SOBHA

PASSION AT WORK

July 16, 2019

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**

Dear Sir / Madam,

Sub: Submission of Annual Report of the Company for the Financial Year 2018-19 pursuant to Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

In terms of the Regulation 34 of the Listing Regulations, please find attached the copy of the Annual Report for the financial year 2018-19 along with the Notice of the Annual General Meeting circulated to shareholders of the Company in respect of 24th Annual General Meeting, scheduled on Friday, August 9, 2019 at 03.30 P.M. (IST) at Taj MG Road, Bengaluru, 41/3, Mahatma Gandhi Road, Bengaluru 560 001, Karnataka, India.

Kindly take the aforesaid information on record in compliance of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015.

Thanking you.

Yours sincerely,

FOR SOBHA LIMITED

VIGHNESHWAR G BHAT
COMPANY SECRETARY AND COMPLIANCE OFFICER

SOBHA LIMITED
REGD & CORPORATE OFFICE : 'SOBHA', SARJAPUR - MARATHAHALLI OUTER RING ROAD, BELLANDUR POST, BANGALORE - 560103, INDIA
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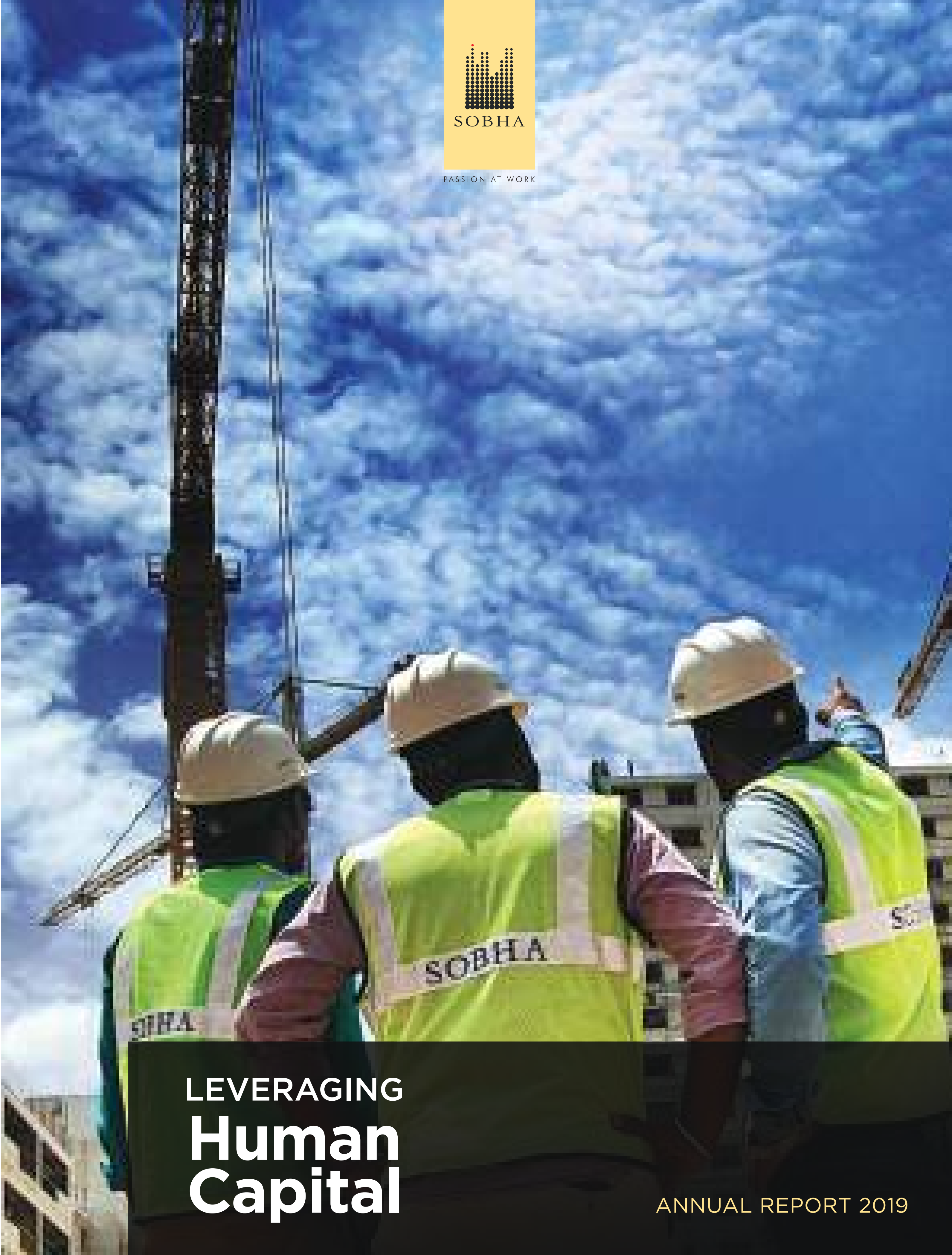
SOBHA

PASSION AT WORK



LEVERAGING Human Capital

ANNUAL REPORT 2019

SOBHA

As SOBHA gears up for its silver jubilee next year, the journey so far has been extraordinary. Started in 1995, SOBHA has established itself as the most trusted and the most admired brand in the Indian real estate sector. The company greatly invests in developing its human capital and employs over 3600 people.

Today, SOBHA is a Rs. 32 billion company and aggressively expanding its footprint in the country. With a presence in across 10 cities - Bengaluru, Gurugram, Chennai, Pune, Coimbatore, Thrissur, Kozhikode, Kochi, Gujarat (Gift City) and Mysore, SOBHA's overall reach extends to 27 cities and 14 states in India.

Since inception, the company has completed over 100 million square feet - an important milestone. SOBHA's unique backward integration model has played a pivotal role in this, highlighting its superior execution capabilities. SOBHA firmly believes in empowering people at the bottom of the pyramid. It is as important as its passion for work. The company's CSR activities are carried out under the aegis of Sri Kurumba Educational and Charitable Trust.

SOBHA Real Estate

SOBHA's residential projects include presidential apartments, villas, row houses, luxury and super luxury apartments, plotted development and aspirational homes. A wide spectrum of products is offered to home buyers with prices ranging from Rs. 50 lakhs to over Rs. 3 crores.

As on 31st March 2019, SOBHA had delivered 103.88 million square feet of developable area. During FY 2018-19, it launched 7.36 million square feet of new projects across various locations. The company currently has ongoing real estate projects aggregating 41.57 million square feet of developable area and 28.74 million square feet of saleable area.

SOBHA's products are known for their superior quality and world-class amenities. Its in-house team of designers, architects, structural, mechanical, electrical, plumbing and environmental professionals bring ingenuity to processes. There is equal emphasis on incorporating environment-friendly measures such as rainwater harvesting and sewage treatment plants.

SOBHA Contractual

SOBHA entered the contractual business in 1999. This segment focuses on providing end-to-end solutions for its various projects. Among the services provided by SOBHA Contractual are civil, mechanical, electrical, plumbing, interiors, glazing, metal works and landscaping. All Contractual division's work is accomplished by a team of experts who are trained in-house.

Under the contractual business, SOBHA develops offices, convention centres, software development blocks, multiplex theatres, hostel facilities, hotels, guest houses, food courts, restaurants, research centres, club houses and factory buildings. Our corporate clients include the pride of India, Infosys, LuLu, Biocon, Syngene, Dell, HP, Timken and Taj to name a few.

As of 31st March 2019, SOBHA's ongoing contractual projects aggregated to 8.59 million square feet, which are under various stages of construction.

SOBHA Manufacturing

The company had realised early on the importance of having complete control over the entire supply chain for developing quality products. This prompted SOBHA to start three manufacturing divisions – Interiors, Glazing and Metal Works, and Concrete Products. These manufacturing divisions use state-of-the-art equipment imported from different parts of the world for superior quality products.

The interiors division was set-up in 1999. The USP of this division is custom-build joinery works with in-house design team.The Glazing and Metal Works division of SOBHA was one of the first Indian companies to have a technical collaboration with 'Schuco International KG'. The Concrete Products division manufactures ready-to-use concrete products like concrete blocks, pavers, kerb stones and glass fibre reinforced concrete (GFRC) elements. The division uses carbon neutral and green products in its manufacturing activities.

The company had ventured into manufacturing of spring mattresses in 2007 under the brand name SOBHA Restoplus.

Annual Report Contents

Human beings are just like rechargeable batteries. Their performance improves with continuous training, just like a battery that gets charged with an electric current.

Mr. PNC Menon.

Founder & Chairman Emeritus
SOBHA LIMITED


SOBHA

LEVERAGING **Human Capital**

Organisations are built on the bedrock of appropriate skills, commitment and hard work of its people. SOBHA believes in this strongly. Our focus has always been on identifying the right talent, empowering them and training them to exhibit finest workmanship towards crafting best-in-class products.

At SOBHA, we have a sense of deep satisfaction in the fact that most of the work is executed by our teams in-house, sharing the common goal of delivering superior quality products. We take pride in doing things indigenously. With teams comprising members from across the country, there is not only diversity but a rich pool of talent and experience across the organisation.

Human capital is one of the most crucial factors in an organisation's growth story. SOBHA, as an employer brand, has emerged as an attractive and sought-after workplace over the years

Brand SOBHA

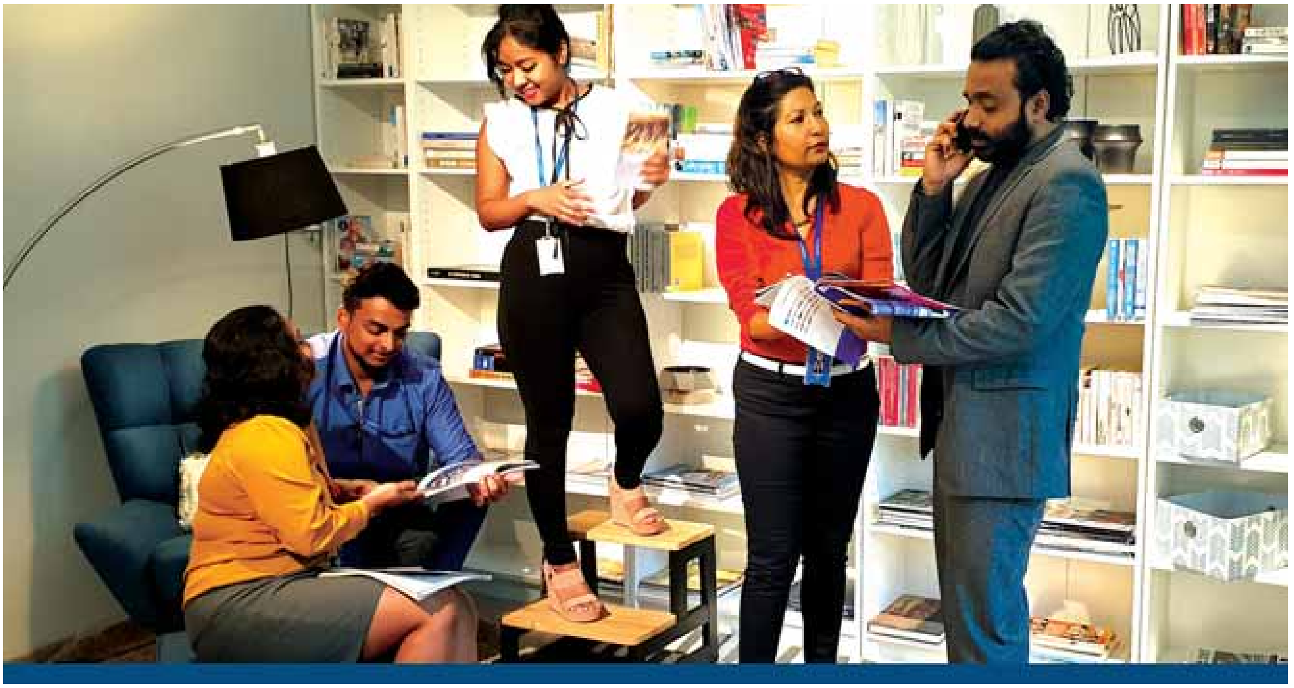
Human capital is one of the most crucial factors in an organisation's growth story. Often, it is also the most challenging aspect, especially recruiting the right talent, developing them and retaining them. SOBHA, as an employer brand, has emerged as an attractive and sought-after workplace over the years. This ensures that a wide pool of talent is available to the company to choose from. Before an individual becomes a Sobhaite, he or she goes through a stringent evaluation process that resonates well with our work culture.

In short, our values and culture are well communicated to all our employees. It creates the desired perception that brings us the workforce with the required skill sets.

Opportunity for All

The company offers equal opportunities to all its employees. There is no discrimination on the basis of age, caste, religion, gender or marital status at SOBHA. Any individual who has the necessary skills for a job, is given an opportunity to be a part of SOBHA's team. While providing equal opportunity, SOBHA lays emphasis on offering a workplace devoid of harassment in any form – verbal, physical or psychological. Treating every employee with dignity is prime. Our policies recognise merit, qualification, experience, performance and ability. This creates a conducive environment for employees to grow and encourages them to put in their best efforts.

Over the years, SOBHA has fine-tuned its policies to effectively measure the performance of employees, making them accountable for their deliverables and goals. SOBHA follows standardised and clear policies so that the employees are aware what is expected of them and how they will be treated. This helps the employees to feel comfortable at the workplace, leading to higher productivity.



Passion Drives Work@SOBHA

SOBHA's philosophy of 'Passion at Work' is much more than a phrase. It is a way of life at SOBHA. Each employee in the company embodies this passion in every aspect of their work, and it comes naturally to them. The zeal to excel is evident in the quality of work. Our trained in-house construction team delivers projects that are at par with international standards. SOBHA's quality is mirrored through its highly passionate people, making the best use of technology and processes to innovate and strive for continuous improvement. We take pride in doing things indigenously, which is a part of our business model and value.

Nurturing Skills

Developing and enhancing the skills of employees is essential for businesses to take the next leap of growth. It is equally essential for the employees to make the most of such opportunity and upskill - skills, abilities and knowledge. To this end, SOBHA Academy (Leadership Development and Training) was established in 2008. It is the centre of our training activities for employees and technicians engaged by the company.

The SOBHA Academy conducts several training programs, which are in line with the training guidelines laid by the company. Periodical assessment of employees' performance helps identify the specific areas of development. Basis this, 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 larger goal of such programmes not only help improve the performance of employees but also prepares them to assume additional responsibilities, negotiate challenging situations and enable succession planning. Further, it creates awareness of the trends in technology and the sector, opening up a whole new world of opportunities.

Right Mix of Training Modules

While developing training programmes, it is essential to maintain the right mix. This is why at SOBHA, the training schedules incorporates several external workshops and seminars along with in-house modules. Together, these have helped augment the productivity significantly and increased employee satisfaction. In doing so, these have helped foster the desire to learn, improve capabilities and sharpen the leadership and management skills. This, in the long run, translates into optimum Return on Investment (ROI).

The training academy has three well-equipped classrooms, each of which can accommodate around 40 participants in a single session. Besides this, it also has a computer lab that is used for providing training on software such as Primavera and ERP or any other software. The academy also houses a learning centre. Training at SOBHA is broadly divided into 3 categories - technical, behavioural and need-based.

Technical training is a critical aspect of improving the capabilities of project teams. The technical sessions are primarily planned for the project execution staff (trainee supervisor to project engineer), for both real estate and contracts verticals. Training for technician supervisors is also conducted by the SOBHA Academy. The technical training concentrates on 28 activities identified by the company, which are documented in the SOBHA Technology Manual. Some of the activities that are a part of technical training include POP, House-keeping, plumbing and electrical among others.

Similarly, behavioural training empowers employees to leverage their abilities to handle conflicts, creating win-win situations, accommodating changes and flexibility. Behavioural training at SOBHA covers a range of subjects including team building, time management and developing motivational, leadership and interpersonal skills.

Synergy

Improving collaboration for better synergies is critical for day-to-day operations. At SOBHA, people work collectively towards delivering top-notch products. An embodiment of this thought is our SANGAM programme. The initiative aims to break silos amongst departments and help find solutions for issues in the business together. To this end, meetings are held at regular intervals for Marketing, Sales, CRM, IT and Corporate Communication departments.

The programme has promoted team work and situational leadership, besides addressing many teething problems in some of the new areas of work such as company's digital assets, social media platforms and issues concerning CRM. Among other benefits of the programme are seamless information flow between and across departments.

Recognition, Rewards and Incentives

While ensuring a collaborative environment, SOBHA lays equal emphasis on recognising and rewarding zeal to excel. To this end, we had instituted SOBHA Execellence Awards in 2014 to appreciate the the hard work of top performers. The winners were selected after several stringent layers of screenings, recognising employees for excelling in their domain. The company aims to organise SOBHA Excellence Awards every 3 to 4 years.

Similarly, incentivising is yet another important aspect of motivating employees and leveraging the potential of each employee. At SOBHA, a sales referral programme called SOBHA Advantage was introduced. It gives an opportunity to each Sobhaite of earning handsome incentives by selling the company's projects to prospective home buyers amongst their friends and family. This way, they only help the company sell better as well as act as SOBHA's brand ambassador in the process.

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As a company, SOBHA is detail-oriented and pays attention to every aspect. This is why the company has a separate team for each project, with a separate project head. In fact, the teams are further defined with a project head for a specified delivery within a project

Another significant tool that highlights and recognises the work of employees is Innerve, a quarterly news magazine, published by SOBHA. It combines brand building activities while keeping employees and customers aware and involved with the latest happenings across the company. Innerve promotes teamwork amongst employees. More importantly, it inspires Sobhaites to improve their performance. This employee-focused magazine contains news, features and interviews, recognizing the work of employees. An e-version of Innerve is available on the company's website and on the Intranet. Additionally, it is sent across to all the subscribers of SOBHA's newsletter. This important tool along with the interactive corporate website shares all important and relevant information about company with all the stakeholders transparently. It is, therefore, not surprising that SOBHA gathers considerable number of sales enquires through the corporate website alone.

Amalgamation of Commitment and Skills

Various accolades received by SOBHA are also a testimony to employees' commitment to the company's vision. Additionally, it echoes the talent and skills that employees bring to the table consistently to deliver superior quality work. The workmanship of the workers and technicians, who are trained in-house, have ensured that SOBHA is the fastest growing real estate company in India. Today, it has a real estate presence in ten cities - Bengaluru, Gurugram, Chennai, Pune, Coimbatore, Thrissur, Kozhikode, Kochi, Gujarat (GIFT City) and Mysore. Overall, SOBHA has a footprint in 27 cities and 14 states across India.

As a company, SOBHA is detail-oriented and pays attention to every aspect. This is why the company has a separate team for each project, with a separate project head. In fact, the teams are further defined with a project head for a specified delivery within a project. This not only ensures delivery of superior quality products but also timely delivery.

Fulfilling the Basic Requirements

SOBHA has a team of over 10,000 technicians (masons, electricians, plumbers etc.) under sister concerns and over 3,600 qualified professionals who manage different aspects of the business across India. The company provides a safe working environment at construction sites and factories. This is considered a prime responsibility and priority at SOBHA. From accommodation facilities to basic quality amenities of a clean environment, drinking water, healthcare services, crèche and children's welfare, the workers' needs are taken care of. This assures them of decent living conditions, allowing them to focus on work without worrying about their daily needs.

Genesis of Innovation

SOBHA has been constantly improving its processes in order to offer better products to the customers. An important part of this process is nurturing an atmosphere of innovation at workplace. To cater to this aspect, Genesis was conceptualised and introduced in 2010. This unique platform encourages employees to ideate, innovate and showcase their ideas for enhancing processes in their areas of expertise. Till 2016, 400 innovative ideas had been received. Of these, 166 ideas have been awarded.

Having already made a mark in the Indian realty sector, it is clear that SOBHA can only grow from strength to strength leveraging its most important asset – human capital.

Awards 2019

Recognitions and awards are integral to businesses across sectors. They help distinguish the brand from others, highlighting the quality work. More importantly, awards enhance the reputation of an organisation, which translates into more business opportunities. Over the years, SOBHA has differentiated itself with well-defined processes, transparent practices and unique business model. This has won the company accolades from industry bodies and media in India and internationally.

While such recognitions are a matter pride and happiness for all Sobhaites, it is important for us to not become complacent and keep our focus on taking the brand to greater heights. Some of the awards that were bestowed on us during FY18-19 include:

Top of the Charts

Strengthening its brand leadership in the Indian real estate sector further, SOBHA was once again recognised as the top national realty brand across Asset class in India by BrandXReport 2017-18. This was the 4th consecutive year when SOBHA was conferred with brand leadership of Indian real estate. SOBHA has been the first company to achieve this rare feat in this space. Additionally, SOBHA was declared as the top brand in South India, top brand in residential space and top brand in super luxury segment. The ten metrics on which the brand was evaluated included - fiscal trust; project quality; ROI; industry reputation; buyers' endorsement; community connect; aspiration value; recall value; image management; and risk free reputation.

Further, SOBHA was rated as the top real estate developer nationally for investment in the first-of-its-kind India Investment Report 20:20. The company was rated on the metrics of brand reputation fiscal management; buyer's endorsement; risk free reputation; best practices; global outlook; and communication.

Additionally, Paul Writer recognised SOBHA as one of the Hot 50 Brands in Bengaluru under the large enterprises category. The Hot 50 Brands in Bengaluru honours brands for their outstanding brand marketing. Yet another significant achievement, SOBHA was given the ‘Best Real Estate Developer in India’ awards at the Asia Real Estate Excellence Awards.

Some of the other top accolades for the FY18-19 included ‘Iconic Real Estate Brand’ by India Best Brand Series and Awards (IBBA) 2018; ‘Best Developer of the year – Large Category’ by CIA World Construction & Infra awards 2018; and ‘Best Builder of the Year 2018 – Large (above 1500 Cr.)’ by Builders, Architects and Building Materials (BAM) awards.

Noteworthy Projects

For some of the remarkable projects in the country, SOBHA was conferred with many important recognitions. One of them included ‘Destination Luxury’ for International City with a rating of A plus in India Investment Report 20:20. The project fulfills all the essential elements of a luxury property - a destination address, exclusive property for select few, grandeur and luxury ambience, and a product that could be envy to other luxury property. Similarly, the report had rated the Marina One project in Kochi with A plus.

Additionally, SOBHA was awarded with the ‘Best Residential Project - Luxury Segment’ award in North Zone by CNBC-Awaaz. The award recognises SOBHA’s villa project, International City – Phase I in Gurugram. Further, the company was bestowed with the ‘Best Affordable Housing Project of the Year – SOBHA Dream Acres’ at the BAM awards.

Trust and Transparency

SOBHA as a brand is synonymous with integrity, transparency and reliability. This was reiterated once again with the number 1 position in Best Practices Report 2019. This was the second time that SOBHA was conferred with this recognition. Out of the 10 metrics on which companies were evaluated, SOBHA was at the top position in 6 of these. In fact, SOBHA has not only maintained its leadership position nationally but has also improved its performance further.


SOBHA
SOBHA

Moreover, SOBHA has retained its leadership position in South India as per the report. The developers were rated and ranked through a consumer-centric social audit of its brand equity, consumer confidence, best practices, projects and many other insightful aspects.

In addition, SOBHA was awarded the 'Most Trusted Real Estate Brand 2018-19 - Customer Choice' by CommonFloor Real Estate Excellence Awards. It reflects the trust of our customers in the brand, its processes, impeccable architecture, design and quality.

Fostering Inclusive Society

At SOBHA, empowering people at the bottom of the pyramid is as important as the company's real estate business. This has been ingrained by our founder Mr. PNC Menon since inception. Acknowledging SOBHA's committed efforts, Kerala Management Association (KMA) conferred CSR award under the Health and Hygiene category. The award felicitated SOBHA's outstanding efforts in offering comprehensive healthcare facilities and ensuring physical, mental and social well-being of the underprivileged.

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Additionally, Future Kerala Brand Awards 2018 applauded SOBHA's CSR arm, the Sri Kurumba Educational and Charitable Trust with 'The Trusted CSR Brand of Kerala' award. The company was further conferred the 'Best CSR Activity Award of the Year' at BAM award.

Chairman's Message

Dear shareholders and friends of SOBHA,

Financial year 2018-19 was a year of evolution for the Indian real estate industry due to the challenges posed by ongoing structural reforms. These challenges were further aggravated because of liquidity concerns. Indian real estate industry is currently undergoing a massive transformation due to landmark reforms like Real Estate (Regulation and Development) Act (RERA) 2016 and GST (Goods and Services tax) implementation. Although these initiatives are helping in accelerated sector organization, they have also led to increased uncertainty in the short term.

In financial year 2018-19, SOBHA has delivered one of its finest performances in recent past despite such difficult market conditions. This performance is a testament to SOBHA's superior resilience, agility, commitment and the capacity to manage uncertainty. More importantly, it is a reflection of the passion and perseverance that every Sobhaite brings to work every day. Our goal is to build on the philosophy of 'Passion at Work' and leverage our human capital more effectively with several organization-wide initiatives.

