31 March 2015	181.26	79.88	47.62	308.76
Additions	-	1.07	-	1.07
Other adjustments	-	-	-	-
At 31 March 2016	181.26	80.95	47.62	309.83
Amortization - At 1 April 2014	68.16	55.40	31.74	155.30
Charge for the year	34.08	11.61	15.83	61.52
Other adjustments	-	-	-	-
At 31 March 2015	102.24	67.01	47.57	216.82
Charge for the year	37.12	9.31	0.05	46.48
Other adjustments	-	-	-	-
At 31 March 2016	139.36	76.32	47.62	263.30
Net Block				
At 31 March 2015	79.02	12.87	0.05	91.94
At 31 March 2016	41.90	4.63	-	46.53

12 Non-current investments

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Non-trade investments (valued at cost unless stated otherwise)		
<i>Investment in equity instruments (unquoted)</i>		
2,680,000 (Previous year - 2,680,000) equity shares of ₹ 10 each fully paid-up in Sobha Renaissance and Information Technology Private Limited	26.80	26.80
Less: Provision for diminution in value of investment	(26.70)	(26.70)
	0.10	0.10
<i>Government and trust securities (unquoted)</i>		
National savings certificates	0.08	0.08
	0.08	0.08
	0.18	0.18
Aggregate amount of unquoted investments (net of provision for diminution in value of investments)	0.18	0.18
Aggregate provision for diminution in value of investments	26.70	26.70

Notes to the consolidated financial statements for the year ended March 31, 2016

13 Deferred tax liability (net)

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Deferred tax liability		
Expenses allowed for tax purposes on payment basis but chargeable to the statement of profit and loss in future years	2,627.57	1,697.93
Gross deferred tax liability	2,627.57	1,697.93
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	20.21	16.94
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	61.49	42.87
Provision for doubtful debts and advances	7.68	7.54
Gross deferred tax asset	89.38	67.35
Net deferred tax liability	2,538.19	1,630.58

14 Loans and advances

	Current		Non-current	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Capital advances				
Unsecured, considered good			5.08	20.69
			5.08	20.69
Security deposit				
<i>Unsecured, considered good</i>				
Refundable deposit towards joint development agreement	3,883.96	2,961.32	99.22	97.82
Security deposit - Others	12.37	45.70	549.93	551.38
	3,896.33	3,007.02	649.15	649.20
Inter-corporate deposit to related party (refer note 26)				
Unsecured, considered good	-	47.11	-	-
Land advance *				
Unsecured, considered good	13,502.06	12,892.24	3,734.58	3,558.82
Advances recoverable in cash or kind				
Unsecured considered good	1,361.88	1,358.66	37.32	34.56
Other loans and advances				
Advance income-tax (net of provision for taxation)	12.66	-	12.32	-
Prepaid expenses	124.72	98.35	129.19	98.62
MAT Credit entitlement [net of ₹ 130.24 million (Previous year ₹ Nil) MAT Credit utilised]	62.96	193.20	-	-
Balances with statutory/ government authorities	1,044.96	606.99	-	0.29
	1,245.30	898.54	141.51	98.91
Total	20,005.57	18,203.57	4,567.64	4,362.18

* Advances for land though unsecured, are considered good as the advances have been given based on arrangements/ memorandum of understanding executed by the Group and the Group/ seller/ intermediary is in the course of obtaining clear and marketable title, free from all encumbrances, including for certain properties under litigation.

Notes to the consolidated financial statements for the year ended March 31, 2016

15 Trade receivables and other assets

	Current		Non-current	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
15.1 Trade receivable				
<i>Outstanding for a period exceeding six months from the date they are due for payment</i>				
Unsecured, considered good	502.77	444.41	-	-
Doubtful	-	-	19.97	22.29
	502.77	444.41	19.97	22.29
Provision for doubtful trade receivables	-	-	19.97	22.29
	502.77	444.41	-	-
Other receivables				
Unsecured, considered good	1,995.33	1,289.23	265.41	196.84
	1,995.33	1,289.23	265.41	196.84
	2,498.10	1,733.64	265.41	196.84
15.2 Other assets				
Unsecured, considered good unless stated otherwise				
Non-current bank balances (refer note17)			271.71	142.36
Others				
Unbilled revenue	3,115.89	4,044.17	-	-
Interest accrued on fixed deposits	-	0.01	-	5.40
Others	224.41	289.80	0.01	-
Total other assets	3,340.30	4,333.98	271.72	147.76
	5,838.40	6,067.62	537.13	344.60

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

	31-Mar-16	31-Mar-15
	₹ million	₹ million
Raw materials and components	275.05	322.19
Building materials	56.33	17.20
Land stock	8,083.37	9,096.39
Work-in-progress	18,564.67	17,444.35
Stock in trade - flats	881.30	358.85
Finished goods	48.19	44.95
	27,908.91	27,283.93

Notes to the consolidated financial statements for the year ended March 31, 2016

17 Cash and bank balances

	Current		Non-current	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Cash and cash equivalents				
<i>Balances with banks:</i>				
– On current accounts	1,179.70	1,384.85		
– Deposits with less than three months maturity	41.88	0.83		
– On unclaimed dividend account	2.16	2.01		
Cheques/ drafts on hand	49.50	16.78		
Cash on hand	12.13	6.87		
	1,285.37	1,411.34		
Other bank balances				
– Deposits with maturity for more than 12 months	-	-	-	34.13
– Margin money deposit	48.04	220.03	271.71	108.23
	48.04	220.03	271.71	142.36
Less: Amount disclosed under non-current assets (refer note 15.2)			(271.71)	(142.36)
	1,333.41	1,631.37	-	-

Margin money deposits given as security

Margin money deposits with a carrying amount of ₹ 319.75 million (Previous year - ₹ 328.26 million) are subject to first charge to secure the Group's borrowings.

18 Revenue from operations

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Revenue from operations		
Sale of products/ finished goods		
Income from property development	12,116.95	16,294.98
Income from sale of land and development rights	330.02	67.90
Income from glazing works	1,115.08	1,262.79
Income from interior works	922.68	848.44
Income from concrete blocks	264.55	252.36
Income from leasing	23.57	-
Sale of services		
Income from contractual activity - Others	3,902.06	5,718.58
Other operating revenue		
Interest on land advances	49.28	-
Income from maintenance	18.93	-
Scrap sales	40.95	78.09
Revenue from operations (gross)	18,784.07	24,523.14
Less: Excise duty #	133.57	117.53
Revenue from operations (net)	18,650.50	24,405.61

Excise duty on sales amounting to ₹ 133.57 million (Previous year - ₹ 117.53 million) has been reduced from sales in statement of profit and loss and excise duty on (Increase)/ decrease in inventory of finished goods amounting to ₹ 0.35 million (Previous year - ₹ 1.00 million) has been considered as (income)/ expense in note 23 of financial statements.

Notes to the consolidated financial statements for the year ended March 31, 2016

19 Other income

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Interest income on		
Bank deposits	29.26	23.16
Current investments	15.59	16.63
Others	0.33	22.86
Foreign exchange fluctuation (net)	-	2.72
Profit on sale of fixed assets (net)	-	0.33
Other non-operating income (net of expenses directly attributable to such income of ₹ Nil (Previous year - ₹ Nil))	88.70	83.47
	133.88	149.17

20 Cost of raw material and components consumed

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Inventory at the beginning of the year		
Glazing material	144.22	116.73
Interior material	117.41	112.88
Concrete block material	60.56	61.58
	322.19	291.19
Add: Purchases		
Glazing material	722.18	923.90
Interior material	600.24	602.22
Concrete block material	235.89	386.64
	1,558.31	1,912.76
Less: Inventory at the end of the year		
Glazing material	127.60	144.22
Interior material	116.13	117.41
Concrete block material	31.32	60.56
	275.05	322.19
Cost of raw material and components consumed		
Glazing material	738.80	896.41
Interior material	601.52	597.69
Concrete block material	265.13	387.66
Cost of raw material and components consumed	1,605.45	1,881.76

Notes to the consolidated financial statements for the year ended March 31, 2016

21 (Increase)/ decrease in inventories

₹ million

	31-Mar-16	31-Mar-15	Less: Transferred to Capital work- in-progress/ tangible assets	Add: Opening inventory acquired on acquisition of subsidiaries	(Increase) / decrease
Inventories at the end of the year					31-Mar-16
Building materials	56.33	17.20	-	-	(39.13)
Land stock	8,083.37	9,096.39	159.09	-	853.93
Work-in-progress	18,564.67	17,444.35	1,610.65	-	(2,730.97)
Stock in trade - flats	881.30	358.85	-	-	(522.45)
Finished goods	48.19	44.95	-	-	(3.24)
	27,633.86	26,961.74	1,769.74	-	(2,441.86)
Less: Inventories at the beginning of the year					31-Mar-15
Building materials	17.20	15.76	-	-	(1.44)
Land stock	9,096.39	5,688.38	202.54	182.72	(3,427.83)
Work-in-progress	17,444.35	18,143.23	-	-	698.88
Stock in trade - flats	358.85	105.84	-	-	(253.01)
Finished goods	44.95	28.65	-	-	(16.30)
	26,961.74	23,981.86	202.54	182.72	(2,999.70)
Less: Transferred to Capital work-in-progress/ tangible assets/ advances	1,769.74	202.54			
Add: Opening inventory acquired on acquisition of subsidiaries	-	182.72			
	25,192.00	23,962.04			
(Increase)/ decrease	(2,441.86)	(2,999.70)			

22 Employee benefit expense

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Salaries, wages and bonus	1,596.50	1,766.19
Contribution to provident and other fund	52.70	51.62
Gratuity expense (refer note 31)	26.14	27.51
Compensated absence	23.64	25.18
Staff welfare expenses	65.67	106.77
	1,764.65	1,977.27

Notes to the consolidated financial statements for the year ended March 31, 2016

23 Other expenses

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Excise duty on (increase)/ decrease in inventory	(0.35)	(1.00)
License fees and plan approval charges	503.82	232.59
Power and fuel	314.39	339.12
Water charges	80.50	84.77
Freight and forwarding charges	101.23	149.22
Rent	296.62	296.81
Rates and taxes	79.47	73.38
Insurance	41.44	34.62
Property maintenance expenses	83.16	80.13
Repairs and maintenance		
Plant and machinery	24.20	19.59
Others	42.01	47.17
Advertising and sales promotion	450.29	481.19
Brokerage and discounts	76.13	101.29
Donation (refer note 38)	170.76	4.43
Travelling and conveyance	264.88	343.05
Legal and professional fees	214.71	197.97
Directors' commission and sitting fees	8.44	7.40
Payment to auditor (Refer details below)	13.49	11.62
Exchange difference (net)	2.83	0.08
Provision for doubtful debts and advances (net of write off)	-	10.00
Loss on sale of fixed assets (net)	9.50	-
Miscellaneous expenses	357.70	313.97
	3,135.22	2,827.40

Payment to auditor *

	31-Mar-16 ₹ million	31-Mar-15 ₹ million
As auditor:		
Audit fee [including for Limited review ₹ 6.00 million (Previous year - ₹ 5.10 million)]	12.85	10.88
In other capacity:		
Other services	-	0.20
Reimbursement of expenses	0.64	0.55
	13.49	11.63

* Net of service tax

Notes to the consolidated financial statements for the year ended March 31, 2016

24 Depreciation and amortization expense

	31-Mar-16	31-Mar-15
	₹ million	₹ million
Depreciation of tangible assets	587.53	661.16
Amortization of intangible assets	46.48	61.52
	634.01	722.68

25 Finance costs

	31-Mar-16	31-Mar-15
	₹ million	₹ million
Interest		
- On borrowings	2,699.48	2,324.31
- On finance lease obligation	0.11	7.56
- Premium of redemption of optionally convertible debentures	2.50	-
- Others	37.59	32.09
Bank charges	178.04	130.76
	2,917.72	2,494.72
Less: Interest cross charged and interest inventorised/capitalised to qualifying land advances and capital work-in-progress	(1,192.85)	(611.30)
Total *	1,724.87	1,883.42

* Gross of interest amounting of ₹ 1,127.43 million (Previous year - ₹ 1,477.17 million) inventorised to qualifying land stock and work in progress.

26 Related party disclosure

a List of related parties

Key Shareholder

Mr. P. N. C. Menon [Refer note 3 (c)]
Mrs. Sobha Menon [Refer note 3 (c)]

Key Management Personnel

Mr. Ravi PNC Menon
Mr. J. C. Sharma
Mr. P. Ramakrishnan
Mr. Ganesh Venkataraman [upto February 16, 2015]
Mr. Subhash Bhat [from February 16, 2015]
Mr. Kishore Kayarat

Relatives of key management personnel

Mrs. Sudha Menon

Shareholder having significant influence in a subsidiary

Winona SA Investments LLC
SA Winona Ventures Limited

Notes to the consolidated financial statements for the year ended March 31, 2016

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

Al Barakah Financial Services Limited
Allapuzha Fine Real Estate Private Limited
Architectural Metal Works FZCO
Bikasa Properties Private Limited
Bikasa Realtors Private Limited
Chikmangaloor Realtors Private Limited
Chikmangaloor Properties Private Limited
Cochin Cyber City Private Limited
Cochin Cyber Golden Properties Private Limited
Cochin Cyber Value Added Properties Private Limited
Cochin Super City Developers Private Limited
Daram Cyber Developers Private Limited
Daram Cyber Properties Private Limited
Daram Land Real Estate Private Limited
Divyakaushal Properties LLP
Greater Cochin Cyber City Private Limited
Greater Cochin Developers Private Limited
Greater Cochin Properties Private Limited
Greater Cochin Realtors Private Limited
HBR Consultants Private Limited
Hill and Menon Securities Private Limited
Kilai Builders Private Limited
Kilai Properties Private Limited
Kilai Super Developers Private Limited
Kuthavakkam Developers Private Limited
Kuthavakkam Properties Private Limited
Mannur Real Estate Private Limited
Mapedu Realtors Private Limited
Mapedu Real Estates Private Limited
Moolamcode Traders Private Limited
Oman Builders Private Limited
Padmalochana Enterprises Private Limited
Pallavur Projects Private Limited
Perambakkam Builders Private Limited
PNC Technologies Private Limited
Punkunnam Builders and Developers Private Limited
Puzhakkal Developers Private Limited

Notes to the consolidated financial statements for the year ended March 31, 2016

Red Lotus Realtors Private Limited
Royal Interiors Private Limited
Rusoh Fine Builders Private Limited
Rusoh Marina Properties Private Limited
Rusoh Modern Properties Private Limited
SBG Housing Private Limited
Sengadu Builders Private Limited
Sengadu Developers Private Limited
Sengadu Properties Private Limited
Services and Trading Co. LLC
Sobha Aviation and Engineering Services Private Limited
Sobha Contracting LLC, Dubai
Sobha Engineering and Contracting LLC, Dubai
Sobha Electro Mechanical Private Limited
Sobha Glazing & Metal Works Private Limited
Sobha Innerscity Technopolis Private Limited
Sobha Interiors Private Limited
Sobha Jewellery Private Limited
Sobha Maple Tree Developers Private Limited
Sobha Nandambakkam Developers Limited (Formerly Tirur Cybercity Developers Private Limited) [upto March 15, 2015]
Sobha Projects & Trade Private Limited
Sobha Puravankara Aviation Private Limited
Sobha Renaissance Information Technology Private Limited
Sobha Space Private Limited
Sobha Technocity Private Limited
Sobha Tambaram Developers Limited (Formerly known as Megatech Software Private Limited) [upto March 15, 2015]
Sobha Ventures Limited
Sri Durga Devi Property Management Private Limited
Sri Kanakadurga Property Developers Private Limited
Sri Kurumba Trust
Sri Parvathy Land Developers Private Limited
Sunbeam Projects Private Limited
Technobuild Developers Private Limited
Thakazhi Developers Private Limited
Thakazhi Realtors Private Limited
Tirur Cyber Real Estates Private Limited

Notes to the consolidated financial statements for the year ended March 31, 2016

b Transactions with related parties

Description of the nature of transaction	Description of relationship	Related party	₹ million	
			31-Mar-16	31-Mar-15
Income from property development	Key management personnel	Mr. J. C. Sharma	-	0.16
Income from contractual activity	Key management personnel	Mr. Ravi PNC Menon	-	64.44
	Other related parties	Sri Kurumba Trust	-	2.81
Income from glazing works	Key management personnel	Mr. Ravi PNC Menon	0.81	-
	Other related parties	Sri Kurumba Trust	3.71	2.91
		Sri Parvathy Land Developers Private Limited	-	2.01
Income from interior works	Other related parties	Sri Parvathy Land Developers Private Limited	-	1.64
		Sobha Projects & Trade Private Limited	0.17	0.12
	Key management personnel	Sri Kurumba Trust	8.51	8.87
		Mr. Ravi PNC Menon	0.14	-
		Mr. P. Ramakrishnan	-	0.01
Income from concrete block material	Other related parties	Sri Parvathy Land Developers Private Limited	-	1.63
Purchase of project items	Other related parties	Sobha Projects & Trade Private Limited	161.15	222.32
Income from sale of land and development rights	Other related parties	Sobha Tambaram Developers Limited	-	34.05
		Thakazhi Realtors Private Limited	-	3.34
		Kilai Properties Private Limited	0.82	-
		Thakazhi Developers Private Limited	-	11.32
		Mannur Real Estate Private Limited	3.70	10.53
Purchase of investment in equity share capital of Sobha Tambaram Developers Limited	Other related parties	Technobuild Developers Private Limited	-	1.84
Purchase of investment in equity share capital of Sobha Nandambakkam Developers Limited	Other related parties	Technobuild Developers Private Limited	-	13.74
Aircraft hire charges*	Other related parties	Sobha Puravankara Aviation Private Limited	116.76	157.73
Directors' remuneration	Key management personnel	Mr. J. C. Sharma	41.00	57.61
		Mr. Ravi PNC Menon	79.12	95.84
		Mr. P. Ramakrishnan	8.33	9.16
		Mr. P. N. C. Menon	87.42	87.42
Dividend paid (Payment basis)	Key shareholder	Mr. P. N. C. Menon and Mrs. Sobha Menon (Jointly held shares)	38.46	38.46
		Mrs. Sobha Menon	289.44	289.44
	Key management personnel	Mr. Ravi PNC Menon	0.23	0.23
		Mr. J. C. Sharma	0.63	0.63
Salary (including perquisites)	Key management personnel	Mr. Kishore Kayarat	2.82	2.61
		Mr. Subhash Bhat	8.02	0.95
		Mr. Ganesh Venkataraman	-	10.09
Advance received	Other related parties	Technobuild Developers Private Limited	-	0.01
Advance repaid	Other related parties	Technobuild Developers Private Limited	18.01	7.27