During this fiscal, we made a marked improvement in our sales performance management system with new initiatives like Salesforce implementation. This has helped in truly connecting our Sales team objectives and incentives with the overall business strategy. At the same time, we have also strengthened the SOBHA Advantage program so that every employee can act as a brand ambassador of the company. For our existing customers, we launched a completely reimagined SOBHA Privilege platform that offers a significantly improved user experience.

Although all our technicians and managers are a part of training & skill development sessions at SOBHA Academy regularly, we also aim to develop a learning culture throughout the organization to nurture the human capital. We believe that providing people with an opportunity to improve their skill set will help us in building an agile and resilient institution.

Financial year 2018-19 was a year of milestones for SOBHA. By December 2018, we accomplished over 100 million square feet of successful development since inception. We also achieved our highest yearly income at Rs. 35.16 billion this fiscal. With a topline of Rs 22.65 billion, the real estate vertical achieved its highest ever revenue. This was matched by Contracts and Manufacturing verticals that clocked a revenue of Rs 11.77 billion to mark their best performance so far. SOBHA's total sales went up by 11 % on a year on year basis. Our EBITDA stood at Rs. 7.47 billion with a margin of 21% that is the highest ever in company history.

In the residential space, SOBHA accomplished a record completion of 5.41 million square feet of saleable area with 3,516 units, during the financial year. We launched new projects with a saleable area of 7.38 million square feet across various locations. Some of these new launches are SOBHA Dream Heights in GIFT City (Gujarat), SOBHA Palacia in Chennai, SOBHA Isle in Kochi and multiple new projects in Bengaluru including SOBHA Royal Pavilion, SOBHA Rajvilas, SOBHA Lake Gardens & SOBHA Dream Gardens. Overall, the company has delivered 103.88 million square feet of developable area till 31st March 2019. Currently we are working on real estate projects aggregating to 41.57 million square feet of developable area and 28.74 million square feet of saleable area along with contractual projects aggregating to 8.59 million square feet.

SOBHA's USP is its superior product quality and an unparalleled execution capability. We also have a distinct competitive advantage as the only backward integrated real estate company in India. This has enabled us to create a robust portfolio that caters to home buyers across all segments.

SOBHA has continued to be the most admired and trusted national brand in Indian realty market for five years in a row according to the BrandXReport released by Track2Realty, an independent real estate think tank and research team. This is a rare feat in this space. The company has also been recognized as the top performer for adopting best practices for second consecutive time in Best Practices Report 2019 from Track2Realty. Several other awards and recognitions came our way this fiscal from multiple prominent institutions. These include the 'Iconic Real Estate Brand' at India Best Brand Series and Awards (IBBA) 2018, Best Developer of the year – Large Category at CIA World Construction & Infra awards 2018 and Best Builder of the Year at BAM Awards 2018. Additionally, SOBHA was conferred with the 'Best Residential Project - Luxury Segment' award in North Zone by CNBC-Awaaz. These recognitions are extremely humbling and encourage us to move towards our goals with higher conviction.

At SOBHA, we are committed to keeping our customers at the center of all our activities. We believe that constant feedback is the most important part of engaging with our customers. We do this consistently by actively listening to our customers through our outreach program, SOBHA Connect. The program is organized across SOBHA's completed projects and it gives us a rare insight in customers' psyche. This enables us to strengthen our processes and reconnects us with our customers at the same time.

To effectively leverage on our human capital, we are taking several concrete steps towards creating a workforce of tomorrow. This can only be accomplished with better employee engagement, stronger associations and cross functional cooperation. Initiatives like our internal innovation seeking platform SOBHA Genesis, pioneered by the value engineering team, encourage employees to showcase their innovative ideas for improving business processes.

SOBHA's story is all about the determination and passion that 3600 Sobhaites bring to work every day. We are driven by the sole objective of providing best-in-class product to our customers, on time and with complete transparency. We are deeply aware of the fact that the future of work is changing. With evolving business environment, growing demand for higher skill-set, changing employee expectations and quick technological changes, there will be a significant impact on employer-employee relationship. As a result, we have an unwavering focus on hiring people with the right attitude, temperament and cultural fit. At SOBHA, we offer them a pathway for professional & personal improvement by creating an enabling and supportive workplace. I appreciate and thank everyone for their concerted efforts in helping us stay ahead of the curve.

At SOBHA, we believe that achievements of an organization go beyond numbers. This is something that has been ingrained in our organizational DNA by our founder Mr. PNC Menon. Empowering people at the bottom of the pyramid is the most important focus area in all our CSR activities. Modelled after the Gandhian concept of Gram Swaraj, SOBHA's CSR efforts commenced in 2006 through 'Graamasobha' under the aegis of 'Sri Kurumba Educational & Charitable Trust'. Under our unique social development initiative, we have adopted three grama panchayats in Palakkad namely Vadakkenchery, Kizhakkenchery and Kannambra. Our commitment towards helping the society stems from the belief that if an initiative like 'Graamasobha' can be replicated by organizations, India's poverty situation could change forever. The beneficiaries of our initiatives include 4,485 families and 17,171 people selected through an in-depth scientific poverty mapping scheme called Social Empowerment Mapping Exercise (SEME).

SOBHA's CSR activities cover areas of education, healthcare, women empowerment and help the aged, single mothers, children and others in need. Education is an area of greater focus as we believe that it is a big social leveler. We are proud of our students from the SOBHA Icons program, many of whom are pursuing higher education on scholarship in prestigious institutions in India and abroad. The Trust also helps in sponsoring students who get admissions to engineering and medical courses but have no financial means to carry on their studies. The company has been an avid supporter and a regular contributor to charitable causes in Karnataka and Tamil Nadu among other states. On average, SOBHA has been consistently spending more than 5% of its net profits to empower people with world-class facilities and services.

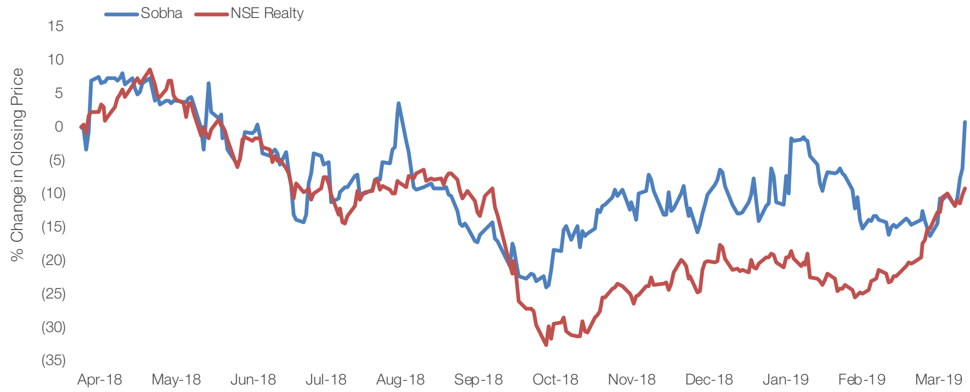
With a real estate presence in 10 cities, SOBHA's overall footprint has expanded to 27 cities and 14 states across India. We are poised to grow exponentially in times to come and continue to increase our geographical reach steadily.

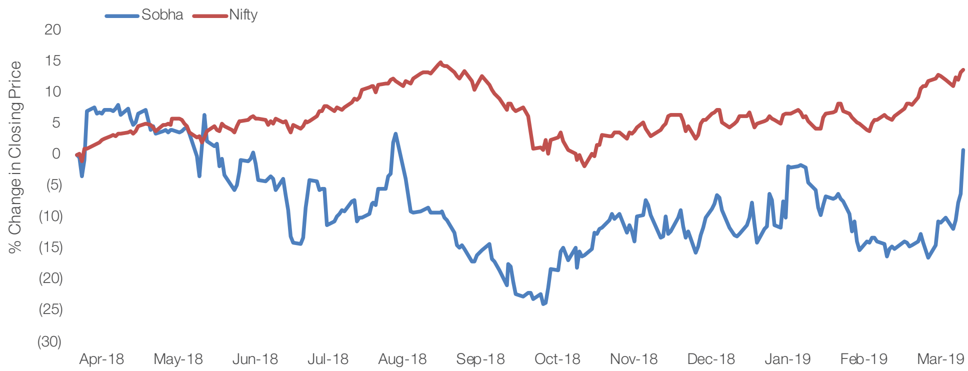
On behalf of all the employees of SOBHA and our customers, I whole heartedly thank you for your continuous support. I look forward to meeting you at the annual shareholders' meeting.

Yours sincerely,

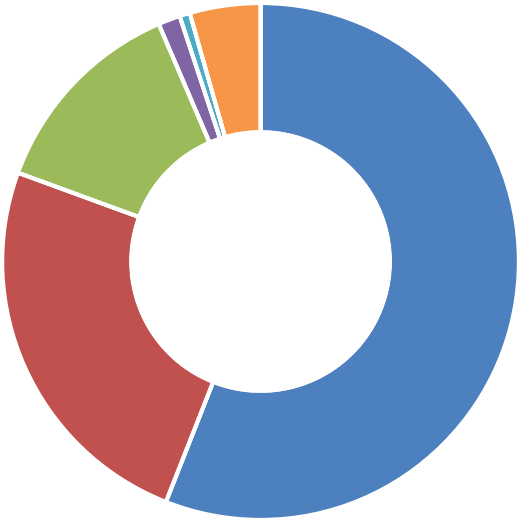
Ravi PNC Menon

Share Price Performance





Category wise distribution of shareholders as on March 31, 2019



Promoter and Promoter Group	55.97
Foreign Portfolio Investor	24.61
Mutual Funds	12.97
Corporate Bodies	1.38
Financial Insitutions	0.65
Others*	4.42
	100.00

Shareholding Movements	31 March 2019	31 March 2018	% Change in the Category
Promoter and Promoter Group	53,085,718	53,054,683	0.06
Foreign Portfolio Investor	23,342,947	27,058,844	(13.73)
Mutual Funds	12,299,812	9,475,986	29.80
Financial Institutions	615,719	577,179	6.68
Corporate Bodies	1,308,456	806,432	62.25
Others*	4,193,201	3,872,729	8.27
Total	**94,845,853**	**94,845,853**	

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

Market Capitalisation

Board of Directors as on April 1, 2019

Sitting from left to right

J C Sharma
Vice Chairman and Managing Director

Ravi PNC Menon
Chairman

R V S Rao
Independent Director

Standing from left to right

Anup Shah
Independent Director

Dr. Punita Kumar - Sinha
Independent Director

T.P. Seetharam
Whole-time 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 fifteen years of experience in the field of construction and real estate development. He is responsible for developing the strategic vision of the Company, establishing the organisations' goals and objectives and directing the Company towards its fulfilment. He focuses on the overall functioning of the Company, in particular, emphasising 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 and Marketing, Quality, Safety and Technology, Estimation, Cost Audit, Value Engineering, Landscaping, etc. He played a key role in the successful integration of pre-cast technology in our construction methodology. He plays an influential and prominent role in augmenting the product delivery levels of the Company, attainment of superior standards of quality, new product launches and customer relationship management.

Mr. J.C. Sharma - Vice Chairman and 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 37 years of experience in diversified industries such as automobiles, textiles and steel. He has been associated with SOBHA since June 2001. With 18 years of cumulative experience in the Company, he has been a member of the Board of Directors since the year 2003. Mr. J.C. Sharma is entrusted with the overall responsibility of managing the affairs of the Company especially finance, purchase, legal and land acquisition, administration and also responsible for achieving the targets of the Company. He plays an instrumental role in spearheading the growth mantle of the Company.

Mr. T.P. Seetharam – Whole-time Director

Mr. T.P. Seetharam, Whole-time Director holds MA degree in English Literature from Madras Christian College. He joined the Indian Foreign Service in 1980. After a distinguished service of 36 years as a career diplomat, he retired as Ambassador of India to UAE in August, 2016. He was also High Commissioner of India to Mauritius, Additional Secretary in Ministry of External Affairs, New Delhi dealing with Western Europe and European Union, Director General of India-Taipei Association (Taiwan), Program Director in Indian Council for Cultural Relations and served in various capacities at Indian diplomatic missions in Hong Kong, Lusaka (Zambia), Windhoek (Namibia), Beijing (China), Phnom Penh (Cambodia), Johannesburg and Cape Town (South Africa) and Bangkok (Thailand). He served as Minister Counsellor in the Indian Permanent Mission to the Conference on Disarmament in Geneva (Switzerland). He was Press Secretary to H.E. Mr. K.R. Narayanan, President of India. He was also Permanent Representative of India to International Renewable Energy Agency (IRENA) in Abu Dhabi. Mr. Seetharam was appointed as an Additional Director designated as Whole-time Director of the Company effective 1st April, 2019.

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 47 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 holds a bachelor's degree in commerce from HR College, Mumbai and a degree in law from Government Law College, Mumbai. He has over 35 years of experience in the field of law, specifically real estate law. Since founding his own firm in 1993, he has advised developers, builders and foreign and domestic investors in structuring real estate transactions, leases, development agreements and joint ventures. He specialises in commercial and property documentation, corporate and commercial litigation, property related issues, land laws and arbitration and alternative dispute resolutions. He is the Founder Partner of Anup S Shah Law Firm in Bangalore.

Dr. Punita Kumar-Sinha - Independent Director

Dr. Punita Kumar-Sinha is an Independent Director of the Company. She has a career spanning over 29 years focused on investment management. She is the founder of Pacific Paradigm Advisors (PPA), an independent investment advisory and management firm focused on Asia. She is also a Senior Advisor and serves as an Independent Director on Boards of both public and private companies in India. Prior to PPA, she was a Senior Managing Director at the Blackstone Group, leading Blackstone Asia Advisors and serving as the CIO for The India Fund (NYSE:IFN), the largest India Fund in the US for almost 16 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 and Wood (a BNY Mellon Company), J.P. Morgan and IFC/World Bank. Dr. Kumar-Sinha has a Ph.D. and a Masters in Finance from the Wharton School, University of Pennsylvania. She received her undergraduate degree in chemical engineering from the Indian Institute of Technology (IIT), New Delhi and was awarded the prestigious "Distinguished Alumni Award" from IIT Delhi. She is 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 as on 31st March, 2019

Audit Committee

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

Stakeholders Relationship Committee

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

Nomination, Remuneration and Governance Committee

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

Risk Management Committee

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

Corporate Social Responsibility Committee

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

Corporate Information

Company Secretary and Compliance Officer

Mr. Vighneshwar G Bhat

Chief Financial Officer

Mr. Subhash Mohan Bhat

Statutory Auditors

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

Legal Advisors

Anup S Shah Law Firm

Bankers

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

Registered and Corporate Office

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

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the Twenty Fourth Annual Report on the business and operations of the Company together with the audited results for the financial year ended March 31, 2019.

Financial Highlights **(₹ in million)**

Particulars	Standalone		Consolidated	
	2018-19	2017-18	2018-19	2017-18
Total Revenue	**34,337.78**	**26,496.88**	**35,155.41**	**28,365.81**
Operating Expenditure	27,142.98	21,220.41	27,687.89	22,672.81
Earnings before Interest, Depreciation and Amortisation	7,194.80	5,276.47	7,467.57	5,693.00
Depreciation and Amortisation	582.35	503.95	623.17	544.00
Finance Cost	2,293.37	1,948.35	2,362.20	1,977.60
Profit Before Tax	**4,319.08**	**2,824.17**	**4,482.20**	**3,171.40**
Tax Expenses				
• Current Tax	975.20	638.05	987.47	764.46
• Deferred Tax Charge/(credit)	478.63	246.71	524.80	238.24
Profit after Tax	**2,865.25**	**1,939.41**	**2,969.93**	**2,168.70**

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

IMPACT OF IND AS-115

Pursuant to the notification of the IND AS-115 by the Ministry of Corporate Affairs, Government of India, Revenue shall be recognized when the Company transfers the control of goods or services to the costumer. In other words, entity shall satisfy its performance obligations to the customer to recognize the revenue. Satisfying the performance obligation in the context of real estate industry means, completion of all obligations by the developer and intimating the customer our readiness for handing over the unit. To give effect to the new standard, the Company has reversed the revenue of ₹ 32,680 million, which was recognized till 31st March, 2018. Consequently, there is reduction in the retained earnings to the extent of ₹ 7,570 million.

BUSINESS AND OPERATIONS

A. Business Overview

The Company is operating in the following two segments:

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

A summary of completed and ongoing projects as on March 31, 2019 has been detailed in the Management Discussion and Analysis Report titled 'Management Report' forming part of the Annual Report.

B. Financial Overview

Standalone

During the Financial Year 2018-19, the Company has on a standalone basis, earned total revenues of ₹ 34,337.78 million as compared to ₹ 26,496.88 million in the previous year, an increase of 29.59% y-o-y. The Profit before Tax during the year was ₹ 4,319.08 million as against ₹ 2,824.17 million in the previous year, increased by 52.93% and Profit after Tax during the year was ₹ 2,865.25 million as against ₹ 1,939.41 million in the previous year, that is, increased by 47.74%.

Consolidated

The consolidated revenues of the Company during the financial year 2018-19 were ₹ 35,155.41 million, an increase of 23.94% from the previous year. The Profit before Tax increased by 41.33% and Profit after Tax (after considering minority interest) increased by 36.95% as compared to the financial year 2017-18.

Transfer to Reserves

Your Directors propose to transfer ₹ 286.53 million of the current profits to the General Reserve.

Dividend

The Board of Directors, subject to the approval of the shareholders at the ensuing Annual General Meeting are pleased to recommend a dividend of ₹ 7 per equity share of ₹ 10 each.

C. Operational Overview

Completed Projects

During the year under review, the Company has executed and handed over 9.75 million square feet real estate projects and 1.60 million square feet of contractual projects resulting in an aggregate development of 11.35 million square feet.

The Company has completed 103.88 million square feet of area since inception.

Ongoing Projects

The Company currently has real estate projects aggregating to 41.57 million square feet of developable area. It has 8.59 million square feet of ongoing contractual projects which are under various stages of construction.

The Company has a geographic presence in 27 cities across 14 states in India.

SHARE CAPITAL RELATED MATTERS

A. Share Capital

The authorized share capital of the Company is ₹ 2,000,000,000 divided into 150,000,000 equity shares of ₹10 each and 5,000,000 preference shares of ₹ 100 each. At the beginning of the year under review, the Issued, subscribed and fully paid up capital was ₹ 948,458,530 divided into 94,845,853 equity shares of ₹ 10 each. There was no change in the Issued, subscribed and fully paid up share capital of the Company during the year under review.

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

B. Changes in Subsidiaries, Joint Ventures and Associates

Sobha Developers (Pune) Limited, a wholly owned subsidiary of the Company, has during the year, acquired the shares of Kilai Builders Private Limited, a private limited Company making it a wholly owned subsidiary of Sobha Developers (Pune) Limited. With this acquisition, as on the date of this report, the Company has five direct subsidiaries and two step down subsidiaries.

BOARD OF DIRECTORS AND ITS COMMITTEES

A. Composition of the Board of Directors

As on 31st March, 2019, the Board of Directors of the Company comprises of six Directors of which, four are Non-Executive Independent Directors and two are Executive Directors. The composition of the Board of Directors is in compliance with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and Section 149 of the Companies Act, 2013.

The Company has received necessary declarations from the Independent Directors stating that they meet the criteria of independence as specified in Section 149(6) of the Companies Act, 2013 and Regulation 25(8) of the Listing Regulations.

B. Changes in Directors and Key Managerial Personnel

During the year 2018-19, Dr. S.K. Gupta, Independent Director resigned from the Board of Directors with effect from closure of the business hours of March 31, 2019.

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

The Board at its meeting held on 26th March 2019, appointed Mr. T P Seetharam as an Additional Director designated as Whole time-Director of the Company effective 1st April 2019. The Board recommends to the shareholders the appointment of Mr. T P Seetharam as Director designated as Whole-time Director of the Company.

C. Meetings:

During the year under review, the Board of Directors met 5 times on the following dates:

- May 19, 2018
- August 07, 2018
- November 09, 2018
- February 05, 2019
- March 26, 2019

In accordance with the provisions of the Companies Act, 2013, a separate meeting of the Independent Directors of the Company was held on May 19, 2018.

D. Re-appointment of Directors Retiring by Rotation

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Jagdish Chandra Sharma, Director (DIN: 01191608) designated as Vice-Chairman and Managing Director 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. Jagdish Chandra Sharma, Director designated as Vice-Chairman and Managing Director retiring by rotation.

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

E. Performance Evaluation

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

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

F. Directors' Responsibility Statement

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

a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;

b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

c) proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the annual accounts have been prepared on a going concern basis;

e) internal financial controls to be followed by the Company have been laid down and such internal financial controls are adequate and were operating effectively; and

f) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDIT RELATED MATTERS

A. Audit Committee

The Company has a duly constituted Audit Committee. The composition of the Committee as on 31st March 2019 was:

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

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

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

B. Statutory Auditors

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

The Statutory Auditors expressed an unmodified opinion in the audit reports in respect of the audited financial statements for the financial year ended March 31, 2019. There are no qualifications or adverse remarks in the Statutory Auditors' Reports which require any explanation from the Board of Directors.

C. Secretarial Audit

Secretarial Audit of the Company for the financial year ended March 31, 2019 was conducted by Mr. Nagendra D Rao, Practicing Company Secretary. The Secretarial Audit Report issued by Mr. Nagendra D Rao, in accordance with the provisions of Section 204 of the Companies Act, 2013 is provided separately in the Annual Report **(Annexure A)**. There are no qualifications or adverse remarks in the Secretarial Audit Report which require any explanation from the Board of Directors.

D. Cost Audit

The Cost Audit Report for the financial year 2017-18 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 & Co., Cost Accountants (Firm Registration No: 000278) as the Cost Auditors of the Company for the financial year 2018-19. In terms of Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors for the financial year 2018-19 is subject to ratification by the shareholders of the Company. The Notice convening the Annual General Meeting contains the proposal for ratification of the remuneration payable to the Cost Auditors.

E. Internal Audit and Internal Financial Controls

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

There are adequate internal financial controls in place with reference to the financial statements.

During the year under review, the Internal Audit Department and the Statutory Auditors tested these controls and no significant weakness was identified either in the design or operations of the controls. A report issued by the Statutory Auditors, M/s. B S R & Co. LLP, on the Internal Financial Controls forms a part of the Annual Report.

POLICY MATTERS

A. Nomination and Remuneration Policy

The Nomination, Remuneration and Governance Committee of the Board of Directors is responsible for recommending the appointment of the Directors and Senior Management to the Board of Directors of the Company. The Company has in place a Nomination and Remuneration Policy containing the criteria for determining qualifications, positive attributes and independence of a Director and policy relating to the remuneration for the Directors, Key Managerial Personnel and Senior Management personnel of the Company. The Committee also postulates the methodology for effective evaluation of the performance of Individual Directors, Committees of the Board and the Board as a whole which should be carried out by the Board, by the Committee or by an independent external agency and reviews its implementation and compliance. The Nomination and Remuneration Policy is available on the Company's website: https://www.sobha.com/pdfsbio/153630165920180907.pdf Extracts from the policy are reproduced in **Annexure B** to this report.

B. The Risk Management Framework

The Company has developed and implemented a Risk Management Framework, detailing the various internal and external risks faced by the Company and methods and procedures for identifying, monitoring and mitigating of such risks. The Board of Directors of the Company have constituted a Risk Management Committee, which is entrusted with the task of evaluating, monitoring and reviewing the risk management plan and procedures of the Company. The Risk Management function is supporting the internal control mechanism of the Company and supplements the internal and statutory audit functions.

C. Corporate Social Responsibility Policy

The Company believes that its achievements do not just refer only to its growth but are also spread to society. Accordingly, under the aegis of its CSR arm, Sri Kurumba Educational and Charitable Trust, it has adopted three village panchayats - Vadakkenchery, Kizhakkenchery and Kannambra in Palakkad district of Kerala to improve the lifestyle of the people at the grass root level.

The Corporate Social Responsibility Policy, as formulated by the Corporate Social Responsibility Committee and approved by the Board of Directors is available on the Company's website at: https://www.sobha.com/pdfsbio/153630163520180907.pdf

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

D. Vigil Mechanism

The Company has in place a vigil mechanism to promote ethical behaviour in all its business activities. It has established a mechanism for employees and directors to report any genuine grievances, illegal, unethical behaviour, suspected fraud or violation of laws, rules and regulations or conduct to the Vigilance Officer and the Audit Committee of the Board of Directors. The policy also provides for adequate protection to the whistle blower against victimisation or discriminatory practices. The policy is available on the Company's website at: https://www.sobha.com/pdfsbio/153630159420180907.pdf

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

OTHER MATTERS

A. Debentures

As on 31st March, 2019, the Company has various series of outstanding Secured

Redeemable Non-Convertible Debentures aggregating to ₹ 1,40,00,00,000 (Rupees One Hundred and Forty Crores). The Company redeemed the debentures to the tune of ₹ 1,15,00,00,000 (One Hundred and Fifteen Crore) during the financial year 2018-19. The debentures are listed on BSE Limited. Interest on the said debentures were paid on time as per the relevant provisions of the Companies Act, 2013 and Listing Regulations. Company has complied with all the applicable provisions of the Listing Regulations in respect of the said listed Debentures.