Notes to the consolidated financial statements for the year ended March 31, 2016

			₹ million	
Description of the nature of transaction	Description of relationship	Related party	31-Mar-16	31-Mar-15
CSR expenditure - Donation	Other related parties	Sri Kurumba Trust	167.60	161.40
Reimbursement to related party	Other related parties	Sri Kanakadurga Property Developers Private Limited	1.66	-
		Sri Parvathy Land Developers Private Limited	0.03	-
		Royal Interiors Private Limited	-	-
		Sobha Interiors Private Limited	-	-
		Technobuild Developers Private Limited	0.57	0.09
		Sobha Projects & Trade Private Limited	5.46	0.29
		Punkunnam Builders and Developers Private Limited	0.02	-
		Mannur Real Estate Private Limited	0.01	0.14
		Moolamcode Traders Private Limited	0.02	-
		Pallavur Projects Private Limited	0.03	-
Reimbursement from related party	Other related parties	Puzhakkal Developers Private Limited	0.05	-
		Sri Kurumba Trust	1.58	-
		Sri Kanakadurga Property Developers Private Limited	-	0.15
		Sri Durga Devi Property Management Private Limited	0.06	-
		Sobha Puravankara Aviation Private Limited	-	6.21
	Key management personnel	Mr. Ravi PNC Menon	0.40	1.58
		Mr. P. Ramakrishnan	0.03	-
	Other related parties	Technobuild Developers Private Limited	208.82	3.51
		Sri Parvathy Land Developers Private Limited	8.67	-
		Puzhakkal Developers Private Limited	24.75	-
		Sobha Projects & Trade Private Limited	223.90	250.86
		Puzhakkal Developers Private Limited	-	-
		Sobha Puravankara Aviation Private Limited	279.57	190.36
Advance paid towards purchase of land, goods or services	Other related parties	Sri Durga Devi Property Management Private Limited	1.63	0.84
		Technobuild Developers Private Limited	245.21	109.55
Refund of advance by the related party	Other related parties	Sobha Projects & Trade Private Limited	-	11.27
		Sobha Interiors Private Limited	15.46	14.49
Rent paid	Other related parties	Sri Kurumba Trust	-	0.12
		Sobha Glazing & Metal Works Private Limited	6.07	5.69
	Key management personnel	Mr. Ravi PNC Menon	0.60	0.85
		SA Winona Ventures Limited	61.75	69.74
Interest on debentures	Other related parties	SA Winona Ventures Limited	61.75	69.74

Notes to the consolidated financial statements for the year ended March 31, 2016

c Closing balance

Description of the nature of transaction	Description of relationship	Related party	31-Mar-16	31-Mar-15
Inter-corporate deposit **	Other related parties	Sobha Renaissance Information Technology Private Limited	-	47.11
		Technobuild Developers Private Limited	8,070.84	8,103.00
		Puzhakkal Developers Private Limited	150.27	125.47
Land advance	Other related parties	Sri Parvathy Land Developers Private Limited	101.33	92.14
		Sri Durga Devi Property Management Private Limited	52.27	50.59
Rent deposit	Other related parties	Sobha Glazing & Metal Works Private Limited	112.03	112.03
		Sobha Interiors Private Limited	280.00	280.00
		Sobha Projects & Trade Private Limited	443.31	374.52
		Sobha Puravankara Aviation Private Limited	595.00	388.05
Advances recoverable in cash or in kind	Other related parties	Architectural Metal Works FZCO	0.29	0.29
		Punkunnam Builders and Developers Private Limited	0.03	0.01
		Sobha Contracting LLC, Dubai	5.15	5.15
Trade receivables	Other related parties	Sri Kurumba Trust	24.48	25.18
		Sobha Glazing & Metal Works Private Limited	37.71	34.00
		SBG Housing Private Limited	2.68	2.68
		Sobha Interiors Private Limited	65.31	57.67
Payables	Other related parties	Sobha Projects & Trade Private Limited	13.11	13.11
		Sobha Puravankara Aviation Private Limited	308.67	231.24
		Technobuild Developers Private Limited	156.03	181.20
		Sobha Space Private Limited	-	0.58
Capital creditors **	Other related parties	Sobha Renaissance Information Technology Private Limited	2.89	50.00
Advance from customers	Other related parties	Divyakaushal Properties LLP	39.89	-
Non-trade payable	Key management personnel	Mr. J. C. Sharma	29.62	77.62
		Mr. Ravi PNC Menon	32.44	36.47
Long-term borrowings - Debentures	Other related parties	SA Winona Ventures Limited	198.50	398.50
Interest payable	Other related parties	SA Winona Ventures Limited	6.45	12.04
Securities given by way of charge on receivables of the Group for loan availed by the related party	Other related parties	Sobha Puravankara Aviation Private Limited	940.00	940.00

*During the year ended March 31, 2015, the Company had renewed the aircraft usage agreement with Sobha Puravankara Aviation Private Limited, wherein the usage charges have been revised with effect from April 1, 2014. The aircraft hire charges has been accrued based on revised agreement.

** Inter-corporate deposit receivable balance of ₹ 47.11 million from Sobha Renaissance Information Technology Private Limited has been set off against the payable balance to SRIT during the year ended March 31, 2016.

Also, refer note 8 as regards guarantees received from key management personnel and relative of key management personnel and collateral securities offered by related companies in respect of loans availed by the Company.

Notes to the consolidated financial statements for the year ended March 31, 2016

27 Earnings per share ['EPS']

	₹ million	
Particulars	31-Mar-16	31-Mar-15
Profit after tax attributable to shareholders	1,532.78	2,380.13
Weighted average number of equity shares of ₹ 10 each outstanding during the period used in calculating basic and diluted EPS	9,80,63,868	9,80,63,868

28 Leases

(a) Finance lease: Group as lessee

The Group has acquired plant and machinery and scaffolding items under finance lease with the respective underlying assets as security. These leases have an average life of 3 to 5 years with renewal option included in the contract. Minimum lease payments (MLP) outstanding in respect of these assets are as follows (Figures in brackets are in respect of the previous year):

	₹ million		
Particulars	Total MLP outstanding as on March 31, 2016	Interest	Present Value of MLP
Within one year	-	-	-
	(6.55)	(0.13)	(6.42)
After one year but not more than five years	-	-	-
	-	-	-
More than five years	-	-	-
	-	-	-
	-	-	-
	(6.55)	(0.13)	(6.42)

(b) (i) Operating lease: Group as lessee

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

	₹ million	
Particulars	31-Mar-16	31-Mar-15
Lease payments recognised as an expense in statement of profit and loss	296.55	296.81

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

	₹ million	
Particulars	31-Mar-16	31-Mar-15
Not later than one year	71.17	67.50
Later than one year and not later than five years	164.86	165.89
Later than five years	171.37	190.94
	407.40	424.33

Notes to the consolidated financial statements for the year ended March 31, 2016

(b) (ii) Operating lease: Group as lessor

The Group has entered into commercial property leases on its fixed assets. These operating leases have variable terms ranging from 12 months to 36 months upto eleven years. All leases include a clause to enable upward revision of the lease rental on periodical basis and includes variable rent determined based on percentage of sales of lessee.

	₹ million	
Particulars	31-Mar-16	31-Mar-15
Lease rentals recognised as an income in the statement of profit and loss	23.57	-

Minimum lease payments receivable in respect of these leases for non-cancellable period are as follows:

	₹ million	
Particulars	31-Mar-16	31-Mar-15
Not later than one year	48.41	-
Later than one year and not later than five years	21.95	-
Later than five years	-	-
	70.36	-

29 Contingent liabilities (to the extent not provided for)

	31-Mar-16	31-Mar-15
Particulars	₹ million	₹ million
i. Guarantees given by the Group	2,753.00	4,235.14
ii. Income tax matters in dispute	1,250.90	3.94
iii. Sales tax matters in dispute	776.80	331.37
iv. Service tax matters in dispute	2,432.52	1,636.70
v. Excise tax matters in dispute	6.67	-
	7,219.89	6,207.15

The Group does not expect any reimbursement in respect of the above contingent liability and it is not practicable to estimate the timings of the cash outflows, if any, in respect of matters above pending resolution of the arbitration/ appellate proceedings and it is not probable that an outflow of resources will be required to settle the above obligations/claims.

Other litigations

- With regard to ₹ 931 million receivable from a buyer pertaining to two agreements for sale of land in earlier years, the Group had issued a notice of termination and invoked the arbitration clause under the aforesaid agreements to enforce its rights, as the buyer has not made the balance payment and also has not completed the transaction as per agreed terms. The management of the Company has also initiated other legal remedies and is confident that it would be able to enforce its rights under the aforesaid agreements.
- Claims have been levied on the Group by Bruhat Bengaluru Mahanagara Palike ('BBMP') towards certain statutory charges which includes betterment charges, ground rent charges, etc. on certain real estate projects undertaken by the Company, the impact of which is not quantifiable. These claims are pending with various courts and are scheduled for hearings. Based on internal assessment, the management is confident that the matter would be decided in its favour, accordingly no provisions has made in this regard.

Notes to the consolidated financial statements for the year ended March 31, 2016

- (c) The Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business, including certain litigation for lands acquired by it for construction purposes, either through joint development agreements or through outright purchases, the impact of which is not quantifiable. These cases are pending with various courts and are scheduled for hearings. After considering the circumstances and legal advice received, management believes that these cases will not adversely effect its financial statements.

Service tax matters in dispute includes demands raised for joint development agreements, the tax impact of which for future years is not ascertainable. The Group has evaluated such arrangements for tax compliance and based on experts opinion, the management is of the view that the tax positions are appropriate.

30 Commitments

- (a) The estimated amount of contracts, net of advances remaining to be executed on capital account is ₹ 100.92 million (Previous year - ₹ 526.46 million).
- (b) At March 31, 2016, the Group has given ₹ 17,236.64 million (Previous year - ₹ 16,451.06 million) as advances for purchase of land. Under the agreements executed with the land owners, the Group is required to make further payments under the agreements based on the terms/ milestones stipulated under the agreement.
- (c) The Group has entered into joint development agreements with owners of land for its construction and development. Under the agreements the Group is required to pay deposits to the owners of the land and share in area/ revenue from such development in exchange of undivided share in land as stipulated under the agreements. As of March 31, 2016 the Group has paid ₹ 3,983.18 million (Previous year - ₹ 3,059.14 million) as refundable deposit against the joint development agreements.
- (d) The Company has entered into an aircraft usage agreement with a party wherein the Company along with certain other parties has committed minimum usage of aircraft.
- (e) For commitments relating to lease arrangements, please refer note 28.

31 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 statement of profit and loss and the funded status and amounts recognised in the balance sheet for gratuity benefit.

Notes to the consolidated financial statements for the year ended March 31, 2016

Consolidated Statement of profit and loss

Net employee benefit expense (recognised in employee benefit expense)

	31-Mar-16	31-Mar-15
Particulars	₹ million	₹ million
Current service cost	15.82	14.81
Interest cost on benefit obligation	8.84	8.08
Expected return on plan assets	(1.01)	(1.75)
Net actuarial loss/ (gain) recognised	2.81	6.37
Net benefit expense	26.46	27.51
Capitalised to tangible assets	(0.32)	-
Net charge to statement of profit and loss	26.14	27.51

Consolidated Balance Sheet

	31-Mar-16	31-Mar-15
Particulars	₹ million	₹ million
Defined benefit obligation	125.89	112.02
Fair value of plan assets	2.66	12.75
Plan (asset)/ liability	123.23	99.27
Changes in the present value of the defined benefit obligation		
Opening defined benefit obligation	112.02	91.85
Interest cost	8.84	8.08
Current service cost	15.82	14.81
Benefits paid	(12.77)	(10.11)
Actuarial (gains)/ losses on obligation	1.98	7.39
Closing defined benefit obligation	125.89	112.02
Changes in the fair value of plan assets		
Opening fair value of plan assets	12.75	20.09
Expected return	1.01	1.75
Contributions by employer	2.50	-
Benefits paid	(12.77)	(10.11)
Actuarial gains/ (losses)	(0.83)	1.02
Closing fair value of plan assets	2.66	12.75
Actual return on plan assets		
Expected return on plan assets	1.01	1.75
Actuarial gain/ (loss) on plan assets	(0.83)	1.02
Actual return on plan assets	0.18	2.77
Investment details of plan assets		
Investment with insurer - 100% in debt instruments		
The principal assumptions used in determining gratuity obligation		
Discount rate	7.72%	7.89%
Expected rate of return on assets		
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.	7.72%	7.89%
Increase in compensation cost	5.00%	5.00%

Notes to the consolidated financial statements for the year ended March 31, 2016

					₹ million
Experience adjustment	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
Defined benefit obligation	125.89	112.02	91.85	76.92	62.03
Plan assets	2.66	12.75	20.09	18.24	20.75
Surplus / (deficit)	123.23	99.27	71.76	58.68	41.28
Experience adjustments on plan liabilities	1.09	2.18	7.40	6.40	(0.24)
Experience adjustments on plan assets	(0.83)	1.02	0.24	0.07	(0.22)

Notes:

- The Company expects to contribute ₹ 51.66 million (Previous year - ₹ 52.31 million) to the trust towards gratuity fund in 2016-17.
- 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.

32 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 are no other significant geographical segment.

33 Construction contracts

Particulars	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Contract revenue recognised as revenue for the year ended March 31, 2016 *	15,927.26	21,259.72
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to March 31, 2016 for all the contracts in progress	43,267.29	49,652.29
The amount of customer advances outstanding for contracts in progress as at March 31, 2016 for which revenue has been recognised	7,783.95	5,745.64
The amount of retentions due from customers for contracts in progress as at March 31, 2016	402.33	644.87

* The Group has revised its project cost estimates in the current year, as a result of which the profit before tax for the year ended March 31, 2016 is lower by ₹ 839 million (Previous year - ₹ 343 million).

Notes to the consolidated financial statements for the year ended March 31, 2016

34 Derivative instruments and unhedged foreign currency exposure

Particulars	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Foreign currency exposure that are not hedged by derivative instruments or otherwise:		
Payables	3.74	18.03

- 35** 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, 2016.

36 Capitalization of expenditure

During the year, the Group has capitalized the following expenses of revenue nature to capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Group.

Particulars	31-Mar-16 ₹ million	31-Mar-15 ₹ million
Opening capital work in progress	519.12	412.23
Add: Expenses incurred during the year		
Purchase of project materials	0.85	2.78
Subcontractor and other charges	43.18	50.68
Salaries, wages and bonus	11.53	8.04
Rent	17.57	13.30
Others	79.95	32.09
Sub-total	153.08	106.89
Less: Expenses incurred for Joint owner	(224.40)	-
Closing capital work in progress	447.80	519.12

Notes to the consolidated financial statements for the year ended March 31, 2016

37 Additional information, as required under Schedule III to the Act, of enterprises consolidated as subsidiary/ associates/ joint ventures

Name of the entity	Net assets				Share in profit or loss			
	As % of consolidated net assets		Amount ₹ million		As % of consolidated profit or loss		Amount ₹ million	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Parent								
Sobha Limited	86.59%	92.36%	22,314.63	22,594.71	83.37%	75.54%	1,285.00	1,842.67
Subsidiaries								
<i>Indian</i>								
Sobha City ['Partnership firm']	7.76%	4.01%	2,000.90	981.36	4.68%	11.84%	72.21	288.90
Vayaloor Properties Private Limited	0.00%	0.00%	0.12	0.11	0.00%	0.00%	-	(0.02)
Vayaloor Builders Private Limited	0.00%	0.00%	0.22	0.20	0.00%	0.00%	0.01	-
Vayaloor Developers Private Limited	0.00%	0.00%	0.19	0.17	0.00%	0.00%	0.01	(0.01)
Vayaloor Real Estate Private Limited	0.00%	0.00%	0.21	0.19	0.00%	0.00%	0.01	-
Vayaloor Realtors Private Limited	0.02%	0.02%	5.29	5.29	0.00%	0.00%	-	-
Valasai Vettikadu Realtors Private Limited	0.00%	0.00%	0.08	0.07	0.00%	0.00%	-	(0.01)
Sobha Developers (Pune) Limited	3.75%	0.86%	966.91	209.90	4.96%	9.52%	76.39	232.21
Sobha Assets Private Limited	0.28%	0.30%	73.11	73.12	0.00%	0.00%	(0.01)	(0.01)
Sobha Highrise Ventures Private Limited	0.84%	1.85%	215.56	451.61	3.37%	0.66%	51.95	16.18
Sobha Nandambakkam Developers Limited	0.06%	0.00%	15.09	0.33	1.29%	0.00%	19.84	(0.02)
Sobha Tambaram Developers Limited	0.09%	0.00%	21.94	0.47	1.78%	0.01%	27.37	0.24
Minority interest in all subsidiaries	0.61%	0.60%	156.15	147.53	0.56%	2.43%	8.62	59.28
Total	100.00%	100.00%	25,770.40	24,465.06	100.00%	100.00%	1,541.40	2,439.41

38 Corporate Social Responsibility (CSR)

The gross amount to be spent by the Group on Corporate Social Responsibility (CSR) during the year is ₹ 71.60 million (Previous year - ₹ 67.53 million). The details of amount spent during the year by the Group on CSR are as below:

Particulars	31-Mar-16			31-Mar-15		
	Amount paid	Amount yet to be paid	Total amount	Amount paid	Amount yet to be paid	Total amount
Included under deduction	167.60	-	167.60	161.40*	-	161.40

* During the year ended March 31, 2015, the Group had charged CSR expenditure incurred as an appropriation of profit in accordance with the clarification issued by the Institute of Chartered Accountants of India ('ICAI'), vide FAQ's on the provisions of CSR applicability under the Companies Act, 2013, pending issue of detailed guidance note on accounting for CSR expenditure. For the year ended March 31, 2016, based on the subsequent Guidance Note on Accounting for Expenditure on CSR activities issued by ICAI, which requires amount spent on CSR activities to be charged to the statement of profit and loss account, the Group has charged ₹ 167.60 million to the statement of profit and loss account.

Notes to the consolidated financial statements for the year ended March 31, 2016

39 Tax expenses (net) for the year ended March 31, 2016 includes taxes of ₹ 237.50 million (Previous year - ₹ 23.82 million) relating to earlier years.

40 Disclosure required under Section 186(4) of the Companies Act 2013

For details of loans, advances and guarantees given and securities provided to related parties refer note 26.

41 On May 19, 2016, the Board of Directors approved a buyback proposal for purchase by the Company of up to 2,275,000 million shares of ₹ 10 each (representing 2.32% of total equity capital) from shareholders of the Company on a proportionate basis by way of a tender offer route at a price of ₹ 330 per equity share for an aggregate amount not exceeding ₹ 750.75 million in accordance with the provision of the Companies Act, 2013 and SEBI (Buy Back of Securities) Regulations, 1998 (as amended).

42 Transfer pricing

As per the transfer pricing rules prescribed under the Income-tax Act, 1961, the Group is examining the domestic and international transactions and documentation in respect thereof to ensure compliance with the said rules. The management does not anticipate any material adjustment with regard to the transactions involved.

43 Prior year comparatives

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

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W/E300004
Chartered Accountants

per Adarsh Ranka
Partner
Membership No.: 209567

Place: Bengaluru, India
Date: May 19, 2016

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

Ravi PNC Menon
Chairman
DIN: 02070036

Subhash Bhat
Chief Financial Officer

Place: Bengaluru, India
Date: May 19, 2016

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

Kishore Kayarat
Company Secretary and
Compliance Officer

Form AOC – I

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries, Associate Companies / Joint Ventures

Part “A”: Subsidiaries

	Sobha Developers (Pune) Limited	Sobha Highrise Ventures Private Limited*	Sobha Assets Private Limited	Sobha Tambaram Developers Limited	Sobha Nandambakkam Developers Limited
Reporting Period	2015-16	2015-16	2015-16	2015-16	2015-16
Reporting Currency	INR in Million	INR in Million	INR in Million	INR in Million	INR in Million
Share Capital	0.53	206.00	0.10	0.50	0.50
Reserve and Surplus	2,053.93	106.30	(0.05)	28.96	20.71
Total Assets	2,180.59	1,359.13	75.90	109.35	113.99
Total Liabilities	126.14	1,046.82	75.84	79.89	92.78
Investments	5.50	-	-	-	-
Turnover	941.42	494.76	-	69.34	62.66
Profit before Taxation	125.80	16.27	(0.02)	44.18	31.83
Provision for Taxation	43.92	(0.96)	-	15.20	10.95
Profit after Taxation	81.87	17.23	(0.02)	28.99	20.88
Proposed Dividend	-	-	-	-	-
% Share Holding	100%	50%	100%	100%	100%