B. Deposits

The Company has not accepted any deposits in terms of Chapter V of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014, during the year under review. As such, no amount of principal or interest was outstanding as on date of this report.

C. Transfer to Investor Education and Protection Fund

In compliance with Section 124 of the Companies Act, 2013, dividend pertaining to the financial year 2010-11 which was lying unclaimed with the Company was transferred to the Investor Education and Protection Fund (IEPF) during the financial year 2018-19. The details of unclaimed dividend transferred to the IEPF has been detailed in the Corporate Governance Report forming part of the Annual Report.

As required under Section 124 of the Companies Act, 2013 and the Rules made thereunder, 1,550 equity shares, in respect of which dividend had not been claimed by the shareholders for seven consecutive years were transferred to the Investor Education and Protection Fund during the year under review. The details of the shares and shareholders are available on the Company's website.

D. Significant or material orders passed by Regulators/Courts

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

E. Human Resources

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

As on March 31, 2019, the Company has an organisational strength of 3,555 employees.

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

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

The Company has adopted a policy on prevention and redressal of Sexual Harassment at the workplace. Pursuant to the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has in place an Internal Complaints Committee for prevention and redressal of complaints of sexual harassment of women at the workplace. No complaints were received by the Company during the year under review.

G. Awards and Recognitions

During the financial year 2018-19, the Company was conferred with various awards and recognitions, the details of which are given in a separate section of the Annual Report.

H. Corporate Governance

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

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

I. Code of Conduct

The Company has laid down a Code of Conduct for the Directors as well as for all Senior Management of the Company. As prescribed under Regulation 17(5) 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 2018-19 forms part of the Corporate Governance Report.

J. Disclosure on Confirmation with Secretarial Standards

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

K. Management Discussion and Analysis Report

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

L. Extract of Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the annual return for the financial year ended March 31, 2019 in MGT 9 is attached as **Annexure E** to this report. The same is available on https://www.sobha.com/investor-relations-downloads.php

M. Particulars of Loans, Guarantees and Investments

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

N. Related Party Transactions

During the year, the Company did not enter into any contract/arrangement/transaction with a related party which can be considered as material in terms of the policy on related party transactions laid down by the Board of Directors. Related party transactions, if any, pursuant to the Listing Regulations were approved by the Audit Committee from time to time prior to entering into the transactions. The related party transactions undertaken during the financial year 2018-19 are detailed in the Notes to Accounts of the Financial Statements.

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

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

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

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

Details of remuneration of Directors, Key Managerial Personnel and the statement of employees in receipt of remuneration exceeding the limits prescribed under Section 134 and 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in **Annexure G** to this report.

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

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

R. Business Responsibility Report

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

S. Additional Information to Shareholders

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

ACKNOWLEDGEMENTS

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

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

Place: Bangalore	**Ravi PNC Menon**	**J C Sharma**
Date: May 17, 2019	**Chairman**	**Vice Chairman and Managing Director**

Addendum to the Directors' Report

This addendum to the Directors' Report for the year ending 31st March, 2019 dated 17th May, 2019 is in respect of the following item and forms part of the Directors' Report.

BOARD OF DIRECTORS AND ITS COMMITTEES

B. Change in Directors and Key Managerial Personnel:

The following paragraphs are added to the subject matter after the existing paragraphs:

Further, the Board at the Meeting held on 8th July, 2019 appointed Mr. Jagadish Nangineni as Additional Director designated as Deputy Managing Director effective 8th July, 2019. The Board also appointed Mr. Sumeet Jagdish Puri as Additional Director in the capacity of Non-Executive Independent Director on the said date. The Board recommends to the shareholders, the appointment of Mr. Jagadish Nangineni as Whole-time Director designated as Deputy Managing Director and Mr. Sumeet Jagdish Puri as Non-Executive Independent Director.

Mr. Anup S Shah and Mr. R V S Rao, Non-Executive Directors of the Company are completing the first term of 5 (five) years as Non-Executive Independent Directors and are eligible for re-appointment for a second term/tenure of 5 (five) consecutive years. They are not liable to retire by rotation. The Board recommends to the shareholders the re-appointment of Mr. Anup S Shah and Mr. R V S Rao as Non-Executive Independent Directors of the Company for a further period of 5 (five) years.

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

Place: Bangalore	**Ravi PNC Menon**	**J C Sharma**
Date: July 8, 2019	**Chairman**	**Vice Chairman and Managing Director**

Annexure A

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

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

Management’s Responsibility

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

Auditor’s Responsibility

1. My responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.

2. I believe that audit evidence and information obtained from the Company’s management is adequate and appropriate for me to provide a basis for my opinion.

3. Wherever required, I have obtained the management’s representation about the compliance of laws, rules and regulations and happening of events, etc.

Disclaimer

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

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

Place: Bengaluru
Date: May 17, 2019

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019

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

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

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

Based on my verification of the Sobha Limited books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019 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, 2019 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act,1992 ('SEBI Act'):-

    (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

    (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

    (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 [Not Applicable as the Company has not raised any Share Capital by Issue of Shares during the financial year under review];

    (d) The Securities and Exchange Board of India (Share based employee benefits) Regulations, 2014) [Not Applicable to the Company during the financial year under review];

    (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients [Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review];

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 [Not Applicable as the Company has not delisted/propose to delist its equity shares from any stock exchange during the financial year under review]; and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 [Not Applicable as the Company has not bought back/propose to buyback any of its securities during the financial year under review];

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) The Laws as are applicable specifically to the Company are as under:

(a) Real Estate (Regulation and Development) Act, 2016,

(b) Transfer of Property Act, 1882,

(c) Indian Easements Act, 1882,

(d) Registration Act, 1908,

(e) The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996,

(f) The Land Acquisition Act, 1894,

(g) Indian Stamp Act, 1899 and

(h) Karnataka Stamp Act, 1957.

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.

(iii) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 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 passed following Special Resolution which are having major bearing on the Company's Affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc.

1. Issue of Non-Convertible Debentures on a private placement basis.

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

Place: Bengaluru
Date: May 17, 2019.

Annexure B

EXTRACT FROM NOMINATION AND REMUNERATION POLICY

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

A. Eligibility or Criteria for Appointment:

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

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

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

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

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

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

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

B. Term of Office:

Whole-time Director:

i. The Whole-time Director(s) of the Company shall be appointed for a term not exceeding five years at a time.

ii. The Whole-time Director(s) shall be eligible for re-appointment for further terms not exceeding five years at a time subject to the approval of members of the Company.

iii. No such re-appointment shall be made earlier than one year before the expiry of the current term.

Independent Director(s):

i. An Independent Director shall hold office for a term up to five consecutive years on the Board of Directors of the Company.

ii. An Independent Director shall be eligible for re-appointment for another term up to five consecutive years on passing of a special resolution in this regard by the members of the Company.

iii. No Independent Director shall hold office for more than two consecutive terms. An Independent Director shall be eligible for re-appointment after the expiry of three years of ceasing to be an Independent Director where he/she has served for two consecutive terms.

Key Managerial Personnel and Senior Management:

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

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

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

i. Whenever a Director, Key Managerial Personnel and/or Senior Management Personnel of the Company incurs any disqualification specified under any applicable law which renders their position untenable.

ii. Whenever a Director, Key Managerial Personnel and/or Senior Management Personnel of the Company is found guilty of violating the Code of Conduct, the Code of Conduct for Prevention of Insider Trading of the Company and/or such other policy as may be decided by the Committee

iii. Whenever a Director, Key Managerial Personnel and/or Senior Management of the Company acts in a manner which is manifestly against the 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 top line and/or bottom line of the Company where such contribution is capable of measurement.

iv. Contribution of Whole-time Director in implementing the strategy set by the Board of Directors of the Company.

v. Knowledge and understanding of current industry and market conditions.

vi. Contribution of Whole-time Director in identifying, understanding and mitigating the risks faced by the Company.

vii. Contribution of Whole-time Director in identifying and exploiting new business opportunities for the Company.

viii. Level of preparedness for the meetings of the Board and Committees.

ix. Attendance at the meetings of the Board and Committees of which such Whole-time Director is a member.

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

A. Remuneration Criteria:

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

a. availability of talented, skilled and experienced professionals.

b. industry standards.

c. profitability of the Company and growth prospects.

B. Payment of Remuneration:

i. The Committee shall recommend the payment of remuneration (including any revision thereof) to the Directors of the Company including the Independent Directors which shall be subject to the approval of the Board of Directors. It shall also be approved by the shareholders of the Company and/or Central Government, wherever required.

ii. The remuneration of Key Managerial Personnel and Senior Management Personnel shall be determined by the Company in accordance with the prevailing HR Policy of the Company.

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

Basic Salary:

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

Accommodation or House Rent Allowance:

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

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

Perquisites and Other Allowances:

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

D. Remuneration of Independent Directors:

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

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

E. Limits on Remuneration:

i. The overall remuneration paid by the Company to the Directors including Independent Directors shall not exceed 11% of the net profits of the Company for that financial year.

ii. The remuneration paid by the Company to all its Whole-time Directors shall not exceed 10% of the net profits of the Company for that financial year.

iii. The remuneration paid by the Company to its Independent Directors (excluding sitting fees) shall not exceed 1% of the net profits of the Company for that financial year.

iv. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013. If the remuneration payable exceeds the limits laid down in Schedule V, then the Company shall obtain the previous approval of the Central Government.

v. Revision of existing remuneration may be recommended by the Committee to the Board which should be within the limits approved by the shareholders.

Annexure C

Annual report on Corporate Social Responsibility (CSR) Activities

1. **Brief Outline of CSR Policy**

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

   i. eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;

   ii. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;

   iii. promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

   iv. ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;

   v. protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts:

   vi. measures for the benefit of armed forces veterans, war widows and their dependents;

   vii. training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;

   viii. contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

   ix. contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;

   x. rural development projects;

   xi. slum area development;

   xii. such other areas as may be included in Schedule VII of the Companies Act, 2013 from time to time.

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

   The detailed Corporate Social Responsibility Policy is available on the website of the Company at https://www.sobha.com/pdfsbio/153630163520180907.pdf

2. **Composition of CSR Committee for the year ended 31st March, 2019**

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

   1. Mr. Anup Shah (Independent Director) - Chairman
   2. Mr. J C Sharma - Member
   3. Mr. Ravi PNC Menon - Member

3. **Average Net Profits**

   The average profits, i.e. profits before tax of the Company during the three immediately preceding financial years was ₹ 2,645.06 million

4. **Prescribed CSR Expenditure**

   The prescribed CSR expenditure was ₹ 49.95 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 2018-19: ₹ 49.95 Million

(b) Amount unspent, if any: Not Applicable

(c) Manner in which the amount was spent during the financial year is detailed below:

Sl No.	CSR project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local Area or Other (2) Specify the State and District where Projects/Programme undertaken	Amount Outlay (Budget) project /programs wise ₹	Amount spent on the projects or programs ₹	Cumulative Expenditure upto the reporting period ₹	Amount Spent: Direct or through implementing agency*
1	Rural Development	i. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation ii. Promoting education, and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects iii. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups	1. Local 2. Kerala- Vadakkenchery, Kannambra and Kizhakkenchery Panchayats in the district of Palakkad, Kerala	122.80 million	122.80 million	122.80 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
Date: May 17, 2019

Anup Shah, Independent Director
Chairman, CSR Committee

J C Sharma, VC MD
Member, CSR Committee

Annexure D

Corporate Governance Compliance Certificate

To the Members of
Sobha Limited,
“Sobha”, Sarjapur-Marathahalli,
Outer Ring Road, Devarabisanahalli,
Bellandur Post,
Bengaluru – 560103.

I have examined all the records of Sobha Limited for the purpose of certifying compliance of the conditions of the Corporate Governance under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended March 31, 2019. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of certification.

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

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

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

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

Place: Bengaluru
Date: May 17, 2019.

Annexure E

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED MARCH 31, 2019

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SL NO.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% SHARE HELD	APPLICABLE SECTION
1	Sobha Developers (Pune) Limited 'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore - 560 103	U45202KA2007PLC041761	Subsidiary	100	Section 2(87)
2	Sobha Assets Private Limited 'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore - 560 103	U70100KA2012PTC063003	Subsidiary	100	Section 2(87)
3	Sobha Tambaram Developers Limited Kothari Buildings, 1st Floor, 115, Nungambakkam High Road, Nungambakkam, Chennai - 600 034	U45300TN1999PLC042927	Subsidiary	100	Section 2(87)
4	Sobha Nandambakkam Developers Limited Kothari Buildings, 1st Floor, 115, Nungambakkam High Road, Nungambakkam, Chennai - 600 034	U45201TN2007PLC063187	Subsidiary	100	Section 2(87)
5	Sobha Highrise Ventures Private Limited 'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore - 560 103	U70100KA2012PTC064148	Subsidiary	100	Section 2(87)
6	Sobha Contracting Private Limited 'Sobha', Sarjapur – Marathahalli Outer Ring Road, Devarabisnahalli, Bellandur Post, Bangalore – 560 103	U70102KA2007PTC042918	Stepdown-Subsidiary (Subsidiary of Sobha Highrise Ventures Private Limited)	100	Section 2(87)
7	Kilai Builders Private Limited Kothari Buildings, 1st Floor, No.115 Nungambakkam High Road, Nungambakam, Chennai - 600 034	U45200TN2006PTC061228	Stepdown-Subsidiary (Subsidiary of Sobha Developers (Pune) Limited)	100	Section 2(87)

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

i) Category-wise shareholding

Category of Shareholders		No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A 1	**Indian Promoters**									
(a)	Individuals/Hindu Undivided Family	-	-	-	-	-	-	-	-	-
(b)	Central Government/State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
(e)	Any Others(Specify)									
(e) (i)	Relative of Promoter	45,000	-	45,000	0.05	45,000	-	45,000	0.05	0.00
Sub Total(A)(1)		**45,000**	**-**	**45,000**	**0.05**	**45,000**	**-**	**45,000**	**0.05**	**0.00**
A 2	**Foreign Promoters**									
(a)	NRIs – Individuals	-	-	-	-	-	-	-	-	-
(b)	Other - Individuals	53,009,683	-	53,009,683	55.89	53,040,718	-	53,040,718	55.92	0.03
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
(e)	Any Others(Specify)									
Sub Total(A)(2)		**53,009,683**	**-**	**53,009,683**	**55.89**	**53,040,718**	**-**	**53,040,718**	**55.92**	**0.03**
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)		**53,054,683**	**-**	**53,054,683**	**55.94**	**53,085,718**	**-**	**53,085,718**	**55.97**	**0.03**
(B)	**Public shareholding**									
1	**Institutions**									
(a)	Mutual Funds	9,475,986	-	9,475,986	9.99	12,299,812	-	12,299,812	12.97	2.98
(b)	Banks/Financial Institutions	577,179	-	577,179	0.61	615,719	-	615,719	0.65	0.04
(c)	Central Government	2,470	-	2,470	0.00	4,420	-	4,420	0.00	0.00
(d)	State Government(s)	-	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Insurance Companies	53,272	-	53,272	0.06	45,315	-	45,315	0.05	(0.01)

Category of Shareholders		No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(g)	Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
(h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i)	Any Other (specify)									
(i) (i)	Foreign Portfolio Investors (Corporate)	27,058,844	-	27,058,844	28.53	23,342,947	-	23,342,947	24.61	(3.92)
Sub-Total (B)(1)		**37,167,751**	**-**	**37,167,751**	**39.19**	**36,308,213**	**-**	**36,308,213**	**38.28**	**(0.91)**
2	**Non-institutions**									
(a)	Bodies Corporate									
i.	Indian	806,421	-	806,421	0.85	1,308,456	-	1,308,456	1.38	0.53
ii.	Overseas	11	-	11	0.00	11	-	11	0.00	0.00
(b)	Individuals									
i	Individual shareholders holding nominal share capital up to ₹ 1 lakh	2,605,521	63	2,605,584	2.75	3,143,242	43	3,143,285	3.31	0.56
ii	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	659,858	-	659,858	0.69	397,064	-	397,064	0.42	(0.27)
(c)	Any Other (specify)									
i	Independent Directors	19,300	-	19,300	0.02	4,300	-	4,300	0.00	(0.02)
ii	Clearing Member	197,315	-	197,315	0.21	177,837	-	177,837	0.19	(0.02)
iii	Trusts	714	-	714	0.00	487	-	487	0.00	0.00
iv	Non Resident Indians (Repatriable)/Foreign National	173,374	-	173,374	0.18	184,875	-	184,875	0.19	0.01
v	Non Resident Indians (Non-Repatriable)	47,937	-	47,937	0.05	80,044	-	80,044	0.08	0.03
vi	Office Bearers	17,386	45	17,431	0.01	17,001	30	17,031	0.02	0.01
vii	Hindu Undivided Family (HUF)	95,474	-	95,474	0.10	138,329	-	138,329	0.15	0.051
viii	Other	-	-	-	-	203	-	203	0.00	0.00
Sub-Total (B)(2)		**4,055,500**	**108**	**4,055,608**	**4.21**	**5,451,849**	**73**	**5,451,922**	**4.37**	**(0.66)**
(B)	**Total Public Shareholding (B)= (B)(1)+(B)(2)**	**41,791,062**	**108**	**41,791,062**	**43.39**	**41,760,062**	**73**	**41,760,135**	**44.03**	**0.64**
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-	-	-
Grand Total (A)+(B)+(C)		**9,48,45,745**	**108**	**9,48,45,853**	**100**	**9,48,45,780**	**73**	**94,845,853**	**100**	**0.67**

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	35,626,420	37.56	0.00	35,626,420	37.56	0.00	-
2	Mr. P N C Menon	12,061,259	12.71	10.54	12,061,259	12.71	10.54	-
3	Mr. P N C Menon jointly with Mrs. Sobha Menon	5,289,054	5.58	0.00	5,289,054	5.58	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	0.04	0.00	63,985	0.07	0.00	0.03
Total		**53,054,683**	**55.94**	**10.54**	**53,085,718**	**55.97**	**10.54**	**0.03**

*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:

Mr. Ravi PNC Menon has purchased 31,035 equity shares during the year 2018-19. Consequently his shareholding has increased by 0.03%

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

Sl No	For each of the Top 10 Shareholder	Shareholding at the beginning and end of the year		Date	Change in shareholding	Reason	Cumulative shareholding during the year	
		Number of Shares	% of Total No. of Shares				Number of Shares	% of Total No. of Shares
1	FRANKLIN TEMPLETON MUTUAL FUND A/C FRANKLIN INDIA FOCUSED EQUITY FUND	49,66,499	5.236	6-Apr-18	(2,52,594)	Market Sale	47,13,905	4.970
				13-Apr-2018	(4,67256)	-do-	42,46,649	4.477
				20-Apr-2018	(56,118)	-do-	41,90,531	4.418
				18-May-18	(12,515)	-do-	41,78,016	4.405
				25-May-18	(82,387)	-do-	40,95,629	4.318
				1-Jun-18	(3,017)	-do-	40,92,612	4.315
				15-Jun-18	(34,497)	-do-	40,58,115	4.279
				30-Jun-18	(6,686)	-do-	40,51,429	4.272
				6-Jul-18	2,75,000	Market Purchase	43,26,429	4.562
				13-Jul-18	(51,601)	Market sale	42,74,828	4.507
				10-Aug-18	(20,493)	-do-	42,54,335	4.486
				7-Sep-18	77,951	Market Purchase	43,32,286	4.568
				14-Sep-18	95,463	-do-	44,27,749	4.668
				21-Sep-18	12,26,586	-do-	56,54,335	5.962
				29-Sep-18	2,084	-do-	56,56,419	5.964
				5-Oct-18	3,21,945	-do-	59,78,364	6.303
				12-Oct-18	4,43,221	-do-	64,21,585	6.771
				19-Oct-18	2,02,750	-do-	66,24,335	6.984
		70,74,335	7.459	11-Jan-19	4,50,000	-do-	70,74,335	7.459
2	SCHRODER INTERNATIONAL SELECTION FUND EMERGING ASIA	47,66,260	5.025	20-Jul-18	4,85,000	Market Purchase	52,51,260	5.537
		52,51,260	5.537					
3	L and T MUTUAL FUND TRUSTEE LIMITED-L and T EMERGING BUSINESSES FUND	35,54,594	3.748	25-May-18	(1,75,000)	Market Sale	33,79,594	3.563
				30-Jun-18	(42,714)	-do-	33,36,880	3.518
				6-Jul-18	(2,44,728)	-do-	30,92,152	3.260
				24-Aug-18	(500)	-do-	30,91,652	3.260
				31-Aug-18	97,064	Market Purchase	31,88,716	3.362
				7-Sep-18	7,878	-do-	31,96,594	3.370
				5-Oct-18	2,316	-do-	31,98,910	3.373
				12-Oct-18	(6,89,555)	Market Sale	25,09,355	2.646
				23-Nov-18	(17,200)	-do-	24,92,155	2.628
				11-Jan-19	1,18,887	Market Purchase	26,11,042	2.753
				18-Jan-19	2	-do-	26,11,044	2.753
				25-Jan-19	70,000	-do-	26,81,044	2.827
				1-Feb-19	32,326	-do-	27,13,370	2.861
				8-Feb-19	10,017	-do-	27,23,387	2.871
				15-Feb-19	1,39,871	-do-	28,63,258	3.019
				1-Mar-19	77,037	-do-	29,40,295	3.100
				8-Mar-19	1,23,733	-do-	30,64,028	3.231
				15-Mar-19	50,000	-do-	31,14,028	3.283
				22-Mar-19	2,00,000	-do-	33,14,028	3.494
		35,10,434	3.701	29-Mar-19	1,96,406	-do-	35,10,434	3.701

Sl No	For each of the Top 10 Shareholder	Shareholding at the beginning and end of the year		Date	Change in shareholding	Reason	Cumulative shareholding during the year	
		Number of Shares	% of Total No. of Shares				Number of Shares	% of Total No. of Shares
4	NORDEA 1 SICAV - EMERGING STARS EQUITY FUND	53,46,275	5.637	6-Apr-18	(44,71,34)	Market Sale	48,99,141	5.165
				18-May-18	(32,675)	-do-	48,66,466	5.131
				1-Jun-18	(2,14,900)	-do-	46,51,566	4.904
				6-Jul-18	(45,700)	-do-	46,05,866	4.856
				13-Jul-18	(3,59,384)	-do-	42,46,482	4.477
				20-Jul-18	(5,44,587)	-do-	37,01,895	3.903
				27-Jul-18	(18,586)	-do-	36,83,309	3.884
				24-Aug-18	(16,444)	-do-	36,66,865	3.866
				31-Aug-18	(6,076)	-do-	36,60,789	3.860
				11-Jan-19	(5,75,569)	-do-	30,85,220	3.253
				1-Feb-19	(8,254)	-do-	30,76,966	3.244
				8-Mar-19	(29,871)	-do-	30,47,095	3.213
				15-Mar-19	(1,02,384)	-do-	29,44,711	3.105
				22-Mar-19	(1,67,930)	-do-	27,76,781	2.928
		20,23,251	2.133	29-Mar-19	(7,53,530)	-do-	20,23,251	2.133
5	SBI MAGNUM MULTICAP FUND	0	0	21-Sep-18	26,398	Market Purchase	26,398	0.028
				29-Sep-18	1,16,157	-do-	1,42,555	0.150
				5-Oct-18	2,18,210	-do-	3,60,765	0.380
				12-Oct-18	3,41,937	-do-	7,02,702	0.741
				19-Oct-18	2,39,399	-do-	9,42,101	0.993
				16-Nov-18	(60,000)	Market Sale	8,82,101	0.93
				23-Nov-18	3,78,482	Market Purchase	12,60,583	1.329
				21-Dec-18	57,500	-do-	13,18,083	1.390
				11-Jan-19	1,36,917	-do-	14,55,000	1.534
		14,91,000	1.572	29-Mar-19	36,000	-do-	14,91,000	1.572
6	INVESCO PERPETUAL GLOBAL SMALLER COMPANIES FUND	6,49,559	0.685	18-May-18	31,640	Market Purchase	6,81,199	0.718
				25-May-18	18,915	-do-	7,00,114	0.738
				27-Jul-18	56,202	-do-	7,56,316	0.797
				26-Oct-18	15,462	-do-	7,71,778	0.814
				2-Nov-18	35,854	-do-	8,07,632	0.852
				16-Nov-18	35,278	-do-	8,42,910	0.889
				23-Nov-18	3,60,440	-do-	12,03,350	1.269
				30-Nov-18	38,188	-do-	12,41,538	1.309
				14-Dec-18	(40,500)	Market Sale	12,01,038	1.266
				21-Dec-18	(31,000)	-do-	11,70,038	1.234
				11-Jan-19	(24,629)	-do-	11,45,409	1.208
				15-Feb-19	(8,346)	-do-	11,37,063	1.199
				22-Mar-19	74,392	Market Purchase	12,11,455	1.277
		12,13,765	1.280	29-Mar-19	2,310	-do-	12,13,765	1.280

SI No	For each of the Top 10 Shareholder	Shareholding at the beginning and end of the year		Date	Change in shareholding	Reason	Cumulative shareholding during the year	
		Number of Shares	% of Total No. of Shares				Number of Shares	% of Total No. of Shares
7	SCHRODER INTERNATIONAL SELECTION FUND INDIAN EQUITY	7,61,710	0.803	6-Apr-18	6,890	Market Purchase	7,68,600	0.810
				25-Jan-19	(1,30,437)	Market Sale	6,38,163	0.673
				1-Feb-19	(67,274)	-do-	5,70,889	0.602
				8-Feb-19	(29,459)	-do-	5,41,430	0.571
		12,01,650	1.267	29-Mar-19	6,60,220	Market Purchase	12,01,650	1.267
8	DIMENSIONAL EMERGING MARKETS VALUE FUND	8,17,815	0.862	27-Apr-18	(42,476)	Market Sale	7,75,339	0.818
				4-May-18	(5,646)	-do-	7,69,693	0.812
				7-Dec-18	(11,704)	-do-	7,57,989	0.799
				14-Dec-18	(7,734)	-do-	7,50,255	0.791
				1-Feb-19	8,539	Market Purchase	7,58,794	0.8
				8-Feb-19	10,518	-do-	7,69,312	0.811
				1-Mar-19	7,192	-do-	7,76,504	0.819
		7,84,315	0.827	22-Mar-19	7,811	-do-	7,84,315	0.827
9	HSBC GLOBAL INVESTMENT FUNDS - ASIA EX JAPAN EQUITY SMALLER COMPANIES	7,76,082	0.818	8-Jun-18	94,194	Market Purchase	8,70,276	0.918
				21-Sep-18	88,265	-do-	9,58,541	1.011
				1-Feb-19	(45,307)	Market Sale	9,13,234	0.963
				8-Feb-19	(2,40,94)	-do-	8,89,140	0.938
		7,63,151	0.805	15-Feb-19	(1,25,989)	-do-	7,63,151	0.805
10	ISHARES CORE EMERGING MARKETS MAURITIUS CO	6,74,691	0.711	6-Apr-18	6,608	Market Purchase	6,81,299	0.718
				13-Apr-18	5,664	-do-	6,86,963	0.724
				20-Apr-18	8,024	-do-	6,94,987	0.733
				27-Apr-18	4,720	-do-	6,99,707	0.738
				20-Jul-18	1,888	-do-	7,01,595	0.740
				27-Jul-18	4,720	-do-	7,06,315	0.745
				10-Aug-18	3,199	-do-	7,09,514	0.748
				31-Aug-18	5,027	-do-	7,14,541	0.753
				7-Sep-18	1,828	-do-	7,16,369	0.755
				29-Sep-18	2,285	-do-	7,18,654	0.758
				5-Oct-18	3,656	-do-	7,22,310	0.762
				9-Nov-18	5,027	-do-	7,27,337	0.767
				16-Nov-18	9,597	-do-	7,36,934	0.777
				23-Nov-18	15,081	-do-	7,52,015	0.793
				30-Nov-18	7,769	-do-	7,59,784	0.801
				7-Dec-18	24,553	-do-	7,84,337	0.827
				14-Dec-18	1,380	-do-	7,85,717	0.828
				21-Dec-18	920	-do-	7,86,637	0.829
				11-Jan-19	14,464	-do-	8,01,101	0.845
				18-Jan-19	9,040	-do-	8,10,141	0.854
				25-Jan-19	(8,746)	Market Sale	8,01,395	0.845
				1-Feb-19	(8,044)	-do-	7,93,351	0.837
				8-Feb-19	(33,005)	-do-	7,60,346	0.802
				15-Feb-19	(13,638)	-do-	7,46,708	0.787
				22-Feb-19	(17,288)	-do-	7,29,420	0.769
				1-Mar-19	610	Market Purchase	7,30,030	0.770
				8-Mar-19	(11,567)	Market Sale	7,18,463	0.758
				15-Mar-19	(35,726)	-do-	6,82,737	0.720
				22-Mar-19	702	Market Purchase	6,83,439	0.721
		6,84,492	0.722	29-Mar-19	1,053	-do-	6,84,492	0.722

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning and end of the year		Date	Change in shareholding	Reasons for change	Cumulative shareholding during the year	
		Number of Shares	% of Total No. of Shares				Number of Shares	% of Total No. of Shares
1	Mr. Ravi PNC Menon, Chairman	32,950	0.04	01/04/2018	0.03	Bought	63,985	0.07
		63,985	0.07	31/03/2019				
2	Mr. J C Sharma Vice Chairman and Managing Director	40,838	0.05	01/04/2018	No change	Not Applicable	40,838	0.05
		40,838	0.05	31/03/2019				
3	Dr. S K Gupta Non-Executive Independent Director	-	-	01/04/2018	No change	Not Applicable	-	-
		-	-	31/03/2019			-	-
4	Mr. R V S Rao Non-Executive Independent Director	15,000	0.01	01/04/2018	No change	Not Applicable	15,000	0.01
		15,000	0.01	31/03/2019				
5	Mr. Anup Shah # Non-Executive Independent Director	4,300	0.00	01/04/2018	No change	Not Applicable	4,300	0.00
		4,300	0.00	31/03/2019				
6	Dr. Punita Kumar-Sinha Non-Executive Independent Director	-	-	01/04/2018	No change	Not Applicable	-	-
		-	-	31/03/2019			-	-
7	Mr. Subhash Mohan Bhat# Chief Financial Officer	130	0.00	01/04/2018	No change	Not Applicable	130	0.00
		130	0.00	31/03/2019				
8	Mr. Vighneshwar G Bhat Company Secretary and Compliance officer	-	-	01/04/2018	No change	Not Applicable	-	-
		-	-	31/03/2019			-	-

Shareholding less than 0.01%

V. INDEBTEDNESS:

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

₹ in Million

	Secured Loan excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	22,723	-	-	22,723
(ii) Interest Accrued but not paid	-	-	-	-
(iii) Interest Accrued but not due	167	-	-	167
Total (i + ii + iii)	**22,890**	**-**	**-**	**22,890**
Change in Indebtedness during the financial year				
• Addition	20,314	-	-	20,314
• Reduction	17,558	-	-	17,558
Net Change	**2,756**	**-**	**-**	**2,756**
Indebtedness at the end of the financial year				
(i) Principal Amount	25,480	-	-	25,480
(ii) Interest Accrued but not paid	-	-	-	-
(iii) Interest Accrued but not due	97	-	-	97
Total (i + ii + iii)	**25,576**	**-**	**-**	**25,576**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		₹ in Million Total Amount
		Mr. Ravi PNC Menon	Mr. J C Sharma	
1.	**Gross salary**			
	(a) Salary as per provisions contained in the section 17 (1) of the Income tax Act, 1961	49.10	10.88	59.98
	(b) Value of Perquisites under section 17 (2) of the Income Tax Act, 1961	1.93	0.03	1.96
	(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	59.35	59.35	118.70
	- Others	-		-
5.	**Others** – Contribution to Provident Fund	3.64	0.64	4.28
	Total (A)	**114.02**	**70.90**	**184.92**
	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. ₹ 284.24 Million		

B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Name of Directors				₹ in Million Total Amount
		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	0.21	0.17	0.16	0.1	0.64
	• Commission	1.70	1.70	1.70	1.70	6.80
	• Others	-	-	-	-	-
Total (1)		**1.91**	**1.87**	**1.86**	**1.8**	**7.44**
2.	Other Non – Executive Directors					
	• Fee for attending Board Committee Meetings	-	-	-	-	-
		-	-	-	-	-
	• Commission	-	-	-	-	-
	• Others					
Total (2)		**-**	**-**	**-**	**-**	**-**
Total (B)=(1+2)		**1.91**	**1.87**	**1.86**	**1.8**	**7.44**
Total Managerial Remuneration*						**192.36**
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. ₹ 312.66 million. Non-Executive Directors: 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 i.e. ₹ 28.42 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		₹in Million
		Mr. Subhash Mohan Bhat Chief Financial Officer	Mr. Vighneshwar G Bhat Company Secretary and Compliance Officer	Total Amount
1.	**Gross salary**			
	(a) Salary as per provisions contained in the section 17 (1) of the Income tax Act, 1961	10.66	3.67	14.33
	(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	0.63	0.21	0.84
Total		**11.29**	**3.88**	**15.17**

VII. PENALTIES/PUNISHMENTS/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/ COURT)	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment		None			
Compounding					
B. DIRECTORS					
Penalty					
Punishment		None			
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment		None			
Compounding					

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

Place: Bangalore
Date: May 17, 2019

Ravi PNC Menon
Chairman

J C Sharma
Vice Chairman and Managing Director

Annexure F

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

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

A. Conservation of Energy

i. Steps taken or impact on conservation of energy

The Company has adopted the following energy conservation measures:

a. Use of energy efficient lamps, control gears, ballast VFDs highly efficient motors and PV cells.

b. Use of LED Light fixtures in the common areas of residential projects.

c. Use of external street light fixtures with timers.

d. Use of lighting software in the design stage of our projects.

e. Use of motion sensors and occupancy sensors with electronic drivers.

f. Use of best quality wires, cables, switches and low self-power loss breakers.

g. Following standard specifications like colour codes, independent neutral and earthing for each circuit to curb energy leakage.

h. Use of low-loss electronic ballast.

i. Selection of high efficiency transformers, DG sets and other equipment.

j. Introduction of auto-correction power factor capacitor panels for common area loads.

k. The use of separate energy meters for major common area loads so that power consumption can be monitored and efforts can be made to minimise the same.

l. Use of energy efficient lifts with group control in residential projects.

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

a. Provision of back-up solar power for common area lighting in residential projects.

b. At Sobha office, 90% of power is wheeled from Solar and wind power plant.

c. Use of heat pumps and solar water heaters instead of geysers to reduce power consumption.

iii. Capital investment on energy conservation equipment

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

B. Technology Absorption

i. Efforts made towards technology absorption

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

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

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

ii. Imported Technology

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

iii. Expenditure incurred on Research and Development

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

1. 'Ready Mixed Concrete Batching Plant Audit' for Vendor Evaluation.
2. Materials testing and 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 and 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 and D

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

Interior and Glazing division factories will be provided with roof top solar plant in view of utilizing alternate source of energy.

Expenditure on R&D

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	₹ 91.50 Million
Total income in foreign exchange	Nil

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

Place: Bangalore
Date: May 17, 2019

Ravi PNC Menon
Chairman

J C Sharma
Vice Chairman and Managing Director

Annexure G

Remuneration Details of Directors and Employees

(Pursuant to section 134 and 197(12) of the Act and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

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

Sl No.	Name of Director/ KMP	Designation	Ratio of Remuneration to Median Remuneration	% Increase in Remuneration Y-O-Y	Comparison of KMP remuneration against the Company's performance
1	Mr. Ravi PNC Menon	Chairman	299.6	22.1	The revenues increased by 29.59%, the Profit before Tax and Profit after Tax have increased by 52.93% and 47.74% respectively on a standalone basis. On a consolidated basis, the revenues were higher by 23.94%, the Profit before Tax by 41.33% and Profit after Tax by 36.95% as compared to the previous financial year 2017-18.
2	Mr. J C Sharma	Vice Chairman and Managing Director	186.3	32.5	
3	Dr. S K Gupta	Independent Director	5	13.3	Not Applicable
4	Mr. R V S Rao	Independent Director	4.9	13.3	
5	Dr. Punita Kumar-Sinha	Independent Director	4.7	13.3	
6	Mr. Anup Shah	Independent Director	4.9	13.3	
7	Mr. Subhash Mohan Bhat	Chief Financial Officer	29.7	3.3	The revenues increased by 29.59%, the Profit before Tax and Profit after Tax have increased by 52.93% and 47.74% respectively on a standalone basis. On a consolidated basis, the revenues were higher by 23.94%, the Profit before Tax by 41.23% and Profit after Tax by 36.95% as compared to the previous financial year 2017-18.
8	Mr. Vighneshwar G Bhat	Company Secretary and Compliance Officer	10.2	7.9	

ii. The median remuneration of employees during the financial year was ₹ 380,220 (Rupees Three Lakhs Eighty Thousand Two Hundred and Twenty only)

iii. The percentage increase in the median remuneration of employees in the financial year 2018-19 was 1.01%.

iv. The number of permanent employees on the rolls of Company as on March 31, 2019 was 3,555.

v. The average increase in median remuneration during the financial year 2018-19 was 1.01%. During the same period, the revenues have increased by 29.59%, the Profit before Tax and Profit after Tax have increased by 52.93% and 47.74% respectively on a standalone basis. On a consolidated basis, the revenues were higher by 23.94%, the Profit before Tax by 41.33% and Profit after Tax by 36.95% as compared to the previous financial year 2017-18.

vi. Average percentile increase in the salaries of employees other than the managerial personnel during 2018-19 was 1.01%. The percentile increase in the managerial remuneration during the same period was 7.94%. The percentile increase in the managerial remuneration was on account of the variable component of remuneration payable to the managerial personnel as per the terms and conditions of their appointment.

vii. The key parameters for any variable component of remuneration availed by the directors:

The Whole-time Directors are entitled to receive a fixed salary comprising of basic salary, allowances and perquisites. They are also eligible for performance incentives up to a specified percentage or amount as the case may be. The break-up of the remuneration is provided in the Corporate Governance Report forming part of the Annual Report.

viii. There was no employee whose remuneration was in excess of the remuneration of the highest paid Director during the financial year.

ix. The remuneration is as per the Nomination and Remuneration Policy formulated by the Nomination, Remuneration and Governance Committee and approved by the Board of Directors of the Company.

Statement pursuant to Section 134 and 197(12) 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	38	Chairman	Permanent Employee	113,931,029	B.S.C.E	15	08.06.2004	-
2	Mr. J.C. Sharma	61	Vice Chairman and Managing Director	Permanent Employee	70,822,149	B.Com(Hons), ACA, ACS	37	01.06.2001	Grasim Industries Limited
3	Mr. Gaurav Bhatia	47	Senior Vice President	Permanent Employee	10,616,417	B.Sc, MMM	13	05.01.2017	Square Yards
4	Mr. Varghese P V	56	Chief Executive Officer-Glazing Division	Permanent Employee	15,457,055	B.Sc, B.Tech	29	01.04.2006	Sobha Glazing and Metal Works Private Limited
5	Mr. Subhash Mohan Bhat	48	Chief Financial Officer	Permanent Employee	11,287,194	B. Com., ACA, ACS, ICWA	27	16.02.2015	Schneider Electric IT Business India Private Limited
6	Mr. Ajith Lal PG	51	Executive Vice President	Permanent Employee	16,046,016	B Tech Civil	28	01.19.2004	Gulf Erection Company, UAE
(B) Employed for part of the financial year									
	None								
(C) Employed for whole or part of the financial year									
	None								

Notes

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

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

   For (B), if the aggregate remuneration drawn by him during the part of the year was not less than ₹ 8,500,000 per month.

   For (C), if the aggregate remuneration drawn by him during the year or part of the year was in excess of the remuneration drawn by the Managing Director or Whole-time Director and holds by himself or along with his spouse and dependent children, not less than 2% of the equity shares of the Company.
3. None of the employees mentioned above are relatives of any Director of the Company.
4. 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 and 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

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

Place: Bangalore
Date: May 17, 2019

Ravi PNC Menon
Chairman

J C Sharma
Vice Chairman and Managing Director

Annexure H

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number	: L45201KA1995PLC018475
2.	Name of the Company	: Sobha Limited
3.	Registered Address	: Sobha, Sarjapur – Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore – 560 103.
4.	Website	: www.sobha.com
5.	Email ID	: investors@sobha.com
6.	Financial Year Reported	: 2018-19
7.	Sector that the Company is engaged in	: The Company is engaged in the business of construction and real estate development, development and management of commercial premises and related activities.

8. List key products/services that the Company manufactures/provides:
   i. Construction of Residential and Commercial projects.
   ii. Execution of Contractual projects (custom–designed turnkey projects).
   iii. Manufacturing activities related to interiors, glazing and metal works and concrete products.

9. Total number of locations where business activity is undertaken by the Company:
   i. Number of international locations : Nil
   ii. Number of national locations : The Company is headquartered in Bangalore having its regional offices in NCR, Chennai, Thrissur, Pune, Coimbatore, Cochin, Calicut, Mysore and Gujarat.

10. Markets served by the Company : The Company is in the business of Construction of Residential and Commercial projects, execution of Contractual projects in the territory of India and Manufacturing activities related to interiors, glazing and metal works and concrete products.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid Up Capital	: ₹ 948,458,530
2.	Total Turnover	: ₹ 34,337.78 million (On standalone basis)
3.	Total profit after taxes	: ₹ 2,865.24 million (On standalone basis)

4. Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit after tax: 4.28% (122.80 million)
5. List of activities in which expenditure in point 4 above has been incurred :
   - Providing education and vocational training
   - Providing healthcare facilities
   - Looking after the aged and the impoverished
   - Social Empowerment measures

SECTION C: OTHER DETAILS

Sl. No.	Particulars	Remark
1	Does the Company have any subsidiary company/ companies?	Yes, the Company has 5 direct subsidiaries and 2 step down subsidiaries.
2	Do the subsidiary company/companies participate in the BR initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s).	Yes, the subsidiaries earning profits support the BR initiatives of the Company.
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, more than 60%].	No other entities that the Company does business with, participate in its BR initiatives.

SECTION D: BUSINESS RESPONSIBILITY (BR) INFORMATION

1. Details of Director/Directors responsible for BR

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

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

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

b) Details of the BR head:

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

2. Principle-wise (as per NVGs) BR Policy/Policies

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

Sl. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have a policy/policies for the BR principles?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Yes. All the policies are being formulated in consultations with the relevant stakeholders. As per the Statutory Requirements, mandatory policies are made available to the public through the website of the Company.								
3.	Does the policy confirm to any national/ international standards? If yes, specify? (50 words)	All the policies are framed in line with the Statutory Requirements and hence, they adhere to the National Voluntary Guidelines (NVGs) issued by the Ministry of Corporate Affairs.								
4.	Has the policy being approved by Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	Wherever necessary, the policies were placed before the Board and requisite approvals were obtained.								

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

5.	Does the company have a specified Committee of the Board/Director/Official to oversee the implementation of the policy?	Yes.
6.	Indicate the link for the policy to be viewed online?	Internal policies are available for employees only. For other policies please refer to the link: https://www.sobha.com/investor-relations-downloads.php
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Internal stakeholders are made aware of the policies. External stakeholders are communicated to the extent applicable to the stakeholders. The policies are also loaded on the website of the Company for easy access.
8.	Does the Company have in-house structure to implement the policy/policies.	Yes.
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/policies?	Yes, all stakeholders' grievances may be addressed to investors@sobha.com
10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	The policies are reviewed by the Board from time to time. Further, the policies and their compliance are also reviewed internally and whenever necessary, by external agencies periodically.

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

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

3. Governance related to BR

Sl. No.	Particulars	Remark
1	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.	The Board and the Committee assess the performance on a quarterly basis i.e. every 3 months. Further, in line with the requirements of the Companies Act, 2013, the Board has constituted the CSR Committee which formulates the CSR Policy and also approves CSR expenditure to be incurred on CSR activities. The Committee ensures that the expenditure is made for the right cause.

3. Governance related to BR

2	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The Company has published the Sustainability Report. The report can be accessed from the website of the Company at: https://www.sobha.com/sustainability-reports.php The Company publishes its Business Responsibility Report on an annual basis. However, in-house magazine ***Innerve*** is published on a quarterly basis which captures the welfare initiatives undertaken by the Company.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1:

Sl. No.	Particulars	Remark
1	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?	Yes. The Company has a Code of Conduct to address ethics, bribery and corruption related matters. The code is applicable to all internal and external stakeholders. The code may be accessed from the Company's website at: https://www.sobha.com/pdfsbio/153630161520180907.pdf In addition, the Company has a vigil mechanism which monitors the ethical behaviour of the stakeholders and also alerts the top management of the Company to tap the gaps, if any, in the system.
2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	The Company has a dedicated e-mail ID to which the stakeholders may address their queries. The Secretarial Department caters to the needs of the investors. A summary of the complaints received and resolved during the year is provided in a separate section of the Corporate Governance Report attached to the Director's Report. As at the end of the financial year, there was no query pending which needs to be addressed.

Principle 2:

Sl. No.	Particulars	Remark
1	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	Given the nature of our business, the Company can consider the following three 'products': (i) Residential/commercial projects developed by the Company for sale. (ii) Projects undertaken on a contractual basis. (iii) Manufacturing related to interiors, glazing and metal works and concrete products. The Company designs its 'products' in a way that they comply with the mandatorily required standards under the requisite laws. The Company and its contractors make all possible efforts to provide a healthy and safe working environment for workers at construction sites.

SECTION E: PRINCIPLE-WISE PERFORMANCE

2	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional): i. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain? ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?	Since the products are built in multiple quantities, the details are not quantified unit-wise. Hence, these details are not available.
3	Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs were sourced sustainably? Also provide details thereof, in about 50 words or so.	Yes, the Company has set procedures to select suppliers, contractors and service providers based on their competence and capability to perform and being in compliance with the Company's Code of Conduct which includes health and safety, environment, ethics and integrity and working conditions among others. As a guiding principle, the Company prefers to do business with compliant and sustainable suppliers. The detailed percentage is not quantifiable. Further details are provided in the Sustainability Report, which can be accessed at: https://www.sobha.com/sustainability-reports.php
4	Has the company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	Yes, to the extent possible, the goods are procured from local and small producers. The Company maintains an equitable balance for sourcing its raw materials. SOBHA insists that its vendors constantly upgrade the process of manufacturing and thereby enhance their competencies to match the requisite quality.
5	Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as ≤ 5%, 5-10%, ≥10%). Also, provide details thereof, in about 50 words or so.	A separate section on this is provided in the Management Report attached to the Director's Report. Additional details can be obtained from the web-link: https://www.sobha.com/sustainability-reports.php

Principle 3:

Sl. No.	Particulars	Remark
1	Please indicate the Total number of employees.	As on 31st March 2019, the Company had 3,555 employees.
2	Please indicate the Total number of employees hired on temporary/contractual/ casual basis.	17 employees are hired on a contract basis.
3	Please indicate the Number of permanent women employees.	The Company had 391 permanent women employees as on 31st March 2019.
4	Please indicate the Number of permanent employees with disabilities	Nil.
5	Do you have an employee association that is recognized by management?	There is no employee association in the Company.
6	What percentage of your permanent employees are members of this recognised employee association?	Not Applicable.

SECTION E: PRINCIPLE-WISE PERFORMANCE

7	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	The Company does not employ child labour, forced labour or involuntary labour. Further, no complaints were received pertaining to sexual harassment during the financial year 2018-19.
8	What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?	
	• Permanent Employees	2,163 employees (60.84%)
	• Permanent Women Employees	179 employees
	• Casual/Temporary/Contractual Employees	14,416 employees
	• Employees with Disabilities	Nil

Principle 4:

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

Principle 5:

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

Principle 6:

Sl. No.	Particulars	Remark
1.	Does the policy related to Principle 6 cover only the company or extends to the Group/ Joint Ventures/Suppliers/Contractors/ NGOs/others.	The Company has its own set of principles when it comes to utilising natural and manmade resources. The same principles are being extended to group companies.

SECTION E: PRINCIPLE-WISE PERFORMANCE

2.	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.	Yes the Company has strategies/initiatives to address global environmental issues. The details may be accessed from: https://www.sobha.com/sustainability-reports.php
3.	Does the company identify and assess potential environmental risks? Y/N	Yes the Company identifies and assesses potential environmental risks and takes steps as far as possible to minimise the same.
4.	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	Yes the Sustainability Report addresses the clean development mechanism.
5.	Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	Yes, the policy may be accessed from the website: https://www.sobha.com/sustainability-reports.php
6.	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Yes.
7.	Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	No, there are no show cause/legal notices received which are materially important and are pending to be resolved at the end of the financial year.

Principle 7:

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

Principle 8:

Sl. No.	Particulars	Remark
1.	Does the company has specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.	Yes, such details are given in CSR Report attached to the Director's Report and also in a section in the Management Report.
2.	Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organization?	The programmes are carried out by the Sri Kurumba Educational and Charitable Trust, a trust associated with the Company.
3.	Have you done any impact assessment of your initiative?	The expenditure made on CSR activities and the impact of such expenditure is periodically monitored by the CSR Committee of the Board.

SECTION E: PRINCIPLE-WISE PERFORMANCE

4.	What is your company's direct contribution to community development projects Amount in INR and the details of the projects undertaken.	The Company along with its subsidiaries spent ₹ 158,770,000 towards its CSR initiatives during 2018-19. Details of the projects undertaken are: i. Eradicating hunger, poverty and malnutrition, promoting preventive healthcare and sanitation. ii. Promoting education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects. iii. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens; and measures for reducing inequalities faced by socially and economically backward groups. For further details, please refer to the Annual Report on CSR and the CSR Report in the Management Report.
5.	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	Yes. For further details, please refer to the CSR Report, which forms part of the Management Report.