*Subsidiary of the Company in terms of Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended)

- Names of subsidiaries which are yet to commence business
- Names of subsidiaries which have been liquidated or sold during the year

Part “B”: Associates and Joint Ventures

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

Ravi PNC Menon
Chairman

J.C. Sharma
Vice Chairman and
Managing Director

Subhash Bhat
Chief Financial Officer

Kishore Kayarat
Company Secretary and
Compliance Officer

Place: Bengaluru, India
Date: May 19, 2016

Notice of Annual General Meeting

NOTICE is hereby given that the Twenty First Annual General Meeting of the Members of Sobha Limited will be held on Wednesday, the 3rd day of August 2016 at The Gateway Hotel Residency Road Bangalore, 66, Residency Road, Bangalore - 560 025 at 4:00 PM to transact the following business:

Ordinary Business

1. To consider and adopt the standalone and consolidated financial statements of the Company which includes the Audited Balance Sheet as at March 31, 2016, the Statement of Profit and Loss for the financial year ended as on that date and the Cash Flow Statement together with reports of the Board of Directors and the Statutory Auditors thereon.
2. To declare Dividend on equity shares.
3. To appoint a Director in place of Mr. J C Sharma (DIN: 01191608), who retires by rotation and being eligible has offered himself for re-appointment.
4. To ratify the appointment of Statutory Auditors 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 in furtherance to the resolution passed in the Nineteenth Annual General Meeting held on July 11, 2014 appointing M/s S.R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration Number 101049W/E300004) as the Statutory Auditors to hold office from the conclusion of the Nineteenth Annual General Meeting until the conclusion of the Twenty Second Annual General Meeting and in terms of the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made thereunder, the members of the Company be and hereby ratify their appointment as the Statutory Auditors from the conclusion of this Annual General Meeting until the conclusion of the Twenty Second Annual General Meeting at such remuneration as may

be recommended by the Audit Committee of the Board of Directors and finalized by the Board of Directors in consultation with the Statutory Auditors"

Special Business

5. Re-appointment of Mr. Ravi PNC Menon (DIN: 02070036) as a Whole-Time Director designated as Chairman

To consider and if thought fit, to pass with or without modifications, the following resolution as a *Special Resolution*:

"RESOLVED THAT in supersession of all the earlier resolutions passed in this regard and pursuant to Sections 196, 197, 198 and 203 read with Schedule V to the Companies Act, 2013, and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made thereunder, and other applicable enactments, as amended from time to time, consent and approval of members of the Company be and is hereby accorded for the reappointment of Mr. Ravi PNC Menon (DIN: 02070036) as a Whole-Time Director designated as Chairman of the Company for a further period of five years and be paid remuneration by way of salary, perquisites and allowances, performance incentive etc. as detailed in the Statement pursuant to Section 102(1) of the Companies Act, 2013 annexed to the Notice, which shall be effective from April 01, 2016, with authority to the Board of Directors to revise the terms and conditions of appointment and remuneration from time to time based on the recommendations of the Nomination, Remuneration and Governance Committee.

RESOLVED FURTHER THAT any of the Directors or the Company Secretary and Compliance Officer of the Company be and are hereby severally authorised to do all such acts, deeds, things, matters, and to execute all such documents as may be required to give effect to this Resolution."

6. Ratification of remuneration payable to Cost Auditors

To consider and if thought fit, to pass with or without modifications, the following resolution as an *Ordinary Resolution*:

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, including any amendment or re-enactment thereof and of any other law for the time being in force, the consent of the members of the Company be and is hereby accorded for the payment of remuneration not exceeding ₹ 165,000 (Rupees One Lakh and Sixty Five Thousand only) plus reimbursement of out of pocket expenses and taxes as may be applicable from time to time to M/s. Srinivas and Co, Cost Accountants (Firm Registration No: 000278), the Cost Auditors of the Company for the financial year 2015-16.

RESOLVED FURTHER THAT any of the Directors or the Company Secretary and Compliance Officer of the Company be and are hereby severally authorised to do all such acts, deeds, things, matters, and to execute all such documents as may be required to give effect to this Resolution.”

7. Issue of Non-Convertible Debentures on a Private Placement basis

To consider and if thought fit, to pass with or without modifications, the following resolution as a *Special Resolution*:

“RESOLVED THAT in accordance with the provisions of Section 42, 71 and other applicable provisions, if any, of the Companies Act, 2013, relevant rules made thereunder and any other law for the time being in force and the provisions contained in the Memorandum and Articles of Association of the Company, the guidelines issued by the Securities and Exchange Board of India (“SEBI”), the Listing Agreements entered into by the Company with stock exchanges and subject to the approval,

permissions and sanctions of the lenders of the Company, SEBI, stock exchanges, Reserve Bank of India (“RBI”), the Foreign Investment Promotion Board (“FIPB”), Government of India and other concerned authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of the aforementioned authorities while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company, the consent of the shareholders be and is hereby accorded to the Board of Directors of the Company to offer or invite subscription for secured or unsecured redeemable non-convertible debentures in one or more series or tranches, aggregating up to ₹ 5,000,000,000 (Rupees Five Hundred Crores only), on a private placement basis, on such terms and conditions as the Board of Directors may, from time to time, determine and consider proper and beneficial to the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the shareholders hereby authorize the Board of Directors to do all such acts, deeds, matters and things, settle all question, difficulties or doubts that may arise in regard to the issue or allotment of such Debentures, utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board of Directors may in its absolute discretion deem fit without being required to seek any further consent or approval of the shareholders or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

By Order of the Board of Directors

For Sobha Limited



**Kishore Kayarat
Company Secretary &
Compliance Officer**

**Place: Bangalore
Date: May 19, 2016**

Notes

Voting

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE, ON A POLL, INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE TIME FIXED FOR THE MEETING. A PROXY FORM IS ENCLOSED FOR THIS PURPOSE.**

A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

2. Statement pursuant to the provisions of Section 102(1) of the Companies Act, 2013 is annexed to and forms part of this Notice.
3. In terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Secretarial Standards issued by the Institute of Company Secretaries of India, additional information on directors recommended for appointment / re-appointment at the Annual General Meeting and directors liable to retire by rotation and seeking re-election is provided separately.
4. Members / Proxy Holders are requested to bring the duly completed and signed Attendance Slip along with their copy of the Annual Report to the meeting.
5. Corporate members intending to send their authorised representatives to attend the

Meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend the meeting on their behalf.

6. Members may note that the Notice of the Twenty First Annual General Meeting and the Annual Report 2016 will be available on the Company's website www.sobha.com. The Notice of AGM shall also be available on the website of NSDL viz. www.evoting.nsdl.com
7. In terms of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force), listed companies are required to provide members with the facility to exercise their votes at general meetings through electronic means. The Company has availed the services of National Securities Depository Limited (NSDL) for providing the necessary remote e-voting platform to the members of the Company.
8. **The e-voting period shall commence on July 31, 2016 [9:00 AM] and end on August 02, 2016 [5:00 PM]. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, it cannot be changed subsequently.**
9. **In terms of the Companies (Management and Administration) Rules, 2014 as amended from time to time, the Company will conduct a poll on the day of the meeting and members who have not cast their vote through remote e-voting, shall be able to exercise their right by voting in the poll.**
10. **Members of the Company, holding shares either in physical form or dematerialized form, as on the cut-off date i.e. July 27, 2016, will be eligible to cast their vote electronically or by way of poll.**
11. The Board of Directors has appointed Mr. Nagendra D Rao, Practising Company Secretary (Membership No. 5553, COP No.

7731) and in his absence Mr. Natesh K, Practising Company Secretary (Membership No. 6835, COP No. 7277) as the Scrutinizer for conducting the remote e-voting and poll process in accordance with law and in a fair and transparent manner. The Scrutinizer shall within a period not exceeding 48 hours from the conclusion of the annual general meeting prepare a Consolidated Scrutinizer's Report of the votes cast in favour or against, if any, and submit it forthwith to the Chairman of the Company.

The Results declared along with the Scrutinizer's Report shall be placed on the website of the Company and on the website of NSDL.

12. Detailed instructions on the e-voting procedure

For shareholders receiving e-mail communication from NSDL

- a) Open e-mail and open PDF file viz; "remote e-Voting.pdf" [with your Client ID or Folio No. as password] containing your User ID and Password for e-voting. Please note that the password is an initial password and you will be prompted to reset the password on login.
- b) Launch internet browser and type the following URL: <https://www.evoting.nsdl.com/>
- c) Click on "Shareholder - Login"
- d) Type User ID and Password [initial password noted in the step above]. Click Login.
- e) Password change menu will appear. Reset the password with a new password of your choice with minimum 8 digits / characters or combination thereof. Note new password. Do not share your password with any other person and take utmost care to keep your password confidential.
- f) Home page of "remote e-voting" will open. Click on "remote e-voting: Active Voting Cycles."

- g) Select "EVEN" of Sobha Limited.
- h) Now you are ready for "remote e-voting" as "Cast Vote" page opens.
- i) Cast your vote by selecting the appropriate option and click on "Submit" and "Confirm" when prompted.
- j) **Institutional Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send a scanned copy (PDF/ JPG Format) of the Board Resolution / Authority Letter together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through E-mail nagendradrao@gmail.com with a copy marked to evoting@nsdl.co.in.**

For shareholders' receiving physical copy of Notice of Annual General Meeting

Initial password is provided at the bottom of the Attendance Slip which is being sent separately along with the Annual Report. Please follow all steps mentioned above except 12(a) to cast your vote.

For shareholders' who have become members of the Company after the despatch of Notice of Annual General Meeting

Members who have acquired the shares of the Company after the despatch of the Notice of Annual General Meeting and whose name appears in the Register of Members of the Company or in the Register of Beneficial owners maintained by the depositories as on the cut-off date i.e. July 27, 2016 will be eligible to cast their vote through remote e-voting.