Principal 9:

Sl. No.	Particulars	Remark
1.	What No. of customer complaints/consumer cases were pending as on the end of financial year.	22 consumer cases were pending at the end of the financial year 2018-19.
2.	Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)	Yes. The advertisements, agreements, application forms and other relevant documents depicts them as per the requirement of local laws.
3.	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	No.
4.	Did your company carry out any consumer survey/consumer satisfaction trends?	Yes.

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

Place: Bangalore
Date: May 17, 2019

Ravi PNC Menon
Chairman

J C Sharma
Vice Chairman and Managing Director

CORPORATE GOVERNANCE REPORT

Company's Philosophy

The Company is committed to high standards of corporate governance and believes in conducting business lawfully, with integrity and in an ethical manner. The Company is determined to provide in time, correct and complete information, as required, to all its stakeholders. The Company regularly interacts with all the stakeholders; its borders are expanding; its environment is changing ever faster; and its social responsibilities are growing. The Company firmly believes that good Corporate Governance can be achieved by promoting corporate fairness, transparency and accountability. To achieve Corporate Governance of the highest standards, the Company has adopted a comprehensive Corporate Governance policy.

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

Board of Directors

The Board, as defined in the Corporate Governance principles of Sobha Limited, has the responsibility of ensuring concord among shareholders' expectations, the Company's plans and the management's performance. The Board is also responsible for developing and approving the mission of the Company's business, its objectives and goals and the strategy for achieving these.

The Company meets the requirement of the Listing Regulations in terms of the composition of its Board. The strength of the Board as on March 31, 2019 was six Directors. The Board is headed by the Executive Chairman and comprises of eminent personalities with expertise in diverse fields. Out of the six Directors, one Director represents the promoter group, one is Professional Director and four are Non-Executive, Independent Directors. The Company does not have any Nominee Director.

None of the Directors are related to each other. The composition of the Board of Directors satisfies the requirements of Regulation 17 of the Listing Regulations read with Section 149 of the Companies Act, 2013.

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

The Directors have made necessary disclosures stating that they do not hold directorships in more than eight listed companies and do not serve as independent directors in more than seven listed entities pursuant to Regulation 17A of the Listing Regulations. Also, the membership of the Committees (Audit Committee and the Stakeholders' Relationship Committee) shall not exceed more than ten and the Chairmanship shall not exceed five in terms of Regulation 26 of the Listing Regulations.

The Company has obtained Directors and Officers' insurance ('D and O Insurance') for all its Directors for such quantum and for such risks as determined by its Board of Directors.

The composition of the Board of Directors as on March 31, 2019 was:

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

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

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

Name	Names of the Listed Entities where the person is a director and category of directorship
Mr. Ravi PNC Menon	Sobha Limited – Executive Director
Mr. J C Sharma	Sobha Limited – Executive Director
Dr. S K Gupta	Sobha Limited – Non-Executive Independent Director
Mr. R V S Rao	1. Sobha Limited – Non-Executive Independent Director 2. Puravankara Limited – Non-Executive Independent Director
Mr. Anup Shah	Sobha Limited – Non-Executive Independent Director
Dr. Punita Kumar - Sinha	1. Sobha Limited – Non-Executive Independent Director 2. JSW Steel Limited – Non-Executive Independent Director 3. Infosys Limited – Non-Executive Independent Director 4. SREI Infrastructure Finance Limited – Non-Executive Independent Director 5. Rallis India Limited – Non-Executive Independent Director 6. Bharat Financial Inclusion Limited – Non-Executive Independent Director

Note: Mr. T. P. Seetharam was appointed as an Additional Director designated as Whole-Time Director effective April 1, 2019.

Board Meetings

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

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

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

The dates of the Board meetings held during financial year 2018-19 are:

Date of the Meeting	Total Strength of BOD	No. of Directors Present
May 19, 2018	6	5
August 07, 2018	6	6
November 09, 2018	6	6
February 05, 2019	6	6
March 26, 2019	6	6

Details of the Directors' attendance in the Board meetings and the previous Annual General Meeting are:

Director	Board Meetings/Annual General Meeting					
	May 19, 2018	August 07, 2018	November 09, 2018	February 05, 2019	March 26, 2019	Annual General Meeting August 07, 2018
Mr. Ravi PNC Menon	✓	✓	✓	✓	✓	✓
Mr. J C Sharma	✓	✓	✓	✓	✓	✓
Dr. S K Gupta	✓	✓	✓	✓	✓	✓
Mr. R V S Rao	✓	✓	✓	✓	✓	✓
Mr. Anup S Shah	×	✓	✓	✓	✓	✓
Dr. Punita Kumar-Sinha	✓	✓	✓	✓	✓	✓

Agenda for the meetings and information furnished to the Board

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

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

Information placed before the Board

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

Compliances related to Board/Committee meetings

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

Appointment and re-appointment of Directors

During the year under review, Dr. Saibal Kanti Gupta, Independent Director resigned from the post of his directorship effective closure of the business hours of 31st March, 2019. The current overall composition of the Board constitutes the requisition of the Listing Regulations.

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

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

Mr. Seetharam Thettalil Parameswaran Pillai was appointed as an Additional Director designated as Whole-time Director w.e.f. 1st April, 2019. It is proposed to appoint him as a Director at the ensuing Annual General Meeting.

Further, the Board at the Meeting held on 8th July, 2019 appointed Mr. Jagadish Nangineni as additional director designated as Deputy Managing Director effective 8th July, 2019. The Board also appointed Mr. Sumeet Jagdish Puri as Additional Director and Non-Executive Independent Director on the said date. The Board recommends to the shareholders, the appointment of Mr. Jagadish Nangineni as Director designated as Deputy Managing Director and Mr. Sumeet Jagdish Puri as Non-Executive Independent Director.

Mr. Ramachandra Venkatasubba Rao and Mr. Anup Sanmukh Shah were appointed as Non-Executive Independent Directors in the Annual General Meeting held on 11th July, 2014 for a term of 5 (five) consecutive years up to the conclusion of the ensuing Annual General Meeting. Therefore, it is proposed to re-appoint them as Non-Executive Independent Directors for a further period of 5 years at the ensuing Annual General Meeting.

The Notice of the Annual General Meeting contains the proposal for their re-appointment as Non-Executive Independent Directors.

As required under Regulation 36(3) of the Listing Regulation and Secretarial Standards - 2 particulars of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting are given in the Annexure to the Notice of the ensuing AGM.

Certificate pursuant to Regulation 34(3) and Schedule V, Para C, Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

A certificate issued by Mr. Nagendra D Rao, Company Secretary in practice stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority forms part of this report as **Annexure A**.

Resolutions passed by circulation

During 2018-19, the Board passed one circular resolution:

1. Proposing appointment of Mr. Seetharam Thettalil Parameswaran Pillai as Director of the Company.

Directors' Compensation

The Board of Directors in consultation with the Nomination, Remuneration and Governance Committee, is responsible for the appointment and re-appointment of directors and determining their remuneration subject to approval of the shareholders at the Annual General Meeting. The remuneration to the Board of Directors is approved by the shareholders and disclosed separately in the Notes to Accounts. During the year under review, the Company had two

Executive/Whole-time Directors. Remuneration to Whole-time Director(s) consists of a fixed salary and/or performance incentive/commission on the consolidated profit earned by the Company. The Executive Directors of the Company are not entitled to sitting fees for attending Board or Committee Meetings.

Independent Directors' Compensation

The Company has an eminent pool of Independent Directors who, with their expertise and diverse experience contribute to the development of the Company's strategies. The Independent Directors meet the criteria defined under the Companies Act, 2013 and the Listing Regulations. A confirmation of independence has been obtained from each of the Independent Directors of the Company. The Board hereby confirms that in its opinion, the Independent Directors fulfill the conditions specified in the Listing Regulations and are independent of the management.

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

The Directors, being experts in the respective fields such as Finance (Banking, Accounts, Audits), Technical (Civil Engineering, Steel Industry etc.), Administration, Management and Legal (Real Estate), are able to contribute effectively to the overall performance of the Company.

Pursuant to Section 197 of the Companies Act, 2013, a Director who is neither in whole-time employment of the Company nor a Managing Director may be paid remuneration, subject to the approval of the shareholders. The members of the Company at the 19th Annual General Meeting held on July 11, 2014, approved paying remuneration to Non-Executive Directors at a rate not exceeding 1 percent per annum of the net profits of the Company for a period of five years commencing from April 01, 2014.

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

The following are the details of the remuneration paid/payable to the Directors for financial year 2018-19:

(in ₹)

Name	**Salary**	**Perquisites**	**Contribution to Provident Fund**	**Commission / Incentive**	**Sitting Fees**
Mr. Ravi PNC Menon	4,91,00,782	19,32,842	36,45,000	5,93,52,405	-
Mr. J C Sharma	1,08,82,144	39,600	6,48,000	5,93,52,405	-
Dr S K Gupta	-	-	-	17,00,000	2,10,000
Mr. R V S Rao	-	-	-	17,00,000	1,70,000
Mr. Anup Shah	-	-	-	17,00,000	1,60,000
Dr Punita Kumar-Sinha	-	-	-	17,00,000	1,00,000

*The details of the nature of contract is provided in the extract of Nomination and Remuneration Policy. None of the Directors are entitled for severance fee.

Shareholding of Directors

The shareholding of the Directors of the Company as on 31st March 2019 is:

Name of the Director	**Category**	**No. of equity shares**	**%**
Mr. Ravi PNC Menon	Executive/Whole-time Director	63,985	0.07
Mr. J C Sharma	Executive/Whole-time Director	40,838	0.05
Mr. R V S Rao	Non- Executive Independent Director	15,000	0.02
Mr. Anup Shah	Non- Executive Independent Director	4,300	0.00
Dr. S K Gupta	Non- Executive Independent Director	-	-
Dr. Punita Kumar-Sinha	Non- Executive Independent Director	-	-
Total		**124,123**	**0.14**

COMMITTEES OF THE BOARD OF DIRECTORS

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

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

Committees as mandated under Companies Act, 2013 and Listing Regulations

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

Other Committees

1. Share Transfer Committee

Audit Committee

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

As required under Section 177 of the Companies Act, 2013, the Audit Committee should comprise at least three directors with Independent Directors forming the majority. As per Regulation 18 of the Listing Regulations, the Committee should comprise at least three members of which at least two-third should be independent. As on 31st March, 2019 the Audit Committee of the Company had four members, out of which, three were Independent Directors.

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

Terms of reference

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

- Compliance with the stock exchange's legal requirements concerning financial statements to the extent applicable.

- Reviewing the adequacy of the internal audit function, if any, including the structure of the Internal Audit Department, staffing and seniority of the office heading the department, reporting structure and coverage and frequency of internal audits.

- Discussions with Internal Auditors on any significant findings and follow up thereon.

- Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularities or a failure of the internal control systems of a material nature and reporting the matter to the Board.

- Approving the appointment of the Chief Financial Officer after assessing the qualifications, experience and background etc. of the candidate.

- The Committee shall look into any related party transactions, i.e., transactions of the Company of a material nature, with promoters or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the Company at large, including approval or any subsequent modifications of such transactions.

- Scrutiny of inter-corporate loans and investments.

- Valuation of the Company's undertakings or assets, 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.

- Reviewing the utilization of loans and/or advances from/investments by the holding company in the subsidiary exceeding ₹ 100 crore or 10 percent of the asset size of the subsidiary, whichever is lower including existing loans/ advances/investments existing as on the date of coming into force of this provision.

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

Powers of the Audit Committee

- Investigate any activity within its terms of reference.

- Seek information from any employee.

- Obtain outside legal or other professional advice.

- Secure attendance of outsiders with relevant expertise, if it considers necessary.

Review of information by the Audit Committee

- Management discussions and analyses of the financial condition and results of operations.

- Financial statements and the draft audit report, including quarterly/half-yearly financial information.

- Reports relating to compliance with laws and to risk management.

- Records of related party transactions and a statement of significant related party transactions submitted by the Management.

- Management letters/letters of weaknesses in internal control issued by Statutory/Internal Auditors.

- Internal audit reports related to weaknesses in internal controls.

- The appointment, removal and terms of remuneration of the head of the internal audit function.

- Statement of deviations:

    - ➢ Quarterly statements of deviations including the report of the monitoring agency, if applicable, submitted to the stock exchange in terms of Regulation 32(1) of the Listing Regulations.

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

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

Meetings

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

The Audit Committee met five times during the financial year 2018-19. There was no gap of more than 120 days between two meetings. The dates of the meetings held during the financial year are:

Date of the meeting	Total strength of the Committee	No. of members present
May 19, 2018	4	3
August 07, 2018	4	4
November 09, 2018	4	4
February 05, 2019	4	4
March 26, 2019	4	4

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

Name		Category	Audit Committee meetings				
			May 19, 2018	August 07, 2018	November 09, 2018	February 05, 2019	March 26, 2019
Mr. R V S Rao	Chairman	Non-Executive Independent	✓	✓	✓	✓	✓
Dr. S K Gupta	Member	Non-Executive Independent	✓	✓	✓	✓	✓
Mr. Anup Shah	Member	Non-Executive Independent	×	✓	✓	✓	✓
Mr. J C Sharma	Member	Vice Chairman & Managing Director	✓	✓	✓	✓	✓

Invitees

The Chairman of the Board, Chief Financial Officer, Head of Internal Audit and Statutory Auditors attended all the Audit Committee meetings held during the financial year 2018-19 in the capacity of invitees.

Stakeholders’ Relationship Committee

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

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

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

Terms of reference

- Resolving the grievances of security holders of the listed entity including complaints related to transfer/ transmission of shares, non-receipt of Annual Report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar and Share Transfer Agents.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

Meetings

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

The Stakeholders' Relationship Committee met four times during the financial year 2018-19:

Date of the meeting	Total strength of the Committee	No. of members present
May 19, 2018	3	3
August 07, 2018	3	3
November 09, 2018	3	3
February 05, 2019	3	3

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

Name		Category	Stakeholders Relationship Committee meetings			
			May 19, 2018	August 07, 2018	November 09, 2018	February 05, 2019
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 the investors during the financial year 2018-19 are:

Particulars	Balance as on 01.04.2018	Received during the year	Resolved during the year	Balance as on 31.03.2019
SEBI SCORES Website	-	-	-	-
Registrar of Companies	-	-	-	-
Stock Exchange	-	2	2	-
Non-Receipt/Revalidation of Dividend Warrants/Non-Receipt of Annual Report	1	2	3	-
Miscellaneous	-	-	-	-
Total	**1**	**4**	**5**	**-**

Nomination, Remuneration and Governance Committee

The Nomination, Remuneration and Governance Committee of the Board of Directors recommends the nomination of Directors, Key Managerial Personnel, Senior Management of the Company and carries out an evaluation of the performance of Individual Directors, recommends the remuneration policy for Directors, Key Managerial Personnel and other employees, recommends to the Board, all remunerations, in whatever form, payable to the senior management and also deals with the Company's governance related matters.

Terms of reference

- To identify, review, assess, recommend and lead the process for appointment of Executive, Non-Executive and Independent Directors to the Board and Committees thereof and to regularly review the structure, size and composition, balance of skills, knowledge and experience of the Board and the Board's committees and make recommendations to the Board or, where appropriate, to the relevant committee with regard to any adjustments that are deemed necessary.

- To formulate criteria for evaluating Independent Directors and the Board.

- To evaluate the performance of the Chairman and other members of the Board on an annual basis and to monitor and evaluate the performance and effectiveness of the Board and the Board's committees and the contribution of each Director to the Company. The Committee shall also seek the views of Executive Directors on the performance of Non-Executive Directors.

- Whether to extend or continue the terms of appointment of Independent Directors, on the basis of a report of their performance evaluation.

- To devise a policy on the Board's diversity.

- To identify persons who are qualified to become directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board their appointment and removal.

- To make recommendations to the Board on the following matters:

    - ➢ Re-appointment of any Executive and Non-Executive Director at the conclusion of his/her specified term of office.

    - ➢ Re-election by members of any Director who is liable to retire by rotation as per the Company's Articles of Association.

    - ➢ Any matters relating to the continuation in office of any Director at any time.

- To formulate a policy relating to the remuneration of the Directors, Key Managerial personnel and other employees.

- To define and articulate the Company's overall Corporate Governance structures and to develop and recommend to the Board of

Directors the Board's Corporate Governance Guidelines.

- To receive reports, investigate, discuss and make recommendations in respect of breaches or suspected breaches of the Company's Code of Conduct.
- To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements and to develop, review and monitor the Code of Conduct and Compliance Manual applicable to the 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 a meeting is either two members or one-third of the members of the Committee, whichever is greater, including at least one Independent Director being present for the meeting.

The Nomination, Remuneration and Governance Committee met twice during the financial year 2018-19.

Date of the meeting	Total strength of the Committee	No. of members present
May 19, 2018	4	3
March 26, 2019	4	4

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

Name		Category	Nomination, Remuneration and Governance Committee Meetings	
			May 19, 2018	March 26, 2019
Mr. Anup Shah	Chairman	Non-Executive Independent	×	✓
Mr. R V S Rao	Member	Non-Executive Independent	✓	✓
Dr. S K Gupta	Member	Non-Executive Independent	✓	✓
Mr. Ravi PNC Menon	Member	Executive Chairman	✓	✓

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

The Nomination and Remuneration Policy contains the criteria for evaluating the Board, its committees and directors. The policy is available on the Company's website at https://www.sobha.com/pdfsbio/153630165920180907.pdf and also forms a part of the Directors' Report.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee of the Board of Directors is entrusted with the responsibility of formulating and monitoring the Company's Corporate Social Responsibility Policy. The Corporate Social Responsibility Policy is available on the Company's website at https://www.sobha.com/pdfsbio/153630163520180907.pdf

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

Terms of reference

- Formulating the Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company.
- Recommend the amount of expenditure to be incurred on the aforesaid activities.
- Monitor the Corporate Social Responsibility policy of the Company from time to time.

- Prepare an annual report on Corporate Social Responsibility initiatives for inclusion in the Board's Report.
- Perform such functions as may be detailed in the Companies Act, 2013 and the relevant rules made thereunder and any other applicable legislation.

Meetings

The quorum for a meeting is any two members present at the meeting. The Committee met four times during the financial year 2018-19.

Date of the meeting	Total strength of Committee	No. of members present
May 19, 2018	3	2
August 07, 2018	3	3
November 09, 2018	3	3
February 05, 2019	3	3

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

Name		Category	Stakeholders Relationship Committee meetings			
			May 19, 2018	August 07, 2018	November 09, 2018	February 05, 2019
Mr. Anup Shah	Chairman	Non-Executive Independent	x	✓	✓	✓
Mr. Ravi PNC Menon	Member	Executive Chairman	✓	✓	✓	✓
Mr. J C Sharma	Member	Vice Chairman and Managing Director	✓	✓	✓	✓

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

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 and specifically cover cyber security.

Terms of reference

- Oversee and approve the risk management, internal compliance and control policies and procedures of the Company.
- Oversee the design and implementation of the risk management and internal control systems (including reporting and internal audit systems), in conjunction with existing business processes and systems to manage the Company's material business risks.
- Receive reports from, review with and provide feedback to the management on the categories of risk that the Company faces including but not limited to credit, market, liquidity and operational risks, exposures in each category, significant concentration within those risk categories, the metrics used to monitor the exposures and the management's views on the acceptable and appropriate levels of these risk exposures.
- Establish policies for the monitoring and evaluation of risk management systems to assess the effectiveness of those systems in minimizing risks that may adversely affect the business of the Company.
- Oversee and monitor the management's documentation of the material risks that the Company faces and update them as events change and risks shift.
- Review reports on any material breach of risk limits and the adequacy of the proposed actions undertaken.
- In consultation with the Audit Committee,

review and discuss the following with the management:

i. key guidelines and policies governing the Company's significant processes for risk assessment and risk management; and

ii. the Company's major risk exposures and the steps that the management has taken to monitor and control such exposures.

- Report the proceedings of the committee to the Board or the Audit Committee of the Board at its regular meetings on all matters which fall within its terms of reference.
- Recommend to the Board or the Audit Committee of the Board as it deems appropriate on any area within its terms of reference where an action or improvement is needed.
- Review its own performance, constitution and terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

Meetings

The quorum for a meeting is any two members present at the meeting. The Committee met once during the financial year 2018-19:

Date of the meeting	Total strength of Committee	No. of members present
May 19, 2018	3	2

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

Name		Category	Risk Management Committee meetings May 19, 2018
Mr. Anup Shah	Chairman	Non-Executive Independent	×
Mr. Ravi PNC Menon	Member	Chairman	✓
Mr. J C Sharma	Member	Vice Chairman and Managing Director	✓

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

Other Committees:

Share Transfer Committee

The Share Transfer Committee of the Board of Directors specifically addresses matters relating to transfer, split, consolidation, dematerialization and re-materialization 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 Certificates in lieu of Original Share Certificates.
- To issue Split Share Certificates as requested by a member.
- To take all such steps as may be necessary in connection with the transfer, transmission, splitting and issue of Duplicate Share Certificates in lieu of Original Share Certificates.

Meetings

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

No requests pertaining to transfer, dematerialization, re-materialization, issue of duplicate or split share certificates etc. were received during financial year 2018-19.

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

Disclosures

Related Party Transactions

Pursuant to Regulation 23 of the Listing Regulations, the Board of Directors formulated a Policy on Related Party Transactions which can be accessed from the Company's website at https://www.sobha.com/pdfsbio/153630170720180907.pdf. Disclosures of related party transactions is part of the Notes to Accounts section of the Annual Report.

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

Subsidiary Monitoring Framework

The Company has the following five subsidiaries and two step-down subsidiaries in terms of the Companies Act, 2013. The Company also has 100 percent economic interest in a partnership firm.

- Sobha Developers (Pune) Limited.
- Sobha Highrise Ventures Private Limited.
- Sobha Assets Private Limited.
- Sobha Tambaram Developers Limited.
- Sobha Nandambakkam Developers Limited.
- Sobha Contracting Private Limited (subsidiary of a subsidiary).
- Kilai Builders Private Limited (subsidiary of a subsidiary).
- Sobha City, a Registered Partnership firm.

In terms of Regulation 16 of the Listing Regulations, the Board of Directors formulated a policy for determining material subsidiaries and the policy is available on the website of the Company at https://www.sobha.com/pdfsbio/153630170720180907.pdf

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

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

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

Code of Conduct

In terms of Regulation 17 of the Listing Regulations, the Company has adopted a Code of Conduct for the Board of Directors and senior management personnel of the Company. The code is circulated to all the Directors and Senior Management personnel and their compliance is affirmed by them for 2018-19. The Code of Conduct adopted by the Company has been posted on its website.

Confirmation of the Code of Conduct by Vice Chairman and 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, 2019, 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 17, 2019

J C Sharma
Vice Chairman and 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 https://www.sobha.com/pdfsbio/155409819220190401.pdf

Vigil Mechanism

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

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

Familiarization Programmes

The familiarization programmes for Independent Directors are bifurcated into:

I. Initial or Preliminary

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

II. Continual or Ongoing

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

Details of the familiarization programmes imparted to the Independent Directors are given on the Company's website at https://www.sobha.com/pdfsbio/153630457020180907.pdf

Compliances

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

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

Management Discussion and Analysis Report

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

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

Corporate Governance Compliance Certificate

The Corporate Governance Compliance Certificate for the year ended 31st March 2019 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 2019 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 2018-19, the fees paid to the Statutory Auditors of the Company is as follows:

(₹ Million)

Audit fees [includes fees for limited reviews]	7.00
Other services	0.00
Out of pocket expenses	0.49
Total	**7.49**

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

The Company has always believed in providing a safe and harassment free workplace for every individual working in the Company's premises through various interventions and practices. The Company always endeavours to create and provide an environment that is free from discrimination and harassment including sexual harassment.

The following is a summary of sexual harassment complaints received and disposed of during financial year 2018-19:

a. number of complaints filed during the financial year: NIL

b. number of complaints disposed of during the financial year: NIL

c. number of complaints pending as on end of the financial year: NIL

Compliance of Non-Mandatory Requirements

Part E of Schedule II of the Listing Regulations contains certain non-mandatory requirements that a company may implement at its discretion. However, disclosures on compliance of mandatory requirements and adoption (and compliance)/ non-adoption of the non-mandatory requirements is made in the Corporate Governance Report of the Annual Report. The status of compliance of the non-mandatory requirements is as follows:

A. The Board

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

B. Shareholders' Rights

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

C. Modified opinion(s) in the Audit Report

The audited financial statements of the Company for financial year 2018-19 do not contain any qualifications and the Statutory Auditors Report/Secretarial Audit Report does not contain any adverse remarks. The Audit Reports are unmodified reports.

D. Separate posts of Chairman and CEO

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

E. Reporting by the Internal Auditor

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

The Company has complied with the corporate governance requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of Sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

COMPANY INFORMATION

Annual General Meeting

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

Financial Year	Date and Time	Venue	Special Resolutions
2017-2018	August 07, 2018 at 3.30 PM	The Gateway Hotel Residency Road Bangalore, 66, Residency Road, Bangalore – 560 025.	i) Issue of Non-Convertible Debentures on a private placement basis.
2016-2017	August 04, 2017 at 4.00 PM	The Gateway Hotel Residency Road Bangalore, 66, Residency Road, Bangalore – 560 025.	Nil
2015-2016	August 03, 2016 at 4.00 PM	The Gateway Hotel Residency Road Bangalore, 66, Residency Road, Bangalore – 560 025.	i) Appointment of Mr. Ravi PNC Menon as whole time Director designated as Chairman of the Company. ii) Issue of Non-Convertible Debentures on a Private Placement Basis.

Extraordinary General Meeting

No Extraordinary General Meeting was held during financial years 2016-17, 2017-18 and 2018-19.

Postal Ballot

The Company passed one Special Resolution through postal ballot during the year for Continuation of directorship of Mr. Ramachandra Venkatasubba Rao (DIN: 00061599), Independent Director of the Company, who has attained the age of 75 years. Mr. Narendra D Rao acted as scrutinizer to the postal ballot. The postal ballot was conducted through ballot paper e-voting mode.

Non of the businesses proposed to be transacted at the ensuing Annual General Meeting require passing an ordinary or special resolution through postal ballot.

MEANS OF COMMUNICATION

Website	Appropriate information relating to the Company and its performance including financial results, press releases pertaining to important developments, performance updates and corporate presentations are regularly posted on the website www.sobha.com. The 'Investors section' provides up-to-date information to shareholders on matters such as the shareholding pattern, outcome of Board and General meetings, stock performance, unclaimed equity shares, unclaimed dividend and investor presentations.
Financial Results	The quarterly, half-yearly and annual financial results are published in an English newspaper *(Business Standard or Business Line or the Financial Express)* and a regional language newspaper *(Samyuktha Karnataka or Praja Vani).*
NEAPS	Stock exchange intimations are electronically submitted to NSE through the NSE Electronic Application Processing System (NEAPS).

BSE Listing Centre	Stock exchange intimations are electronically submitted to BSE through the BSE Listing Centre.
Annual Report	The Chairman's Message, Directors' Report, the Management Discussion and Analysis Report and the Corporate Governance Report form part of the Company's Annual Report and are available on the website of the Company.
Investor Servicing	The contact details for investors queries are given elsewhere in this Report. The Company has a designated e-mail ID, investors@sobha.com for investor servicing.
Stakeholder Satisfaction Survey	An online survey is available on the website of the Company for addressing the grievances of the stakeholders and for their feedback on the efficacy of investor services.
List of all Credit Ratings obtained by the entity along with revisions if any, thereto during the relevant financial year	ICRA : A+(Stable) CRISIL : A+(Stable)

Recommendation of Dividend and Dividend Payment Date

The Board of Directors has recommended a dividend of ₹ 7 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 the Annual General Meeting and will be paid to the shareholders within the prescribed time.

Dividend History

The dividends declared by the Company in the previous seven years are:

Financial year	Rate of dividend (%)	Dividend per equity share of ₹ 10 each
2010-11	30.00	3.00
2011-12	50.00	5.00
2012-13	70.00	7.00
2013-14	70.00	7.00
2014-15	70.00	7.00
2015-16*	20.00	2.00
2016-17**	25.00	2.50
2017-18	70.00	7.00

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

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

Other information

Listing and custodial fee	The Company paid annual listing and custodial fees for financial year 2019-20 to BSE Limited, the National Stock Exchange of India Limited, National Securities Depository Limited and Central Depository Services Limited.
Listing on stock exchanges	The equity shares of the Company are listed on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). The Non-Convertible Debentures of the Company are listed on BSE.

Reconciliation of the share capital audit	In terms of Regulation 76 of the SEBI (Depositories and Participants) Regulations, 2018, reconciliation of the Share Capital Audit is conducted every quarter by Mr. Natesh K, Practicing Company Secretary to reconcile the total admitted capital with the National Securities Depository Limited (NSDL), the Central Depository Services (India) Limited (CDSL) and physically with the shareholders and the total issued and listed capital. The report is forwarded to the stock exchanges within the prescribed timeline, where the shares of the Company are listed.
Outstanding GDRs/ADRs/ Warrants/Convertible Instruments and their impact on equity	As on March 31, 2019, the Company did not have any outstanding GDRs/ ADRs/Warrants/Convertible Instruments.
Plant location of the divisions	**Interiors Division:** • Plot No.9, KIADB Industrial Area, Jigani-Bommasandra Link Road, Hennagara (Post), Anekal Taluk, Bommasandra, Bangalore – 562 105. • Plot No. E-514, RIICO Industrial Area, Chopanki, Tehsil Bhiwadi, District Alwar, Rajasthan – 301 019. **Glazing Division:** • Plot No.10, Bommasandra Industrial Area, Bommasandra Jigani Link Road, Jigani Post, Anekal Taluk, Bangalore – 562 106. • Plot No.G6, SIPCOT Industrial Park, Irungulam Village, Sriperumbudur Taluk, Kancheepuram District, Chennai – 602 105. • Plot No. 127, Phase IV, Sector-56, HSIIDC, Kundli Industrial Area, District Sonepat, Haryana - 131 028. **Concrete Products Division:** • Plot No # 329, Bommasandra Jigani Link Road, Industrial Area, Jigani, Anekal Taluk, Bangalore – 560 105. • Sector 106, 108 and 109, Babupur Village, Near New Palam Vihar, Gurgaon – 122 017 . • Survey No: 828/829/832, Pune - Ahmednagar Road, Sanaswadi Post, Shirur Taluk, Pune - 412 208.

Stock code details

Particulars	International Securities Identification Number	National Stock Exchange of India Limited	BSE Limited
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-18	568.00	490.55	542.00	8,256,692	567.15	492.75	541.96	6,17,169
May-18	554.90	489.35	526.63	4,072,864	590.00	488.70	526.75	3,52,816
June-18	519.50	414.50	490.42	2,831,058	519.75	415.65	489.85	1,79,885
July-18	507.05	430.20	469.78	5,101,679	507.00	428.00	469.39	7,54,933
August-18	539.00	457.00	481.84	5,183,827	538.00	458.00	418.66	3,29,012
September-18	464.00	394.00	427.10	3,076,123	467.40	394.90	427.20	9,50,189
October-18	460.00	380.30	418.90	4,499,685	458.65	380.50	417.26	2,10,477
November-18	484.00	438.20	456.38	2,723,002	483.80	437.30	456.08	4,26,419
December-18	486.80	424.00	456.24	2,130,406	486.00	425.00	456.22	69,292
January-19	514.40	437.55	476.46	5,872,851	530.00	439.30	476.14	6,89,761
February-19	488.90	426.20	455.63	3,307,119	488.00	427.30	455.76	1,32,166
March-19	530.25	427.15	451.88	5,638,391	523.40	426.40	452.03	2,13,023

The share price performance of the Company vis-à-vis broad-based indices during financial year 2018-19 forms part of the Annual Report.

Shareholding pattern

Distribution of shareholding as on March 31, 2019

Range of equity shares held	No. of shareholders	% of total shareholders	Number of shares	% of Issued capital
1 – 500	53,527	97.57	23,33,492	2.46
501 – 1000	661	1.21	4,90,599	0.52
1001 – 2000	286	0.52	4,10,693	0.43
2001 – 3000	78	0.14	1,97,409	0.21
3001 – 4000	42	0.08	1,50,134	0.16
4001 – 5000	29	0.05	1,30,907	0.14
5001 – 10000	57	0.10	4,09,608	0.43
10001 and above	178	0.33	9,07,23,011	95.65
Total	**54,858**	**100.00**	**94,845,853**	**100.00**

The shareholding pattern of the Company and details of the top 10 shareholders as on March 31, 2019 are detailed in the Annexure to the Director's 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 07, 1995	30	10	10	Cash	Subscribers to memorandum	30	300
February 11, 1998	1,174,729	10	10	Cash	Further allotment	1,174,759	11,747,590
October 16, 1998	1,934,823	10	10	Cash	Further allotment	3,109,582	31,095,820
December 22, 1998	855,000	10	10	Cash	Further allotment	3,964,582	39,645,820
March 25, 1999	3,000,000	10	10	Cash	Further allotment	6,964,582	69,645,820
July 11, 2002	14,175,898	10	10	Cash	Further allotment	21,140,480	211,404,800

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 (₹)
June 28, 2006	42,280,960	10	10	-	Bonus issue in the ratio of 2:1	63,421,440	634,214,400
October 28, 2006*	97,245	10	617	Cash	Preferential allotment-pre IPO placement to Bennett, Coleman & Co. Limited	63,518,685	635,186,850
October 28, 2006**	486,223	10	617	Cash	Preferential allotment-pre IPO placement to Kotak Mahindra Private Equity Trustee Limited	64,004,908	640,049,080
December 12, 2006***	8,896,825	10	640	Cash	8,014,705 equity shares were allotted to the public and 882,120 equity shares were allotted pursuant to employee reservation pursuant to the initial public offering	72,901,733	729,017,330
July 03, 2009****	25,162,135	10	209.40	Cash	Qualified Institutional Placement	98,063,868	980,638,680
July 21, 2016$	1,759,192	10	330.00	Cash	Buyback	96,304,676	963,046,760
October 12, 2017^	1,458,823	10	425.00	Cash	Buyback	94,845,853	948,458,530

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

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

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

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

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

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

Shares held in physical and dematerialized form

As on March 31, 2019, 99.999 per cent 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 electronic and physical forms:

Description	No. of shareholders	No. of shares	% of equity
NSDL	33,622	9,28,96,977	97.95
CDSL	21,229	19,48,803	2.05
Physical	7	73	0.00
Total	**54,858**	**94,845,853**	**100**

Additional shareholder information

Unclaimed dividend

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

During the financial year 2018-19, the Company was required to transfer to the IEPF the balance in the unpaid dividend account of the dividends declared in the Annual General meeting held on June 30, 2011. Accordingly, the Company transferred an amount of ₹198,396 (Rupees One Lakh Ninety Eight Thousand Three Hundred and Ninety Six Only) to the Investor Education and Protection Fund.

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

The following table provides the dates of declaration of dividend for the previous 7 years 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, 2019	Due date for transfer to IEPF Fund
2011-12	June 30, 2012	August 04, 2019	264,745.00	September 03, 2019
2012-13	July 05, 2013	August 03, 2020	308,455.00	September 02, 2020
2013-14	July 11, 2014	August 09, 2021	272,258.00	September 08, 2021
2014-15	July 15, 2015	August 19, 2022	478,009.00	September 18, 2022
2015-16	August 3, 2016	September 04, 2023	147,326.00	October 03, 2023
2016-17	August 4, 2017	September 06, 2024	181,887.50	October 05, 2024
2017-18	August 7, 2018	September 09, 2025	503,678.00	October 08, 2025

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 e-mail to investors@sobha.com.

Unclaimed equity shares

In terms of Regulation 39(4) of the Listing Regulations, unclaimed equity shares shall be transferred to an 'Unclaimed Suspense Account' opened by the Company for the purpose and the equity shares lying therein shall be dematerialized 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, 2018	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, 2019
2018-19	83 shareholders and 841 outstanding equity shares	-	-	83 shareholders and 841 outstanding equity shares

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

Pursuant to the notification issued by Ministry of Corporate Affairs, Government of India, the Company has transferred the following equity shares to the designated demat account of the IEPF:

Base year	Year of Transfer	Number of shareholders	No. of equity shares transferred to IEPF's demat account
2009-10	2017-18	175	2,470
2010-11	2018-19	64	1,550

General shareholder information

Corporate Identification Number	L45201KA1995PLC018475
Registered and Corporate Office	Sobha Limited 'SOBHA', Sarjapur – Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore – 560 103
Date and Venue of the Annual General Meeting (AGM)	Date: Friday, 9th August, 2019 Time: 3.30 PM Venue: Taj MG Road, Bengaluru, 41/3, Mahatma Gandhi Road, Bengaluru 560 001, Karnataka, India.
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 26th July, 2019.
Dividend payment date	If approved by the shareholders in the ensuing Annual General Meeting, the dividend will be paid on or before September 5, 2019.
Declaration of Financial Results for financial year 2018-19	• For quarter ending June 30, 2018 – August 07, 2018. • For quarter ending September 30, 2018 – November 09, 2018. • For quarter ending December 31, 2018 – February 05, 2019. • For year ending March 31, 2019 – May 17, 2019.
Tentative dates for declaration of financial results for 2019-20.	• For quarter ending June 30, 2019 – Second week of August 2019. • For quarter ending September 30, 2019 – Second week of November 2019. • For quarter ending December 31, 2019 – Second week of February 2020. • For the year ending March 31, 2020 –Third week of May 2020.

Correspondence details of various authorities

The Securities and Exchange Board of India	Securities and Exchange Board of India SEBI Bhavan, Plot No.C4-A, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai - 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	The Bombay Stock Exchange 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 Floor, "A" Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 Tel: +91 22 2499 4200 Website: www.nsdl.co.in
Central Depository Services (India) Limited	Central Depository Services (India) Limited 17th floor, P J Towers, Dalal Street, Fort, Mumbai – 400 001 Tel: +91 2272 8658 | +91 2272 8645 Website: www.cdslindia.com
Debenture Trustee	Catalyst Trusteeship Limited GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune - 411 038 Tel: +91 20 2528 0081 Fax : +91 20 2528 0275
R&T Agents	Link Intime India Private Limited C-101,247 Park, L B S Marg, Vikhroli West, Mumbai-400083. Telephone Number: 022-4918 6000 Fax Number: 022-4918 6060 Email: rnt.helpdesk@linkintime.co.in

Share transfer system

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

Nomination

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

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

(ii) For shares held in a dematerialized mode, members are requested to give the nomination request to their respective Depository Participants directly.

E-voting

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

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

Website disclosures

Corporate Social Responsibility Policy	https://www.sobha.com/pdfsbio/153630163520180907.pdf
Vigil Mechanism	https://www.sobha.com/pdfsbio/153630159420180907.pdf
Code of Conduct	https://www.sobha.com/pdfsbio/153630161520180907.pdf
Nomination and Remuneration Policy	https://www.sobha.com/pdfsbio/153630165920180907.pdf
Code of Conduct for Prevention of Insider Trading	https://www.sobha.com/pdfsbio/155409819220190401.pdf
Material Subsidiary Policy	https://www.sobha.com/pdfsbio/153630170720180907.pdf
Policy on Related Party Transactions	https://www.sobha.com/pdfsbio/153630170720180907.pdf
Policy on Determination of Materiality of Events and Information	https://www.sobha.com/pdfsbio/153630154920180907.pdf
Policy on Preservation of Documents	https://www.sobha.com/pdfsbio/153630157420180907.pdf
Terms and Conditions of Appointment of Independent Directors	https://www.sobha.com/pdfsbio/153630451520180907.pdf
Composition of Various Committees of the Board of Directors	https://www.sobha.com/pdfsbio/153630449220180907.pdf

Address for correspondence

For any queries, please write to:

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

For queries relating to financial statements, please write to:

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

Annexure - A

Certificate pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

I have examined the relevant registers, records, forms and returns filed, notices and disclosures received from the Directors, minutes books, other books and papers of Sobha Limited having CIN L45201KA1995PLC018475 and having registered office at SOBHA, Sarjapur-Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bengaluru – 560 103 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) 2015 (hereinafter referred to as 'the LODR'), as amended vide notification no SEBI/LAD/NRO/GN/2018/10 dated May 9, 2018 issued by SEBI.

In my opinion and to the best of my information and according to the verifications (including DIN status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company, its officers and Management Representation Letter of even date, I hereby certify that none of the Directors who were on the Board of the Company as on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of the Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any other Statutory Authority.

Ensuring the eligibility of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification.

We have conducted necessary verification as much as is appropriate to obtain reasonable assurance about the eligibility or disqualification of the Directors on the Board of the Company.

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

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

Place: Bengaluru
Date: May 17, 2019.

Markets and Operating Environment

Macroeconomic Overview

In its Asian Development Outlook 2019, Asian Development Bank projects India's GDP growth to rise to 7.2% in the year 2019 and reach 7.3% in the year 2020. India will remain one of the fastest-growing major economies in the world this year given strong household spending and corporate fundamentals. India has a golden opportunity to cement recent economic gains by becoming more integrated in global value chains. The Country's young workforce, an improving business climate and a renewed focus on export expansion support this.

The volume of building activity will be huge, expanding the world's inventory of institutional-grade real estate. Global construction output is expected to almost double to US$ 15 trillion by 2025, as compared to US$ 8.7 trillion in 2012. Emerging markets are well positioned and will emerge fastest growing in the years to come.

By 2020, the 21st century's great migration to the cities will be well underway. Cities will be swelling across the fast-growing countries including India. Unprecedented shifts in population will drive changes in demand for real estate and cities will attract young middle classes, especially in emerging markets like India. Demographic shifts will affect demand for real estate fundamentally. The burgeoning middle-class urban population in India will need far more housing.

In India, real estate has played a large part in driving economic growth. Even as growth moderates in many emerging markets, the pace of construction activity remains rapid, increasing investment opportunities. Yet, growth is only part of the story. The rise of emerging economies is also increasing competition among real estate developers and the investment community.

Sector Overview

The government announced a big boost for affordable housing, which is expected to be the next big growth area. Under the Smart Cities program, a total of 100 cities will see the program positively impacting the lives of nearly 9.95 crore people with high-quality core infrastructure and a more sustainable quality of life. There have been some positive green shoots for realty in the last 2 years on the funding side and the regulatory side. Mutual funds have been allowed to invest in REITs (Real Estate Investment Trusts) and InvITs, (Infrastructure Investment Trusts) which will give investors securitized access to realty assets.

Industry experts are of the opinion that for the growth momentum to be sustained, liquidity issues owing to non-banking financing crisis and banks reduced lending to the sector needs to be addressed.

In order to prosper in real estate's new world, leading industry players, such as developers and the investment community need to make sure they have the right capabilities and qualities. Looking forward to 2020, it's the real estate developers and investors with the vision to anticipate emerging trends in the medium term and to prepare for them, which will be most successful. The winning developers of 2020 would have already started to shape their responses to some or all of the fast-evolving trends.

Outlook of our Markets

A. Real Estate

SOBHA, the number one real estate brand in India, has presence in 10 cities across 6 states. Its operations are spread in Bangalore, Gurugram (NCR), Chennai, Thrissur, Kochi, Calicut, Coimbatore, Pune, Mysore and GIFT City (Gujarat). The Company, while consolidating the current market is continuously exploring new markets Pan-India.

Despite the real estate sector facing the headwind, SOBHA has delivered a record operational and financial performance during the financial year 2018-19. The Company, witnessed a strong performance in contracts and manufacturing verticals with highest ever cash inflow and the operating margins have also improved during the year.

SOBHA's superior execution capability is its core strength. The Company currently has ongoing real estate projects aggregating to 41.57 million square feet of developable area and 28.74 million square feet of saleable area, and ongoing contractual projects aggregating to 8.59 million square feet under various stages of construction.

As on 31st March 2019, Company has delivered overall 103.88 million square feet of developable area. Since its inception, the Company has completed real estate projects measuring 54.77 million square feet of developable area and 41.90 million square feet of super built-up area.

Bangalore

A Bangalore based Organisation, SOBHA's 70% (approximate) of the sales volume is contributed by Bangalore market. During the financial year 2018-19, the Company has launched 4 new projects, viz. SOBHA Lake Gardens, SOBHA Dream Gardens, SOBHA Raj Vilas and SOBHA Royal Pavilion, measuring total developable area of 6.81 million square feet and 5.24 million square feet of super built-up area.

'SOBHA Lake Gardens', situated near KR Puram is an exquisite lake-facing residential enclave strategically located between Old Madras Road and Outer Ring Road. Project has very close proximity to IT hubs, world-class hospitals, international schools and leisure avenues. This luxury project is exclusively designed with 597 apartments with 1, 2, 2.5 and 4 BHK units, spread across 8.89 acres of land. Adding to this is its 20,000 sq ft. clubhouse with a 50-lap leisure pool.

'SOBHA Dream Gardens', is the second project of our Dream Series under the affordable housing segment. Located in Bangalore's next residential hub - Thanisandra Road, with easy access to all the major IT park, malls, hospital, school, international/ domestic airport, railway station and Outer Ring Road. Project is spread across 18 acres land parcel and exclusively designed 1,780 units of 1 and 2 BHK apartments.

'SOBHA Raj Vilas', located at Rajajinagar, connects the northern and western Bangalore to the rest of the city. This project is tailor-made for affluent and successful Bangaloreans who prefer the luxury of exclusivity. The project comes with 160 limited-edition 3 and 4 BHK luxury abodes with a wide array of world-class recreational amenities.

'SOBHA Royal Pavilion', is a Rajasthan themed luxury apartment project spread across 23.62 acres on Sarjapur road. Project is a fitting tribute to the architectural style patronized by emperors of Rajasthan and comes adorned with intricate carvings, wide arches, beautiful Jharokha and jaalis, grand galleries, gorgeous gardens, alluring courtyards and stylish pavilions. Project has a total of 1,248 units with 2,3 and 4 BHK apartments.

During the year, the Company has completed the construction activities to the extent of 9.75 million square feet of total developable area and 7.27 million square feet of super built-up area.

Presently, the Company has ongoing projects aggregating to 20.49 million square feet of total developable area and 14.70 million square feet of super built-up area.

Gurugram - NCR

SOBHA started its operation in Gurugram-NCR market during the year 2011-12 with the launch of "International City". After experiencing positive feedback for the apartment project, the Company had launched 'Sobha City' project in Gurugram. Sobha City is one of the single largest group housing projects in Gurugram.

Under SOBHA City, Company is currently working on 4.31 million square feet of developable area and 3.24 million square feet of super built-up area. Under the International City, Company is working on 6.81 million square feet of developable area and 3.25 million square feet of super built-up area.

In total, the Company has ongoing projects aggregating to 11.12 million square feet of total developable area and 6.49 million square feet of super built-up area, which will be developed and delivered in phases.

During the financial year 2018-19, the Company has completed and handed over its first phase of International City-Villa development aggregating to 0.08 million developable and saleable area.

Chennai

During the financial year 2018-19, the Company has launched a project namely, SOBHA Palacia sitting at the heart of the IT hub Sholinganallur, which is rapidly emerging as one of Chennai's bright spots. Project is spread over 5.15 acres, the development offers a magnificent collection of 311 spacious, well-thought-out 2, 3 and 4 BHK apartments that are designed for luxury. Project is elegantly styled with its regal design and quality finishing, which will create a perfect setting for hassle-free, modern living.

Presently, the Company has 3 ongoing projects, aggregating to 1.84 million square feet of total developable area and 1.30 million square feet of super built-up area.

Calicut

SOBHA has been operating in Calicut since 2013-14 with its first project 'Sobha Bela Encosta', a super luxury villa development. The Company added 'SOBHA Rio Vista', a super luxury living on a beautiful river side. The extra spacious apartments in the lone tower is nestled in a 3.66 acres of elevated land overlooking the river with acres of greenery and open space.

Presently, the Company has two ongoing projects aggregating to 1.07 million square feet of total developable area and 0.72 million square feet of super built-up area.

Kochi

During 2018-19, the Company has launched 'SOBHA Isle' at Vytilla. Project is spread across 4.69 acres with 384 units comprising spacious 3 and 4 BHK apartments. This project is located in the commercial capital of Kerala. SOBHA Isle will cater to the demand of customers associated with a number of technology and industrial campuses such as Info Park, Cochin Special Economic Zone and KINFRA Export Promotion Industrial Park, Smart City at Kakkanad and Cyber City.

Presently, the Company has two ongoing projects, aggregating to 5.02 million square feet of total developable area and 4.09 million square feet of super built-up area.

Thrissur

SOBHA entered the Thrissur market in 2007-08 with its landmark project 'Sobha City', first Integrated Township in Kerala.

Presently, the Company has 2 ongoing projects 'SOBHA Lake Edge' and 'SOBHA Silver Estate' aggregating to 0.60 million square feet of total developable area and 0.42 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 of 'Sobha Harishree Gardens' and launched its first Villa development, 'Sobha Emerald' in the year 2008-09.

Presently, the Company has 2 ongoing projects namely, 'SOBHA Elan' with 0.42 million square feet of developable area and 0.34 million square feet of super built-up area, and 'SOBHA West Hill' with 0.05 million square feet of developable area and 0.03 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.

As on March 31, 2019, the Company doesn't have any ongoing projects, but poised to launch new project in the next financial year.

Mysore

SOBHA started operations in Mysore in the year 2011-12 with the plotted development project 'Sobha Garden'.

Presently, the Company has an ongoing project, 'SOBHA Meadows' aggregating to 0.25 million square feet of total developable area and 0.13 million square feet of saleable area.