Such members may obtain the login ID and password by sending a request to any of the following email ids:

1. To NSDL at evoting@nsdl.co.in
2. To the Registrar and Share Transfer Agents at evoting@linkintime.co.in
3. To the Company at investors@sobha.com

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you do not remember your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

Thereafter, members are request to follow the steps mentioned above to cast the vote.

13. If a shareholder is already registered with NSDL for remote e-voting, then they may use their existing User ID and Password for casting the votes.
14. Shareholders can update their mobile number and email ID in the user profile details of the folio which may be used for sending communication(s) regarding NSDL e-voting system in future.
15. In case of any queries, shareholders may refer the Frequently Asked Questions (FAQs) and remote e-voting user manual for shareholders available in the "Downloads" section of www.evoting.nsdl.com or call on the toll free no.: 1800-222-990. Shareholders may also contact the Company or its Registrar and Transfer Agents for any assistance in this regard.
16. Members who have cast their vote through remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
17. All documents referred to in the accompanying Notice and Statement annexed thereto shall be open for inspection at the Registered Office of the Company during normal business hours on any working day till the date of Annual General Meeting.

DIVIDEND

18. The Register of Members and the Share Transfer Books of the Company shall remain closed on July 23, 2016.
19. The Dividend if approved by the members at the Annual General Meeting will be deposited

in a separate bank account within 5 days from the date of the Annual General Meeting and the same will be paid to the shareholders on or before August 31, 2016.

20. The Dividend will be paid by the Company through:
 - a) Real Time Gross Settlement (RTGS) or National Electronic Fund Transfer (NEFT) or National Electronic Clearing System (NECS) or Electronic Clearing System (ECS) to those members who have registered their bank details with the Depository Participants or the Company as the case may be.
 - b) Dividend warrants to the remaining members.

Investor Claims

21. Members who have not yet encashed their dividend warrants for the earlier years are requested to write to the Secretarial Department at the Registered and Corporate Office of the Company or send an email to: investors@sobha.com to claim the dividend. Details of unclaimed dividend as on July 15, 2015 are available in the investors section of the website of the Company www.sobha.com

During the financial year 2016-17, the Company will be required to transfer to the Investor Education and Protection Fund, dividend declared in the Annual General Meeting of the Company held on June 24, 2009, and which is lying unclaimed with the Company for a period of seven years from the date of transfer to the Unpaid Dividend Account in terms of Section 205A of the Companies Act, 1956.

22. Allottees who have not yet claimed the equity shares allotted to them during the Initial Public Offer (IPO) of the Company are requested to make their claim to the Secretarial Department at the Registered and Corporate Office of the Company or send an email to investors@sobha.com. Details of unclaimed equity shares are available in the investors section of the website of the Company www.sobha.com

Investor Servicing

23. Members holding shares in physical mode are requested to lodge / notify communication for change of address, transfer deeds, bank details, ECS details, wherever applicable, mandates (if any), with M/s Link Intime India Private Limited, the Registrar and Share Transfer Agents of the Company, having their office at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078.

Members holding shares in electronic form are requested to lodge the above details with their Depository Participants and not with the Company or the Registrar and Share Transfer Agents of the Company as the Company is bound to use only the data provided by the Depositories while making the payment of Dividend.

24. All Investor Queries / Complaints / Grievances may be addressed to the Secretarial Department at the Registered and Corporate Office of the Company or by sending an email to investors@sobha.com

Members can also write to M/s Link Intime India Private Limited, the Registrar and Share Transfer Agents of the Company, having their office at C-13, Pannalal Silk Mills

Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078 or send an email to rnt.helpdesk@linkintime.co.in

Others

25. The Route Map of the venue of the Annual General Meeting forms part of this Notice and is published elsewhere in the Annual Report of the Company.
26. Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 directs listed companies to send soft copies of the annual report to those shareholders who have registered their email address. Sections 101 and 136 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Companies (Accounts) Rules, 2014 permit prescribed companies to send notice and financial statements through electronic mode. In view of the same, shareholders are requested to update their email IDs with their depository participants where shares are held in dematerialised mode and where the shares are held in physical form to update the same in the records of the Company in order to facilitate electronic servicing of annual reports and other documents.

Statement Annexed to Notice

[Pursuant to Provisions of Section 102(1) of the Companies Act, 2013]

Item No. 5

Mr. Ravi PNC Menon (DIN: 02070036) was appointed as a Whole-time Director designated as Chairman of the Company vide a Special resolution passed in the Seventeenth Annual General Meeting held on June 30, 2012.

Mr. Menon, 35, graduated with distinction in Bachelor of Science in Civil Engineering from Purdue University, USA. He has twelve years of experience in the field of construction and real estate development. He is responsible for developing the strategic vision of the Company, establishing the organisations' goals and objectives and directing the Company towards its fulfilment. He focuses on the overall functioning of the Company with particular emphasis on product delivery, project execution, quality control, technology advancement, process and information technology and customer satisfaction. He supervises the performance of various departments in the organisation such as Design and Engineering, Project Management, Sales & Marketing, Quality, Safety & Technology, Estimation, Cost Audit, Value Engineering, Landscaping, etc. He played a pivotal role in the successful integration of pre-cast technology in our construction methodology. He plays an influential and prominent role in augmenting the product delivery levels of the Company, attainment of superior standards of quality, new product launches and customer relationship management.

In his term of office, Mr. Menon has contributed extensively towards the growth of the Company and has been actively responsible for the launch of new product lines and attainment of highest standards of quality. By focusing on key areas such as ERP implementation, Value Engineering, Process Documentation, Environment Health and Safety measures, he has significantly strengthened the foundation of the Company.

Further, during his tenure, the delivery and execution strength of the Company have displayed a manifold increase. The delivery levels have improved from 6 million square feet in the financial year 2004-05 to

over 81.64 million square feet in cumulative in 2015-16. The turnover of the Company has quadrupled, from ₹ 4,651.86 million in the financial year 2004-05 to ₹ 18,784.38 million during the financial year 2015-16 on a consolidated basis. Mr. Menon is a member of the Stakeholders Relationship Committee, Nomination, Remuneration & Governance Committee, Risk Management Committee and Share Transfer Committee of the Company.

Mr. Menon was inducted as a member of the Board of Directors on June 08, 2004 and was appointed as Vice Chairman with effect from January 01, 2006. The members of the Company reappointed Mr. Menon as a director of the Company designated as Chairman on June 30, 2012 for a period of five years with effect from April 01, 2012. Mr. Menon's tenure will cease on March 31, 2017 unless reappointed by the members of the Company in its ensuing Annual General Meeting.

Based on the recommendation received from the Nomination, Remuneration & Governance Committee and in view of the contributions made by him, it is proposed to re-appoint Mr. Menon as a Whole-time Director designated as Chairman of the Company for a further period of five years commencing from April 01, 2016 on the remuneration set-out below:

- A. Basic salary:** ₹ 2,000,000 (Rupees Twenty Lakhs) per month with authority to the Board of Directors to revise the basic salary from time to time taking into account the performance of the Company, subject however to a ceiling of ₹ 3,000,000 (Rupees Thirty Lakhs) per month.
- B. Accommodation:** Rent-free furnished accommodation or up to 40% of the basic salary as House Rent Allowance in lieu of accommodation.
- C. Other Allowances:** Up to 60% of the basic salary and as determined by the Board from time to time.
- D. Performance Incentives:** As determined by the Board of Directors, which shall not exceed

2% of the Consolidated Net Profits of the Company.

E. Perquisites: He shall be entitled to perquisites, allowances, benefits, facilities and amenities (collectively called Perquisites) such as medical reimbursement, leave travel assistance and any other perquisites as per the policy of the Company in force or as may be approved by the Board from time to time.

F. In addition to the above, he shall be entitled to the allowance and benefits as per the policy of the Company in force, such as:

- i. Company maintained car with driver.
- ii. Telephone at residence
- iii. Company's contribution to Provident Fund
- iv. Payment of gratuity and other retirement benefits
- v. Encashment of leave
- vi. Personal Accident and Medclaim Insurance

Mr. Menon is not entitled to any severance pay and is required to serve such notice period as is specified in the HR policy of the Company.

The remuneration paid to Mr. Menon during the financial year 2015-16 was ₹ 80.81 Million which is detailed in the Corporate Governance Report forming part of the Annual Report 2016.

If re-appointed, Mr. Menon will hold office for a term of 5 years, which will end at the close of the financial year 2020 - 2021. Mr. Menon satisfies the conditions set out in Section 196(3) and Part 1 of Schedule V of the Companies Act, 2013.

Mr. Menon has given his consent to act as a Whole-time Director designated as Chairman of the Company. Further as per the declarations received by the Company, Mr. Menon is not disqualified under Section 164 of the Companies Act, 2013. The directorships held by Mr. Menon are within the limits prescribed under Section 165 of the Companies Act, 2013. Mr. Menon is not related to any of the directors or key managerial personnel of the Company.

Mr. Menon attended all four meetings of the Board of Directors held during the financial year 2015-16. In terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the details of directorships and committee positions held are given below:

Directorships held in other public companies	Sobha Assets Private Limited (Subsidiary of Sobha Limited, a public limited company)
--	--

Committee Positions [includes Audit and Stakeholders Relationship Committee]	None
--	------

Mr. Menon holds 32,950 equity shares of ₹ 10 each in the Company as on May 19, 2016. The relatives of Mr. Menon hold 59,331,380 equity shares in the Company. Mr. Menon and his relatives are interested in passing of this resolution by virtue of his directorship and to the extent of their shareholding in the Company. None of the other Directors or the Key Managerial Personnel or their relatives are in any way interested or concerned, financially or otherwise in this Resolution.

The above may also be treated as an abstract of the terms of contract of re-appointment of Mr. Menon as a Whole-time Director designated as Chairman of the Company and a memorandum as to the nature of concern and interest of the Directors in the said re-appointment, as required under Section 190 of the Act.

The Board of Directors based on the recommendation of the Nomination, Remuneration and Governance Committee recommends the Special Resolution set out in Item No. 5 for approval by the Members.