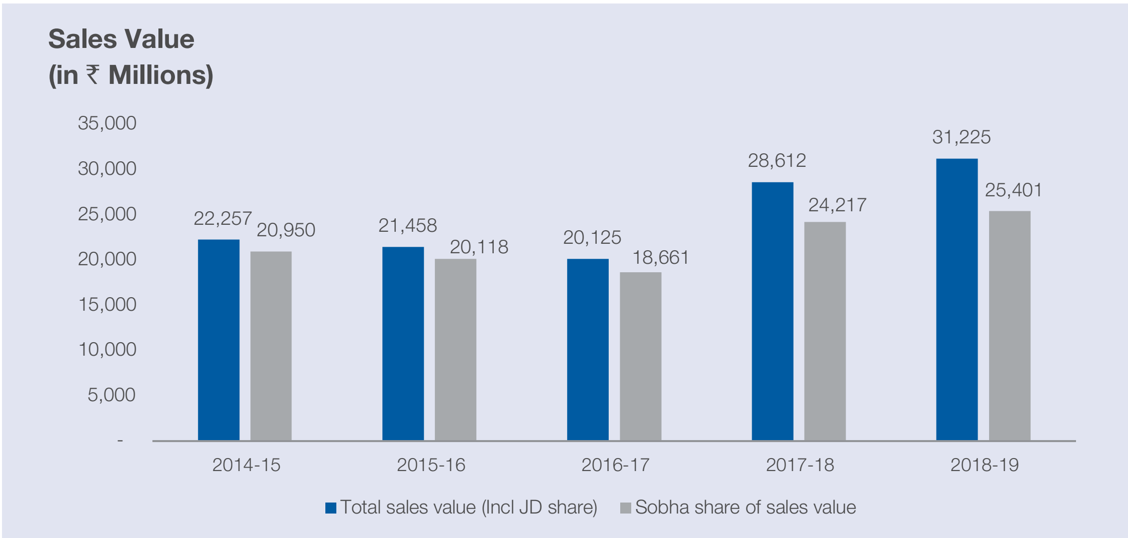
GIFT City, Gujarat

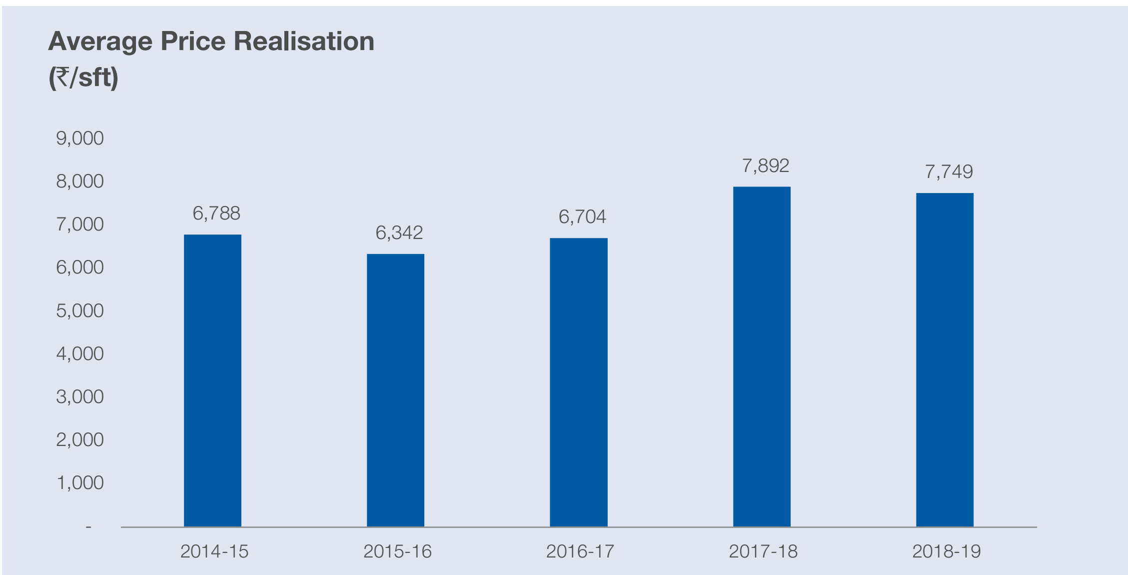
Gujarat International Finance-Tech City (GIFT City) – A Global Financial Hub, is India's first operational smart city. Founded by Prime Minister Shri Narendra Modi, it is a business district promoted by Government of Gujarat through a Joint-Venture Company. The objective behind the set-up of GIFT city is that it aims to tap into India's huge potential for proving financial services by offering world-class infrastructure and facilities to leading global financial institutions and companies.

SOBHA started operations in GIFT City of Gujarat with launch of affordable segment project 'SOBHA Dream Heritage' with developable area of 0.71 million square feet and super built-up area of 0.52 million square feet.

SALES PERFORMANCE:

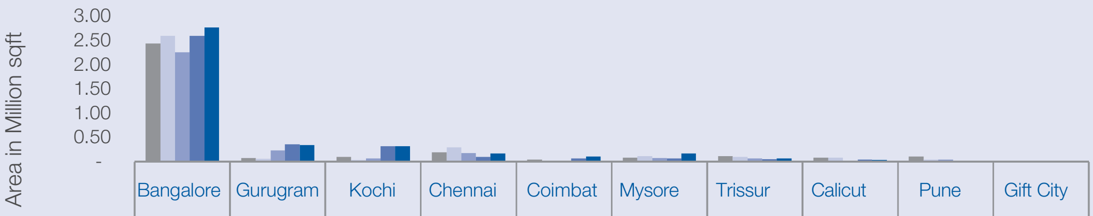
The Company achieved 4.03 million square feet of new sales area, total valued including Joint development share at ₹ 31,225 million at an average price realization of ₹ 7,749 per square feet, with a





New Sales

Location wise break-up



	Bangalore	Gurugram	Kochi	Chennai	Coimbat	Mysore	Trissur	Calicut	Pune	Gift City
FY 2014-15	2.44	0.08	0.10	0.20	0.05	0.09	0.12	0.09	0.11	-
FY 2015-16	2.59	0.07	0.04	0.30	0.02	0.12	0.10	0.09	0.05	-
FY 2016-17	2.26	0.23	0.07	0.18	0.03	0.08	0.08	0.03	0.05	-
FY 2017-18	2.60	0.36	0.32	0.10	0.07	0.07	0.06	0.05	0.003	-
FY 2018-19	2.77	0.35	0.32	0.18	0.11	0.18	0.07	0.04	0.01	0.01

share of sales value of ₹ 25,401 million. In spite of challenging environment, the Company has achieved highest ever sales value.

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

B. Commercial

As on March 31, 2019, the Company has one commercial mall in its business vertical, named 'Sobha City Mall' at Thrissur. It has commenced its operations from December 2015. It has a total developable area of 0.44 million square feet with a total leasable area of 0.32 million square feet. So far, we have leased out more than 94% of area to various reputed brands.

The Company is also developing a project at St. Mark's Road, Bangalore, with a total developable area of 0.3 million square feet with a leasable area of 0.20 million square feet. The construction of the project is in progress as per schedule and the operations are likely to commence from next financial year.

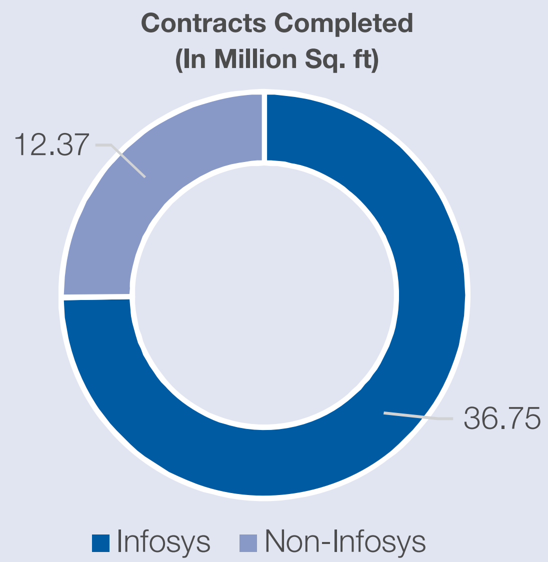
C. Contractual

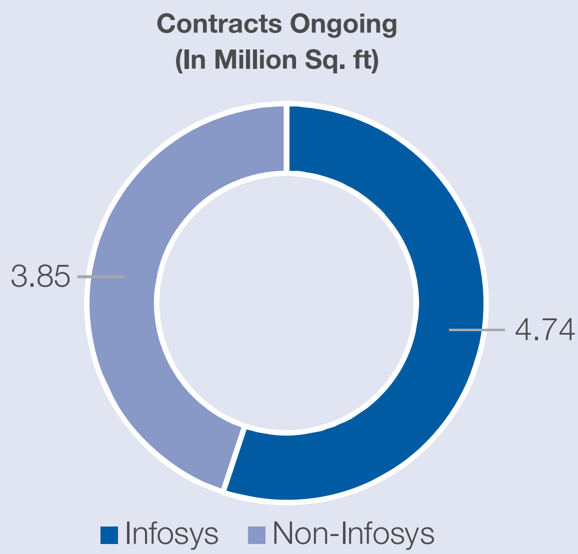
The year 2018-19 is a milestone year for Sobha's Contracts vertical. The Company has achieved highest ever collections during the year from this vertical. During 2018-19, the Company has completed 1.60 million square feet of contractual works.

Overall, the Company has delivered 49.11 million square feet of contractual works. Currently, 8.59 million square feet of area is under execution across 10 cities in India.

While SOBHA values this long-standing relationship, there is emphasis on diversifying its client base and reduce SOBHA's risk-portfolio. The share of contractual orders from non-Infosys clients stands at about 45% as on 31st March 2019. Our Corporate clients include Lulu group, Biocon, Dell, Bosch, Syngene, Taj Hotels, HCL, ITC Hotels, Huawei Technologies, Manipal group, etc.

SOBHA's ability and capacity to deliver high quality, custom designed turnkey projects and the domain knowledge to address the tough challenges have gained a loyal customer base for the contract division. In the contractual vertical, SOBHA has a presence in 27 cities across 14 States.





Management Report

PROJECTS AND WORK DONE

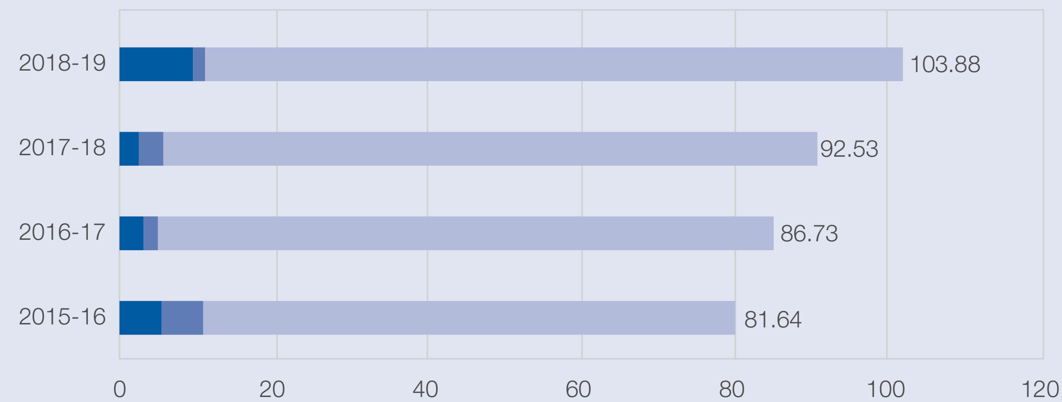
Quality products, Customer satisfaction and timely delivery has enabled Sobha to set a benchmark in the industry and garner customer loyalty over the years. This was continued and witnessed during the financial year 2018-19 too when we completed and handed over 11.35 million square feet of developable area.

I. Overall Execution

SOBHA has completed overall 103.88 million square feet of area since its operation in 1995. The Company has been steady in launching new real estate projects and executing new contractual projects wherein significant project level investments are being made on a regular basis. These on-going projects are excluded from the purview of overall execution since, on average, a real estate project takes around 3 to 4 years to complete.

Execution Track Record

(Area in million square feet)



	2015-16	2016-17	2017-18	**2018-19**
Cumulative	81.64	86.73	92.53	103.88
Real Estate	5.60	3.21	2.58	9.75
Contracts	5.51	1.88	3.22	1.60

II. Completed Projects

The financial year 2018-19 has witnessed the overall completion of 11.35 million square feet of developable area and 8.87 million square feet of super built-up area, both in Real Estate and Contractual vertical.

a. Real Estate

During the year 2018-19, Sobha has completed 9.75 million square feet of developable area and 7.27 million square feet of super built-up area. As on 31st March 2019, in Sobha Dream Acres project, the Company has completed 25 towers measuring 3.37 million square feet of developable area. Remaining phases of development are in progress and are ahead of schedule. Construction of these projects are carried out by using Pre-cast technology.

During the year 2018-19, the Company has completed 'SOBHA Indraprastha', a 37-floor residential tower that is designed to be one of the most luxurious places to reside in Bangalore. Project's developable area is 1.1 million square feet and has 356 units in total. Airy, spacious and well-architected 3, 4 BHK and 4 BHK duplex apartments are realistic impression of a dream home. The Sky Lounge and clubhouse on the 36th floor and swimming pool on the 37th floor are among hoard of other amenities.

The Company has completed 'SOBHA Avenue', situated in one of the most sought-after suburbs of the IT City. The project is designed to accommodate total of 175 spacious homes. With a developable area of 0.40 million square feet, project is located near one of Bangalore's booming IT corridors Whitefield.

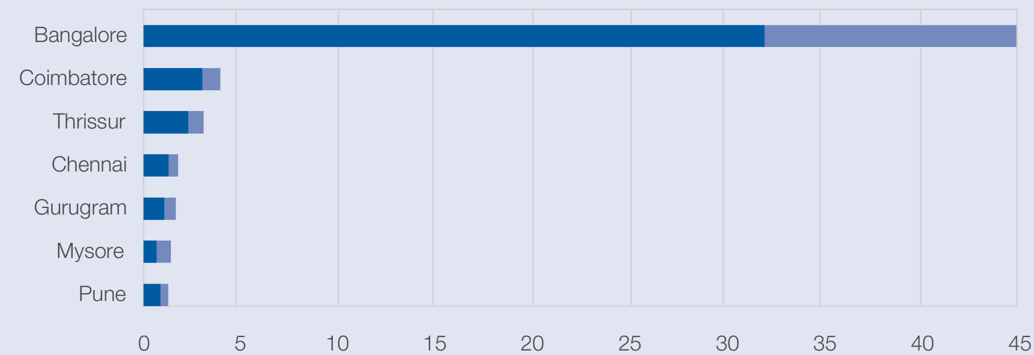
During the year, the Company has completed 'SOBHA Heritage' with a developable area of 0.73 million square feet. This is an ultra-modern project complex that is premium in its nature and has a total of 312 units.

The Company has also completed 'SOBHA Arena – The Park' with a total developable area of 0.32 million square feet with 149 units located on Kanakapura Main Road. This project is a unique sports-themed residential enclave with a host of sports amenities.

Since its inception, the Company has completed real estate projects measuring 54.77 million square feet of developable area and 41.90 million square feet of super built-up area.

Real Estate Completed - Location Wise Breakup

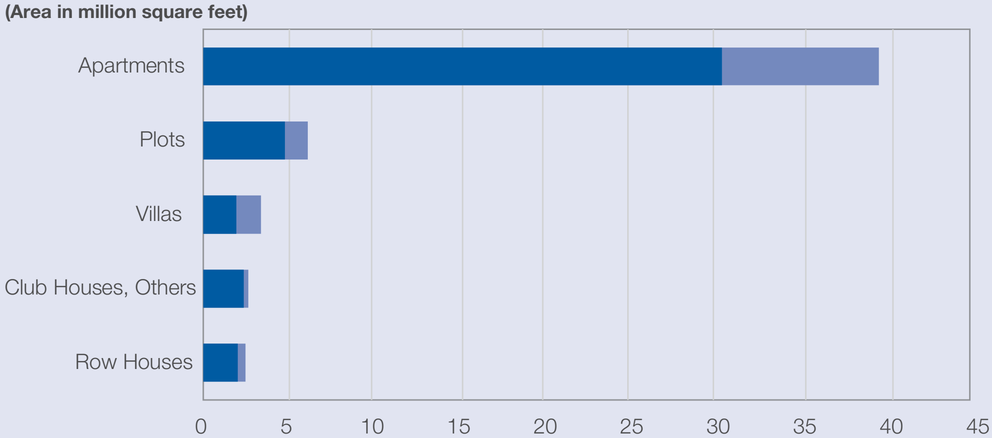
(Area in million square feet)



	Bangalore	Coimbatore	Thrissur	Chennai	Gurgaon	Mysore	Pune
Developed area	42.36	3.73	2.91	1.68	1.56	1.33	1.20
Super Built-up area	32.54	3.07	2.34	1.31	1.09	0.67	0.88

Real Estate Completed - Product Mix

(Area in million square feet)



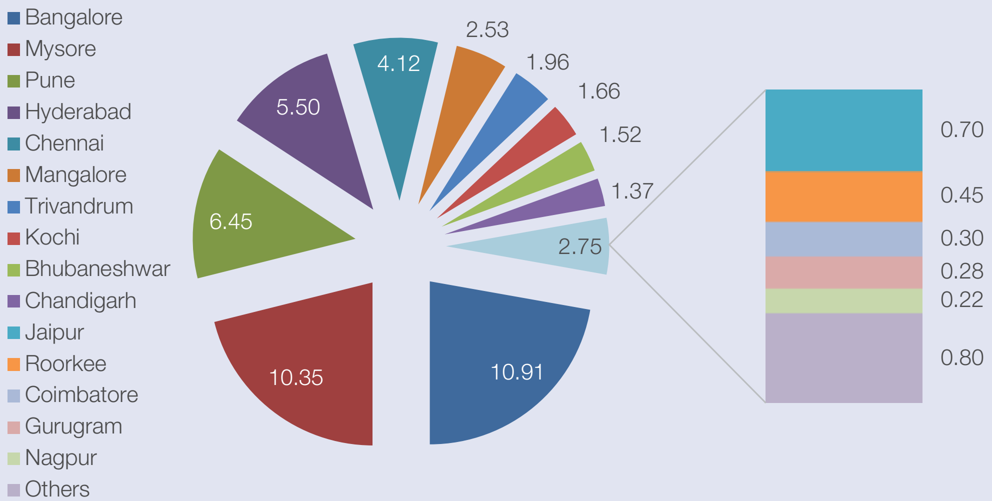
	Apartments	Plots	Villas	Club Houses, Others	Row Houses
Developed area	39.99	6.19	3.42	2.67	2.51
Super Built-up area	30.70	4.82	1.95	2.39	2.04

b. Contractual

During the financial year 2018-19, the Company has completed 1.60 million square feet spread across 6 cities. Since the starting of its operations, SOBHA has completed 49.11 million square feet of area for various clients in 27 cities across India. The Company has executed over 36.75 million square feet of area for single and largest client - 'Infosys'.

Contracts Completed

(Developed Area in million square feet)



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

III. On-going Projects

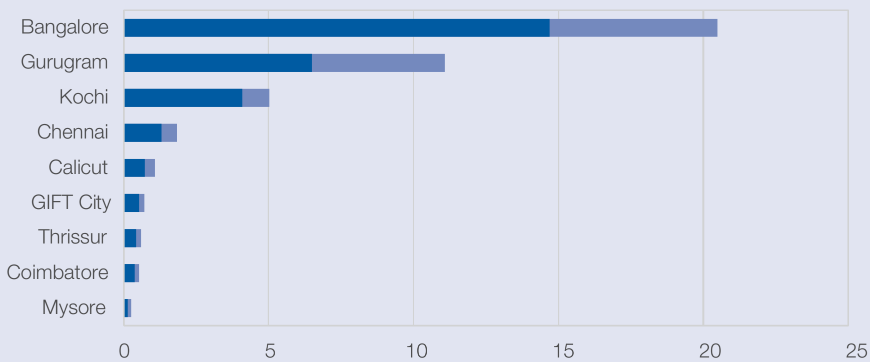
The Company is currently executing 50.16 million square feet of developable area and 37.33 million square feet of super built-up area.

a. Real Estate

SOBHA currently has on-going real estate projects aggregating to 41.57 million square feet of developable area and 28.74 million square feet of super built-up area spread across 9 cities.

Real Estate Ongoing - Location Wise Breakup

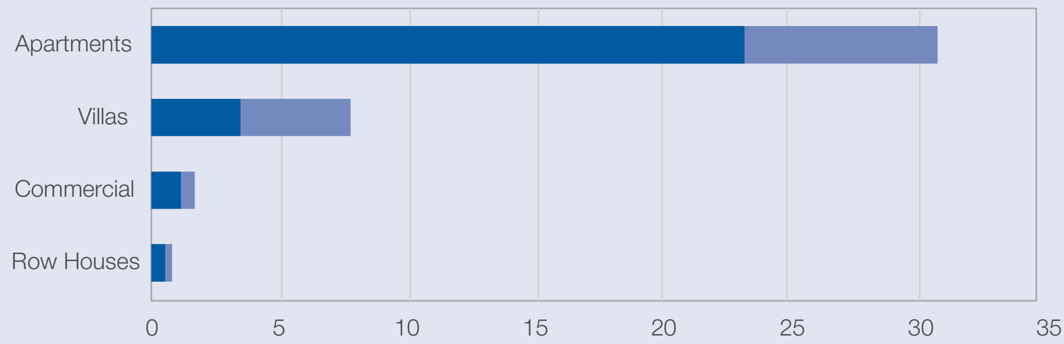
(Area in million square feet)



	Bangalore	Gurgram	Kochi	Chennai	Calicut	Gift City	Thrissur	Coimbatore	Mysore
Developable area	20.49	11.07	5.02	1.84	1.07	0.71	0.60	0.52	0.25
Saleable Area	14.70	6.49	4.09	1.30	0.72	0.52	0.42	0.37	0.13

Real Estate Ongoing - Product Mix

(Area in million square feet)



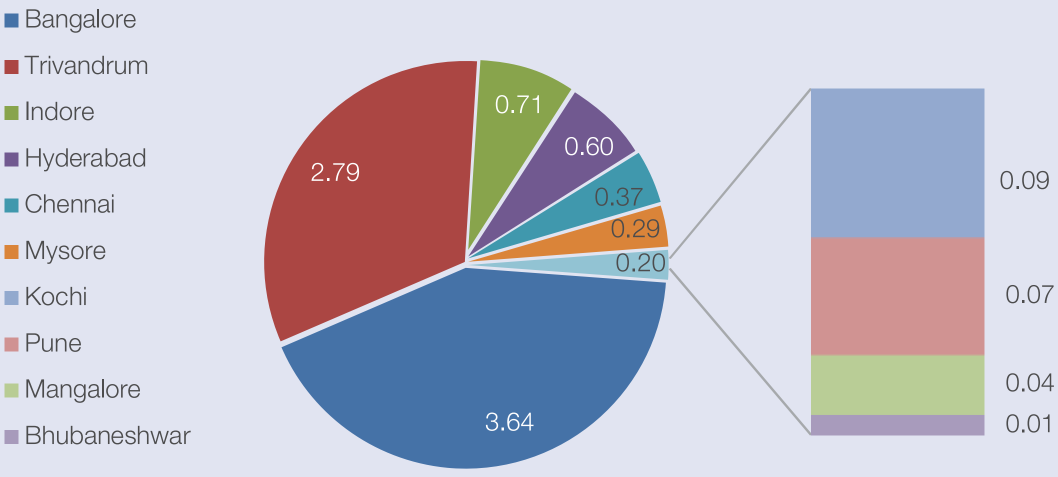
	Apartments	Villas	Commercial	Row Houses
Developable area	31.15	7.89	1.72	0.81
Saleable Area	23.50	3.53	1.17	0.54

b. Contractual

SOBHA has on-going contractual projects aggregating to 8.59 million square feet spread across 10 cities.

Contracts Ongoing Projects

(Developable Area in million square feet)



Environment, Health and Safety

Ensuring a healthy and safe work environment involves developing safe, high quality and environment friendly processes, working practices and activities that prevent or reduce the risk of harm for the working people. It also involves following a systematic approach to complying with environmental regulations such as managing waste or air emissions for reducing the Company's carbon footprint.

At SOBHA, organized efforts and procedures are in place for identifying workplace hazards and reducing accidents and exposure to harmful situations and substances so as to provide a safe environment for the workers. This also includes training employees in accident prevention, accident response, emergency preparedness and use of protective clothing and equipment.

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

Environment

SOBHA strives to ensure that its construction, development activities and real estate operations are environment friendly. The Company complies with all environmental and occupational health and safety laws and regulations across all its projects. Equally, the focus at SOBHA is also on minimizing emissions and increasing the use of renewable resources both in its construction activities and also at its manufacturing facilities where all attempts are made to keep the carbon footprint low by following the best industry practices.