Item No. 6

In terms of Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014 as may be amended from time to time, the Company is required to get its cost records audited.

The Board of Directors, based on the recommendation of the Audit Committee, have appointed M/s. Srinivas and Co, Cost Accountants (Firm Registration No: 000278) as the Cost Auditors of

the Company for the financial year 2015-16. Further, the Board of Directors, on the recommendations of the Audit Committee, have approved the payment of remuneration not exceeding ₹ 165,000 (Rupees One Lakh and Sixty Five Thousand only) plus out of pocket expenses and taxes as may be applicable from time to time to the Cost Auditors for undertaking the cost audit of the Company for the financial year 2015-16.

In terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2016.

None of the Directors or Key Managerial Personnel or their relatives are in any way interested or concerned, financially or otherwise in this Resolution except to the extent of their shareholding in the Company.

The Board of Directors recommends the Ordinary Resolution set out in Item No. 6 for approval by the Members.

Item No. 7

The Company in order to execute various projects both residential and contractual has to borrow money from banks and other financial institutions as a means of finance. The Company has currently availed project specific or general purpose borrowings from various Banks and Financial Institutions to finance the execution of the projects of the Company. The Company has also issued Secured Redeemable Non-Convertible Debentures aggregating to ₹ 3,250,000,000 (Rupees Three Hundred and Twenty Five Crores only) in multiple tranches during the financial year 2015-16.

The Board of Directors envisages a continued need for the funding requirements of the Company to be met with various components, i.e. equity, project loans, general purpose corporate loans, borrowings from financial institutions, debentures etc. A mix of these instruments would result in optimum utilization of funds at optimum cost and help to meet the various business requirements of the Company. The Board is therefore contemplating the feasibility of borrowing money through further issue of non-convertible debentures.

In terms of Rule 14 of The Companies (Prospectus and Allotment of Securities) Rules 2014, the issue of any non-convertible debentures on a private placement basis requires a prior approval of the members of the Company by way of a Special Resolution and such approval shall be valid for all private placements made during the year.

The members of the Company in the Annual General Meeting held on July 15, 2015 had approved the issue of Non-Convertible Debentures on a Private Placement Basis aggregating up to ₹ 10,000,000,000 (Rupees One Thousand Crores only) and such approval is valid for a year, i.e. until July 14, 2016.

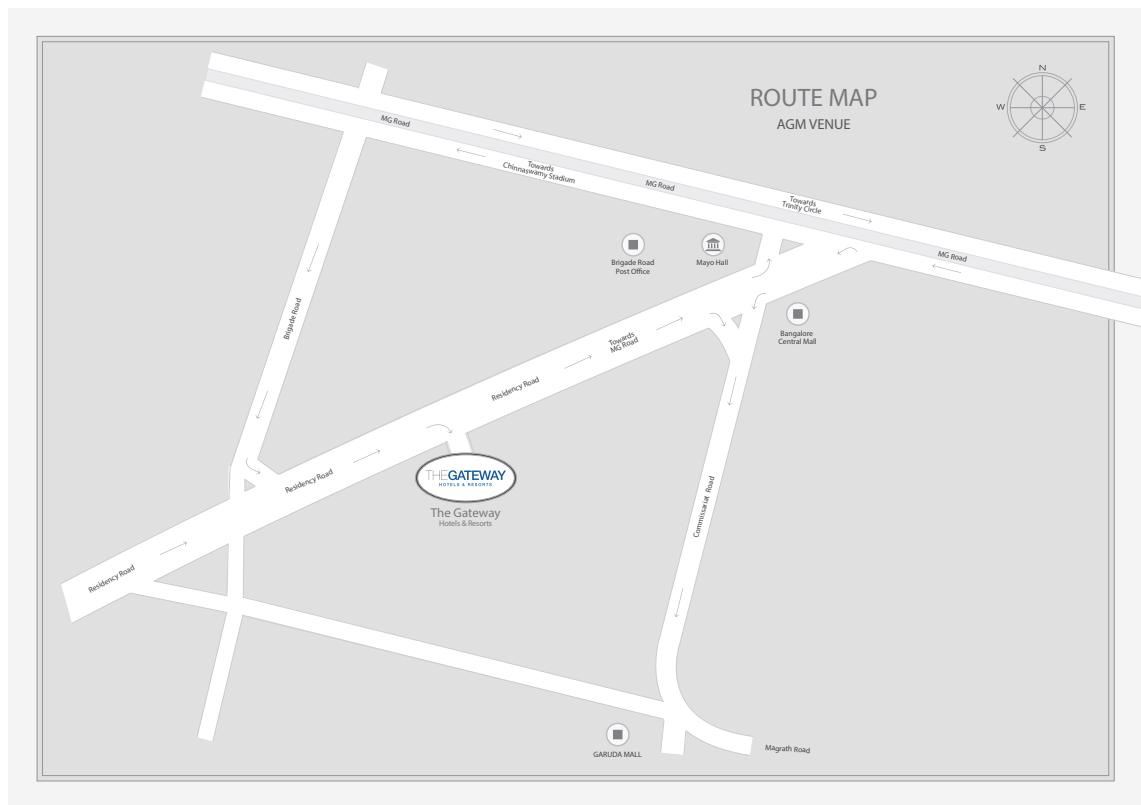
Accordingly, fresh consent of the members is being sought to enable the Board of Directors to offer or invite subscriptions for non-convertible debentures aggregating up to ₹ 5,000,000,000 (Rupees Five Hundred Crores only) as may be required and such approval shall be valid for a year.

None of the Directors or the Key Managerial Personnel or their relatives are in any way interested or concerned, financially or otherwise in this Resolution except to the extent of their shareholding in the Company.

The Board recommends the Special Resolution set-out in Item 7 of the Notice for approval by the members.

**Additional Information on Directors seeking
re-election at the Annual General Meeting**

Name of Director	Mr. J C Sharma
Age	58 Years
Date of First Appointment	April 01, 2003
Qualifications	B.Com (Honours), ACA, ACS
Experience	34 years cumulative experience inclusive of 15 years in the Company.
No. of Board Meetings attended during the financial year 2015-16	4
Expertise in specific functional areas	<p>Mr. J.C. Sharma has over 34 years of experience in diversified industries such as automobiles, textiles and steel.</p> <p>Mr. J.C. Sharma is entrusted with the responsibility of managing the affairs of the Company and is responsible for achieving the targets of the Company. He plays an instrumental role in spearheading the growth mantle of the Company.</p>
Details of Remuneration	Remuneration paid and payable is in accordance with the approval of shareholders granted vide special resolution passed in the Annual General Meeting held on July 11, 2014. The remuneration paid for the financial year 2015-16 is disclosed in the Corporate Governance Report forming part of the Annual Report.
Directorship and membership of Committees of the Board held in other listed companies	None
Directorships held in other public limited companies	Sobha Assets Private Limited & Sobha Developers (Pune) Limited [Subsidiaries of Sobha Limited, a public company]
Committee positions held in other companies	Audit Committee – Sobha Developers (Pune) Limited
Relationship with other Directors and Key Managerial Personnel	None
Number of shares held as on May 19, 2016	<p>90,015 Equity Shares of ₹ 10 each</p> <p>10,000 Equity Shares of ₹ 10 each held by relatives</p>
Terms and Conditions of Appointment	The terms and conditions of appointment continue to be governed by the approval of shareholders granted vide special resolution passed in the Annual General Meeting held on July 11, 2014



The Gateway Hotel Residency Road Bangalore,
66, Residency Road,
Bangalore - 560 025

The Twenty First Annual General Meeting of
the Members of Sobha Limited is scheduled
on Wednesday, the 03rd day of August 2016
at 4:00 PM

Proxy Form

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

SOBHA LIMITED

[Formerly Sobha Developers Limited]

CIN: L45201KA1995PLC018475

Registered and Corporate Office: 'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli,
Bellandur Post, Bangalore – 560 103

Name of Member(s)

Registered Address

Email Id

Folio No / Client ID

DP ID

I/We, being the member (s) of shares of the above named Company, hereby
appoint:

1. Name.....Address.....

.....

Email ID.....Signature.....

or failing him

2. Name.....Address.....

.....

Email ID.....Signature.....

or failing him

3. Name.....Address.....

.....

Email ID.....Signature.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty First Annual General Meeting of the Company, to be held on Wednesday, the 03rd day of August 2016 at The Gateway Hotel Residency Road Bangalore, 66, Residency Road, Bangalore - 560 025 at 4:00 PM and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No

1. To consider and adopt the standalone and consolidated financial statements of the Company for the financial year ended March 31, 2016
2. To declare dividend on equity shares
3. To appoint a Director in place of Mr. J C Sharma (DIN: 01191608), who retires by rotation and being eligible has offered himself for reappointment
4. To ratify the appointment of S.R. Batliboi & Associates LLP (Firm Registration Number 101049W/E300004) as the Statutory Auditors of the Company
5. Re-appointment of Mr. Ravi PNC Menon (DIN: 02070036) as a Whole-Time Director designated as Chairman of the Company
6. Ratification of remuneration payable to M/s Srinivas and Co, Cost Accountants (Firm Registration No: 000278), the Cost Auditors of the Company
7. Issue of Non-Convertible Debentures on a Private Placement basis

Signed this day of 2016.

Signature of Shareholder

Signature of Proxy holder(s)

Affix
Revenue
Stamp

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

SOBHA LIMITED

(Formerly Sobha Developers Limited)

CIN: L45201KA1995PLC018475

Registered and Corporate Office: 'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore – 560 103

Attendance Slip

Registered Folio / DP ID & Client ID	
Name and address of the Shareholder	

1. I hereby record my presence at the **Twenty First Annual General Meeting** of the Company held on Wednesday, the 3rd day of August 2016 at The Gateway Hotel Residency Road Bangalore, 66, Residency Road, Bangalore - 560 025 at 4:00 PM.
2. Signature of the Shareholder / Proxy Present.....
3. Shareholder / Proxy Holder wishing to attend the meeting must bring the duly signed Attendance Slip to the meeting.
4. Shareholder/Proxy Holder attending the meeting is requested to bring his / her copy of the Annual Report.

PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING

Electronic Voting Particulars

E-Voting Event Number [EVEN]	USER ID	PASSWORD

Note: Please read the instructions given in the Notes to the Notice of Twenty First Annual General Meeting dated May 19, 2016. The E-Voting period starts on July 31, 2016 [9:00 AM] and ends on August 02, 2016 [5:00 PM]. The e-voting module shall be disabled by NSDL for voting thereafter.

This image shows a full page of primary-ruled paper. It features multiple horizontal rows of small black dots, evenly spaced across the entire page. The background is white, and there are no margins or other markings present.

Glossary

ADR
American Depository Receipts

BBS
Bar Bending Schedule

BSE
BSE Limited

CAGR
Compounded Annual Growth Rate

CARE
Credit Rating Analysis and Research

CBSE
Central Board of Secondary Education

CDSL
Central Depository Services (India) Limited

CEO
Chief Executive Officer

CFA
Chartered Financial Analyst

CFL
Compact Fluorescent Lamp

CFO
Chief Financial Officer

CII
Confederation of Indian Industry

CIN
Corporate Identification Number

CPD
Concretes Product Division

CREDAI
Confederation of Real Estate Developers
Association of India

CRM
Customer Relationship Management

CSR
Corporate Social Responsibility

Demat
Dematerialised Account

DG
Diesel Generator

DIN
Director Identification Number

EBITDA
Earnings before Interest, Depreciation and
Amortisation

ECS
Electronic Clearing System

EHS
Environment, Health & Safety

EPS
Earnings Per Share

ERP
Enterprise Resource Planning

EVEN
E-Voting Event Number

FDI
Foreign Direct Investment

FICCI
Federation of Indian Chambers of Commerce and
Industry

FII
Foreign Institutional Investors

FIPB
Foreign Investment Promotion Board

FSI
Floor Space Index

GDP
Gross Domestic Product

GDR
Global Depository Receipts

GFRC
Glass Fiber Reinforced Concrete

HSS
Higher Secondary School

HUF
Hindu Undivided Family

HVAC
Heating, Ventilating and Air Conditioning

ICRA
ICRA Limited [Formerly Investment Information and
Credit Rating Agency of India Limited]

IEPF
Investor Education and Protection Fund

IGBC Indian Green Building Council	PBDIT Profit before Depreciation, Interest and Tax
IPO Initial Public Offer	PBIT Profit before Interest and Tax
ISIN International Securities Identification Number	PBT Profit before Tax
ISO International Organization for Standardization	PV Cells Photovoltaic Cells
IT / ITES Information Technology / Information Technology Enabled Services	QST Quality, Safety and Technology
JD / JV Joint Development / Joint Venture	R&D Research and Development
KMP Key Managerial Personnel	R&T Agents Registrar and Share Transfer Agents
LED Light-emitting diode	RBI Reserve Bank of India
Listing Regulations SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015	RERA Real Estate (Regulation and Development) Act, 2016
MCA Ministry of Corporate Affairs, New Delhi	ROCE Return on Capital Employed
MD&A Management Discussion & Analysis	ROE Return on Equity
MEP Mechanical, Electrical and Plumbing	RTGS Real Time Gross Settlement
NCR National Capital Region	SBA Super Built-up Area
NEAPS NSE Electronic Application Processing System	SCORES SEBI Complaint Redress System
NECS National Electronic Clearing System	SEBI Securities and Exchange Board of India
NEFT National Electronic Fund Transfer	SSLC Secondary School Leaving Certificate
NRI Non Resident Indian	SVTC Sobha Vocational Training Centre
NSDL National Securities Depository Limited	VFD Variable Frequency Drive
NSE National Stock Exchange of India Limited	WTD Whole-time Director
OHSAS Occupational Health Safety Assessment Series	Y-O-Y Year-on-Year
PAT Profit after Tax	

Fiscal 2016 Highlights

Q1

Revenues of ₹ 4,629 million with a PBT of ₹ 722 million and PAT of ₹ 451 million

Collections of ₹ 4,920 million

Completed and handed over 2 real estate projects and 3 contractual projects admeasuring total developed area of 1.20 million square feet

Sold 0.84 million square feet of super built-up area total valued at ₹ 5,318 million (Sobha Share value of ₹ 5,038 million)

Launched 'Sobha Clovelly' in Bangalore, 0.33 million square feet of Saleable area.

Q2

Revenues of ₹ 4,561 million with a PBT of ₹ 619 million and PAT of ₹ 400 million

Collections of ₹ 6,121 million

Completed and handed over 2 real estate projects and 4 contractual projects admeasuring total developed area of 2.91 million square feet

Sold 0.85 million square feet of super built-up area total valued at ₹ 5,332 million (Sobha Share of ₹ 4,950 million)

Launched 'Sobha 25 Richmond' in Bangalore, 0.02 million square feet of Saleable area.

Q3

Revenues of ₹ 4,009 million with a PBT of ₹ 519 million and PAT of ₹ 323 million

Collections of ₹ 5,712 million

Completed and handed over 1 real estate project and 4 contractual projects admeasuring total developed area of 3.27 million square feet

Sold 0.81 million square feet of super built-up area total valued at ₹ 5,137 million (Sobha Share of ₹ 4,783 million)

First Commercial project, 'Sobha City-Thrissur' commenced operations. The developed area of mall is 0.44 million square feet and 0.34 million square feet of leasable area.

Q4

Revenues of ₹ 5,585 million with a PBT of ₹ 948 million and PAT of ₹ 359 million

Collections of ₹ 5,797 million

Completed and handed over 4 real estate projects and 5 contractual projects admeasuring total developed area of 3.72 million square feet

Sold 0.89 million square feet of super built-up area total valued at ₹ 5,671 million (Sobha Share of ₹ 5,347 million)

Launched 'Sobha Retreat' (Plotted Development) in Mysore, 0.33 million square feet and 'Sobha City' in Gurgaon, saleable area of 3.24 million square feet.

Our first residential project in Chennai - Sobha Meritta and in Gurgaon - International City - Phase 1 Row Houses completed and handed over.

5 Years Financial Highlights (Consolidated financials)

(₹ in million except earning per share and rate of dividend)

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Financial Performance					
Total Income (Net of Excise Duty)	18,784.38	24,554.78	21,837.63	18,700.59	14,143.72
Profit before depreciation interest and tax (PBDIT)	5,167.48	6,322.22	6,129.18	5,537.70	4,730.25
Depreciation	634.01	722.68	689.92	593.73	387.78
Profit before interest and tax (PBIT)	4,533.47	5,599.54	5,439.26	4,943.97	4,342.47
Interest	1,724.87	1,883.42	1,734.44	1,704.90	1,165.39
Profit before tax (PBT)	2,808.60	3,716.12	3,704.82	3,239.07	3,177.08
Profit after tax (PAT)	1,541.40	2,439.41	2,336.88	2,170.59	2,100.53
Minority interest	8.62	59.28	(13.55)	(1.20)	40.99
PAT after minority interest	1,532.78	2,380.13	2,350.43	2,171.79	2,059.54
Dividend					
Equity	196.13	686.45	686.45	686.45	490.32
Rate of dividend	20%	70%	70%	70%	50%
Financial position					
Share holder's funds	25,614.25	24,317.53	22,913.56	21,366.19	19,997.51
Borrowed fund	22,07.88	20,588.01	14,044.09	13,787.39	12,407.70
Total	48,022.13	44,905.54	36,957.65	35,153.58	32,405.21
Net fixed assets	6,098.65	3,675.16	3,758.06	3,300.52	2,852.29
Investments	0.18	0.18	0.18	2.07	0.18
Net current and non current assets	44,461.49	42,860.78	34,209.18	32,489.10	29,883.11
Deferred tax assets/ (liability)	(2,538.19)	(1,630.58)	(1,009.77)	(638.11)	(330.37)
Total	48,022.13	44,905.54	36,957.65	35,153.58	32,405.21
Ratios					
EBIDTA Margin	27.51%	25.75%	28.07%	29.61%	33.44%
Pre-Tax Margin	15%	15%	17%	17%	22%
Post Tax Margin	8%	10%	11%	12%	15%
Interest coverage ratio	2.63	2.97	3.14	2.90	3.73
Net debt to EBIDTA (times)	3.98	2.91	2.01	2.20	2.40
Fixed assets to turnover ratio	32%	15%	17%	18%	20%
Debtors turnover ratio (Net Debtors)	-15%	-4%	-12%	4%	9%
Debtors turnover ratio (Gross Debtors)	31%	28%	28%	35%	27%
Return on Equity (ROE)	6%	10%	11%	10%	11%
Return on Capital Employed (ROCE)*	10%	14%	15%	15%	14%
Earnings per share(EPS)	15.63	24.27	23.97	22.15	21.00
Book Value	261.20	247.98	233.66	217.88	203.92
Debt/Equity Ratio	0.80	0.76	0.54	0.57	0.57
Price Earning Multiple	17.53	16.56	15.62	15.72	15.86
Price/book value	1.05	1.62	1.60	1.60	1.63

*EBIT/ Average capital employed

Figures are regrouped wherever necessary

Publication Details and Credits

Investor Relations Contact:

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Bangalore

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Kiran Aditya, Bangalore

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Financial Calendar

[tentative and subject to change]

Board Meetings

- For quarter ending June 30, 2016
August 12, 2016
- For quarter ending September 30, 2016
November 11, 2016
- For quarter ending December 31, 2016
February 10, 2017
- For the year ending March 31, 2017
May 12, 2017

Annual General Meeting

- For the year ending March 31, 2017
July 14, 2017

The information provided in the Annual Report is based on the consolidated financial and operational performance unless otherwise indicated.



Scan the QR code to view further information on
the Sobha Annual Report 2016 on our website
www.sobha.com