Taking this thinking forward, SOBHA has installed a pre-cast unit for construction. Instead of using the conventional block work or bricks for its construction activities, SOBHA started using pre-cast elements which come with many advantages. They are fast to make, consume less labour, lead to minimal wastage and do not need plastering work. These pre-cast elements use minimum resources while also reducing wastage at the same time.

Energy Saving Measures

SOBHA has installed solar panels for lighting common areas and solar water heaters in all its projects. Some of the highlights in this area are:

- 80% of the power required for the glazing factory is being catered to by roof top solar systems.
- Around 90% of the power required for SOBHA's Corporate Office is met by solar and wind power using an off grid system.
- All lights in apartment projects' stair cases come with inbuilt sensors to save energy.

Rainwater Harvesting

Rainwater harvesting is one of SOBHA's many efforts at addressing the acute problem of water shortage. Rainwater harvesting has emerged as one of the most viable options to meet the increasing water requirements of an increasing population. It also helps restore depleted aquifers thus enhancing sustainable water yields in areas surrounding SOBHA's project sites.

Rainwater harvesting is done in two ways: in collection tanks for roof-based runoffs and through recharge pits for land-based runoffs. Water from the terrace runoffs is treated and re-used reducing the need for getting water from external sources or extracting groundwater to meet the Company's requirements. The land-based runoff is passed through percolation pits which help in enhancing the depleting groundwater table.

Sewage Treatment Plants

SOBHA uses specially designed Sewage Treatment Plants (STPs) to treat the waste water generated in buildings. The treated water is used for secondary activities like flushing toilets, watering the landscape areas, cleaning the common area and at construction sites for dust suppression. The STPs help reduce the Company's consumption of fresh water for its various activities.

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

Organic Waste Converters

SOBHA has been successfully using Organic Waste Converters across all its projects in India. It is mandatory to use solid waste management plants during the operational phase of all SOBHA's projects. The integrated solid waste management system operates on the principle of the 4Rs - Reduce, Re-use, Recycle and Recover.

Waste is segregated at the household level into organic/inorganic waste and collected in separate bins. Organic waste is converted into compost using Organic Waste Converters. The compost is used as organic manure for landscape and plantations at project sites. Inorganic waste is given to authorized waste recyclers for further processing.

Organic waste generated in and around the projects during the construction stage is diverted to nearby piggery farms and the local Municipal Corporation while the inorganic waste is handed over to authorized waste recyclers. All these efforts help SOBHA in restoring eco-sanitation wherever it works.

Health and Safety

Safety is integrated into SOBHA's core processes to help inculcate the value of Health and Safety among its workforce. The Company strongly believes that Environment, Health and Safety (EHS) are an integral part of our day to day activities at the workplace. Continuous efforts are made to raise awareness and understanding about the value of safety and health programmes across the spectrum including management leadership, workers' participation and a systematic approach at finding and fixing hazards in the workplace.

The EHS management system at SOBHA is effective as it is partnered by an effective leadership and owned by every employee of the Company. This shows a demonstrably strong commitment to Health, Safety and Environment from the top management in implementing industrial best practices and achieving the Company's goal of zero accidents.

SOBHA's safety team creates awareness and provides skill development training programmes to enhance the skills and competencies of workers and tradesmen on this important aspect.

During 2018-19, in addition to already existing practices, the following activities were undertaken for health and safety:

- Extensive safety training programmes were organized for employees at all levels in SOBHA's projects. This training was based on the belief that knowledge plays a vital role in improving workplace safety. This training was effective as it was developed to make the employees understand the importance of Health and Safety.
- Standardization for edge barricades, fall protection system - Standard Operating Procedures (SOPs) - released and implemented at projects.
- The methods and checklists were improvised from time to time to make the activities more appropriate. Till date, 102 checklists have been made to take control of activities and ensure that hazards are controlled using best safe practices.
- Medical camps arranged quarterly at every project site to check and monitor the workforce's health on a regular basis.
- An OHS Committee formed at every project site which has workmen's representatives, contractors and supervisor who discuss and promote a safe work culture.

Corporate Social Responsibility

One example of SOBHA being a Company with a heart and soul are its Corporate Social Responsibility (CSR) activities. CSR at SOBHA is a sincere effort born out of genuine concern for providing comprehensive and sustainable social development in rural India. Throughout its existence, SOBHA has been conscious about working with the lesser privileged people. Its commitment towards CSR activities where it can take along the communities that it works in, has remained firm and has grown stronger over the years. SOBHA's CSR activities are undertaken under the aegis of 'Sri Kurumba Educational and Charitable Trust'. Among the many CSR activities undertaken by the Trust is the Graamasobha project which is a unique social developmental initiative for Vadakkenchery, Kizhakkenchery and Kannambra grama panchayats in Palakkad district of Kerala.

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

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

Providing Education and Vocational Training

The SOBHA Academy

The SOBHA Academy was set up in 2007 and it works with young minds so that they could benefit from the advantages of education. Targeted specifically at children from the economically weaker sections of society, the SOBHA Academy studies all applications to ensure that only deserving children are provided free and quality education at the Academy. Selected students undergo a medical fitness test and the final selection of the students is done through an open draw. The Academy, which follows the CBSE curriculum, meets the selected students' academic needs and all costs like those on fees and books, transportation, food and healthcare. During financial year 2018-19, the Academy had 1,131 students on the rolls from LKG to Class 12.

A unique and perhaps unparalleled feature of the SOBHA Academy, is that almost all its students belong to under-privileged communities. These students are given high quality education backed by advanced technology. Further, some of the girl children in Class 10, 11 and 12 are provided free boarding, lodging and also assisted by tutors to help them in the learning process. This also helps students become self-reliant in their routines.

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

The Academy's second batch of Class 10 got 100 percent success in the CBSE examinations, with high marks. Twelve of the fifty four students scored 85 percent and above in all the subjects, 26 students scored between 70 to 80 percent marks and 16 scored between 55 and 70 percent marks.

During the financial year 2018-19, 15 students participated in the national level Terre Olympiad Quiz 2018-19 and seven of them reached the final round in the Sapling category.

SOBHA Icon- Higher Secondary School supportive Programme

Sobha Icon was started in June 2010 as a step towards a comprehensive up-gradation of the academic achievements and communication skills of high school students of Kizhakkenchery Government School, in Moolamcode, Kerala which is a SOBHA CSR site. The SOBHA Icon programme is an after-school learning initiate to help students move to the next level of their education.

Icon: High school. An after-school teaching and learning programme. Icon: High School provides approximately 20 hours of teaching per week during pre and post school hours to every student and full-day classes on holidays and vacations.

Icon-HSS: A full time programme was started at Moolamcode with two study streams: Science and Commerce.

In total, 290 students are studying under these programmes.

Icon-UG: Since 2015 the Trust has been providing financial assistance to Icons doing their UG courses to encourage them perform better. The aim of the initiative is providing financial support to these students till their graduation. Financial help is provided through monthly scholarships to the 51 students studying under this programme. To ensure students' commitment to their studies, the scholarship has been continued beyond semester 2 and is linked to scoring a minimum of 80 percent marks or equivalent grades. Students' progress is monitored closely to ensure that the initiative meets its goals.

This year, nine students were selected for the Azim Premji University's scholarship programme. The students were given scholarships of ₹ 86,67,000. Two students were also given scholarships by Ashoka University amounting to ₹ 62,10,000.

Providing Healthcare Facilities

SOBHA Healthcare

SOBHA Healthcare is SOBHA's most used CSR activity. SOBHA Healthcare has been providing free and easy access to primary healthcare in an extremely backward area since 2007. The Centre provides state-of-the-art healthcare resources, facilities and services to villagers free of cost. The services include free consultation diagnostics, treatment and medicines at SOBHA's CSR panchayats. More than 2 lakh patients have been treated so far under this initiative.

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

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

- Residents of SOBHA Hermitage.
- Students of SOBHA Academy and SOBHA Icons who are screened once a year for medical/ophthalmology/dental care. Road to health growth charts are also maintained for all students.
- All parents of students at the SOBHA Academy undergo medical/relevant clinical laboratory examinations; they are also provided appropriate treatment.
- Families below the poverty line in the three selected panchayats of Vadakkenchery, Kizhakkenchery and Kannambra who have been given identity cards.
- The staff of the Sri Kurumba Educational and Charitable Trust.
- Project workers

In total, 1066 students had annual medical examination/ophthalmology consultation and dental check–up during 2018-19. In a highly positive development, it was found that there was an appreciable improvement in the children's physical and nutritional status. There was an average increase of 2-3 kg weight and a proportionate increase in height among the students. Under SOBHA Healthcare 12,406 outpatients were treated during 2018-19.

Hygiene and Cleanliness

- The Trust has been providing free sanitary napkins to girl students, staff and young mothers for over a decade now.
- Students and staff members maintain hygiene and cleanliness not only in the premises but also in their homes.

- Well water is purified and used for drinking. The quality of water is tested every three months.
- Cleanliness and maintenance: The Trust trains the housekeeping staff and also helps upgrade their skills regularly. There is a mechanised laundry powered by steam for proper washing of the residents and female staff members clothes at SOBHA Hermitage.
- The kitchen serves free food (3 times in a day) to students, residents of SOBHA Hermitage and other staff members. The kitchen has a certificate from the Food Safety Standards Authority of India (FSSAI).

Looking after the aged, the elderly and those in need

SOBHA Hermitage

Besides focusing on the young, the Trust also firmly believes in looking after the elderly. SOBHA Hermitage was set up with the specific aim of providing shelter and assistance to elderly from weaker sections of society. It has now become a home for senior citizens, young widows and their children. SOBHA Hermitage provides a lot more than a roof over the residents' heads, as it also provides them all necessary amenities so that they can lead comfortable lives. All SOBHA Hermitage residents have independent rooms. The Hermitage also has a library and a common television room, a gym and also internet access. The Hermitage also provides round-the-clock medical facilities, if needed by paramedical staff. There is also a doctor available on call during non-working hours and the Hermitage also has an in-house clinic.

The Hermitage also addresses the social needs of its residents by organizing cultural and social activities like celebrating residents' birthdays. The residents get together to spend time with each other and celebrate the occasion.

SOBHA Young Mothers' Rehabilitation Programme

The Hermitage provides a comprehensive rehabilitation package free of cost to young mothers (widows) which covers special arrangements for their living, safety, security and welfare. The widowed mothers and their children live together and mothers are encouraged to continue their education. Many of the young women have completed their graduation while others are in the process of completing theirs. All the young mothers are employed at the SOBHA Academy thus giving them a chance to save what they earn. One of the young mothers has got a post graduate degree and is employed at Sobha Academy as a qualified teacher. The children study at SOBHA Academy, where they are given quality education. These children are also taught music and dance at the Hermitage. Separate apartments are constructed for the young mothers and their children and the mothers are able to move to the apartments when their children grow older. The Trust also provides the young mothers' support if they want to marry again.

SOBHA Young Mothers' Remarriage

To help young widows remarry and lead meaningful lives, the Trust made special efforts and successfully identified suitable grooms for 7 out of the 18 young mothers who are now married again.

SOBHA Rural Women's Empowerment

This initiative is helping 34 widowed mothers and their 62 children from the Vadakkenchery and Kizhakkenchery panchayats by providing them with a basic monthly living allowance, clothing, medical and other personal products. The Trust meets the children's educational expenses so that they have access to adequate opportunities to come up in life.

SOBHA Social Wedding Programme

Social weddings are a practical solution to the serious social concern of helping very poor families who do not have enough resources to get their daughters married. Till date, the Trust has organized 610 social weddings helping the girls and their families escape the clutches of dowry and other social evils. Each year the Trust helps approximately 40 women to get married. The Trust also provides basic resources to newly married couples to help them begin their new lives; it also provides pre-marriage counselling. Staff members also monitors the couples' married lives periodically and provide help, if needed.

SOBHA Community Centre

The SOBHA Community Centre is a spacious and comfortable space which hosts a range of community development activities including social wedding, medical camps, orientation and training classes. The Centre has a dining hall which can accomodate seating for 300 people. For over 10 years, the Centre has been feeding several poor people twice a day free of cost.

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

SOBHA Green Initiatives

SOBHA's green philosophy of development is widely accepted. This is evident from the numerous awards and recognitions that it receives every year. To keep up this commitment to a green environment, a number of green initiatives also form a part of its CSR project areas. To begin with, the entire campus was constructed with a minimum carbon footprint and without making a lot of changes to the natural surroundings. Large-scale rain harvesting methods and processes are in place, more than 3,000 herbs and plants have been planted, and all steps are being taken for preserving the existing flora and fauna. The Trust also has large waste management plants to process the waste that is generated. Further, all the CSR project campuses are plastic free, no-smoking and non-alcoholic areas, thus also promoting a healthy and sustainable lifestyle. Recently, a solar energy plant has been installed. There is a fully equipped 90,000 litre sewage treatment plant; the treated water is used for gardening. The campus has a 12 lakh litre rainwater storage facility to collect rainwater during the monsoon and percolation tanks for rainwater recharging.

SOBHA Organic farming

The Trust has been cultivating rice and organic vegetables for the last two years. During 2018, around 2,600 kgs of paddy and 3,000 kgs of organic vegetables were produced.

To promote awareness in organic farming, the Trust has selected around 600 parents of students studying at The Sobha Academy and Sobha Icon under the guidance of the agriculture department. They have been given required support such as training, seeds, manure etc. The Trust also encourages these parents to produce vegetables and if they produce in excess of their requirement, they have the option of sell these to the Trust.

Supporting Other Causes

The Sri Kurumba Educational and Charitable Trust has been active in providing relief to flood-hit families in Vadakkenchery and Kizhakkenchery panchayats. The families were provided assistance for the reconstruction of their damaged houses. It also provides assistance for other projects such as maintaining a community pond and sponsoring students who get admission to engineering and medical graduate courses but have no financial means to carry on their studies.

All CSR programmes and projects embarked upon by the Trust are implemented in consultation with local panchayat authorities without placing any financial burden on them. SOBHA strongly believes that, if an initiative like Graamasobha can be undertaken collectively with other companies, institutions and organizations where they adopt one or two panchayats it will help change India's poverty equation forever and bring about a sea change in the social fabric of the area.

Research and Development

A significant reason for the impeccable quality of all SOBHA's products is the amount of resources and time that the Company spends on research and innovation. The Company's focus is on both research and development as also quality improvements across all levels so that its products meet international standards and satisfy the needs and demands of an increasing, discerning and demanding client base.

Today R&D has become a significant part of SOBHA's core business process. The Company encourages its employees and vendors to adopt the latest available technologies and come up with new innovative ideas to improve the existing processes.

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

In 2018-19, technology and innovation based initiatives at SOBHA were classified into two segments:

1. Central innovations
2. Divisional innovations

1. Central Innovations

Central innovations are R&D innovations that impact activities across projects and divisions. Some of the initiatives taken under this category during financial year 2018-19 are:

Redesigning of the aluminium frames and sections for windows and sliding doors

Aluminium frames and sections were redesigned after an extensive study and performance tests to improve the existing practice. The improvements were made location wise in the anchorage system to withstand wind pressure. The thickness of the glass panels was also standardized based on the wind load.

False ceiling grid angles

To improve the existing process, the Silhouette type grid angle, the Omega series was standardized for false ceilings for toilets. This was done to improve the aesthetics of the ceilings.

Training videos

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

2. Divisional Innovations

Divisional innovations are R&D activities for improving the internal processes in various divisions in the Company. Some of the important initiatives undertaken by various departments during financial year 2018-19 are:

1. The kerb factory had been producing products at a particular production capacity for several years. An analysis done last year showed that the product storage capacity was a stumbling block in production utilization at the factory as also its productivity as there was limited storage capacity in the shed. As a solution, an innovative idea for increasing the storage space was developed using the in-house fabrication team and additional storage racks were fabricated for the pallets. With modifications to the layout of the storage area, the daily production capacity increased by 20 to 25 per cent at a very low investment.

2. In the Masa, 250 plant which only produces solid blocks, has a curing problem due to which the plant had to stop production when the inside chambers were full to allow the blocks to be adequately cured.

   In an innovative solution for this problem 17 racks which have a capacity to hold an additional 700 blocks of 8" size were procured. Hence, when the inside chambers are full of blocks, these racks are used for the additional products. After implementation, this idea has led to an almost 15 to 20 per cent increase in production capacity at a nominal investment.

Employees

Our people are our greatest asset

Like other successful organizations, SOBHA's success to a very large extent is attributable to its skilled, dedicated and sincere employees. SOBHA's more than 3,500 employees have helped the Company achieve success, sustain it and then move on a path of fast paced growth.

All this has been possible because as a Company SOBHA is dedicated to empowering and engaging its employees to the best of their abilities. Engaging with employees is a complex task as it involves addressing the needs and aspirations of a diverse group of people. It also involves ensuring a safe and environment friendly work space where the employees feel safe and motivated to put in their best.

At SOBHA there is strong focus on employee development for which the Company has employee development plans. These plans encourage workers to discover their hidden potential and give wings to their aspirations. The focus is also on making employees feel a part of the SOBHA family by addressing their autonomy, the impact that they have, their growth and their connection with the Company.

Besides enhancing the value of its existing people, SOBHA also focuses on attracting the best talent and then nurturing it so that they, collectively with the existing employees, can help the Company deliver on its promises to its stakeholders and customers.

Talent is nurtured at SOBHA so that all employees achieve personal growth and satisfaction with the work that they do. SOBHA is nurturing high performing employees and focusing on the welfare and happiness of them.

SOBHA's organisational strength as on 31st March 2019 was 3,555 employees as against 2,857 as on 31st March, 2018.

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

Training and Development

Training and developing employees is a must for any organization to be successful. This can be done through ensuring that the employees' skills, abilities and knowledge are constantly updated both to meet world standards and also to satisfy discerning and demanding customers' needs. Training also helps employees to move up in their career paths and helps them to take on more responsibilities. SOBHA too as a Company benefits through this training as it helps to plan succession roles, address the challenges of changing technologies and opens up the possibilities of widening the scope of work that it does.

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

The trainings provided to employees has resulted in boosting productivity, increase in employee satisfaction, fostering organizational learning culture, creating a safe working environment and the upgradation and updation of technology. It has also led to improvements in leadership, management skills, quality, higher productivity and the resultant optimum Return of Investment.

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

Technical Training

Technical employees are trained at different levels to help them become the best in class by mastering the latest technological developments in the field. During the financial year 2018-19, 374 technical training programmes were conducted in which 3,577 employees were trained. These training sessions were held in Bangalore, Thrissur, Chennai, Calicut, NCR, Hyderabad and other locations where SOBHA has its projects.

A total of 46 candidates (Management trainee/ Trainee engineers) were trained for a period of 14 days and two batches of technical inductions were conducted in which 20 engineers were trained.

Behavioural Training

At SOBHA behavioural training is equally important as it helps empower employees to leverage their positive skills. Behavioural training helps enhance employees' ability to handle conflicts, helps in creating win-win situations, accommodating changes and flexibility and following a dynamic approach. Since behavioural training polishes skills and develops talent it also contributes to an individual's overall development. Behavioural training at SOBHA covers a range of subjects including team building, time management and developing motivational, leadership and interpersonal skills.

During 2018-19, 99 planned behavioural training programmes were conducted for employees at different levels in which 1,006 employees were trained.

In addition, 265 Adhoc behavioural and technical training programmes were also conducted during the year which were attended by 1,993 employees at different levels.

Other Training

Other trainings included 77 training programmes for the sales team, 27 department centric training programmes and 35 post effectiveness evaluation programmes; these were attended by 1,410 employees.

In all, the Training Division conducted 877 training programmes covering 7,986 employees during the year.

Training, a continuous exercise

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

Employee Communiques

SOBHA publishes an in-house magazine 'Innerve' which communicates news and developments in the organization to its employees. The magazine also carries articles written on various issues by the Senior Management, recognizes high performing employees and also carries contributions by employees.

Risk Management Report

Risk management involves identifying all the applicable risks that an organization is exposed to or might be exposed to and defining and implementing measures that will help monitor, measure, manage and report on these risks. Risk management is a key aspect that helps ensure that the Company remains a robust, safe and sustainable real estate player and guarantees a management that is aligned with the interests of its employees, customers, shareholders and society.

The risk management and control model used by SOBHA is based on the principles discussed here which are aligned with the Company's strategy and take into account regulatory and supervisory requirements as well as best market practices.

Risks are critical issues that should be managed for ensuring that an organization, its projects and work perform at their best. Successfully managing risks is important for achieving the Company's objectives so that it can take optimal decisions to manage and control these risks. However, it is also pertinent to note that risk management does not remove all the risks but it helps remove the negative impact of such risks. Risk management is a continuous process that is an important part of business management.

SOBHA is exposed to multiple risks like strategic, technological, commercial, business, financial, legal and regulatory that impact its performance.

The Company has a Risk Management Framework that provides for risk reviews at various levels based on its structure and matrix. The Company also does periodic assessments of risks and their potential impact related to business growth and SOBHA's market position.

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

a) Those which are beyond the control of the Company (external risks).

b) Those which are within the control of the Company (internal risks).

Risks which are beyond the control of the Company include:

Disasters:

These are divided into:

(i) Natural disasters

(ii) Man-made disasters

Natural disasters include earthquakes, fire, droughts and floods.

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

Risk Control Strategy and Measures

The Company has an adequate insurance cover for managing disaster-related risks. It also takes appropriate steps to reduce the impact of man-made disasters. Further, the structural designs of its buildings conform to applicable construction standards.

Sector related risks

Land related risks

Land is a primary input for a Construction Company. Unavailability or shortage of appropriate land parcels can lead to an increase in costs and the Company's inventory decreasing. Any increase in land prices leads to an increase in the prices of the product mix which in turn may have an adverse impact on the Company's performance. These risks also includes getting relevant approvals from various local authorities. On the other hand, a drop in land prices may erode the book value carrying the cost of the land, which may affect the Company's profitability.

Land title risks

In the Indian real estate sector, risks related to property related disputes, lack of underlying land titles and poor documentation play an important role as they can lead to the slowing down of growth in the real estate sector.

Sales market risks

A real estate company can be successful if its customers are satisfied with its products as the real estate business is driven by sentiment and many times the decision to purchase a house can be deferred based on sentiments.

An economic recession can lead to potential buyers remaining risk averse and market spending turning cautious. This can lead to a decrease in the sale or product price. Further, a sectorial recession which hits a particular segment may also lead to customers not being able to get housing loans thus impacting the Company's market. These factors can decrease the Company's revenue generation from some or all of its residential businesses and adversely affect its current business and future growth.

Macroeconomic risks

The real estate sector also has to be ready to face some macroeconomic risks including Inflation, interest rates and foreign exchange rates. These are beyond the control of the Company and are guided by a number of factors including those which have to do with the government, monetary and tax policies and domestic/international economic and political conditions. Changes in the interest rate have the potential to increase the Company's cost of borrowing and cost of housing loans, which can impact its sales and profitability.

Regulatory risks

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

Legal risks

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

Political risks

Political risks like changes in government policy, social and civil unrest and political developments in or affecting India are beyond the control of the Company though they can also affect its business interests. Specific laws and policies affecting real estate, foreign investments and other matters affecting investments in the Company's securities could also change and may impact its business.

Risks related to the economy

An economic downturn and uncertainties in the economy.

Risks related to the economy are beyond the Company's control. A recession in the economy can lead to reduction in sales or market rates for residential projects. Prospective customers may not be able to obtain housing finance. In an extreme case of an economic downturn the Company may also run the risk of customer insolvencies though the registration of property is done only on receipt of all the dues from a customer. These factors can decrease revenue generation from some or all of the Company's residential businesses, adversely affecting its business and future growth.

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

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

Risks within the Company's control

Customer risks

A substantial portion of SOBHA's revenue comes from the real estate operations in a few major markets, which form the base of its operations. Therefore, a decline in the Bangalore real estate market, new competition or a shift in customer preferences may have an adverse effect on its business and consequently on its operating results.

SOBHA's contractual business is contributing significant revenues. This revenue depends on orders received from corporate entities for their construction requirements. If the number of these clients reduces or if they stop providing SOBHA contractual projects, this could adversely affect its business.

Borrowing risks

The real estate sector is capital intensive and requires considerable expenditure on land acquisition and development. SOBHA is subject to the risks normally associated with debt financing and it may be required to dedicate a portion of its cash flows towards repayment of its debt commitments. This may reduce the availability of funds for other business purposes such as working capital expenditure and financing of acquisitions and investments. It may not be possible to generate adequate cash flows to service principal and interest payments. In certain cases, lenders also have the right to recall a loan. Such an event could impact SOBHA's liquidity and credit ratings.

Liquidity risks

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

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, unavailability of skilled labour, accidents and quality control. SOBHA's operations may be unfavourably impacted if these risks are not managed effectively.

Input cost risks

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

Supply chain risks

If suppliers of raw materials curtail, discontinue or disrupt the supply of materials, SOBHA's ability to meet material requirements for projects may be impacted leading to a disruption in construction schedules with the result that projects may not be completed on time.

Personnel risks

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

IT and system risks

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

Competition risks

The real estate sector is highly competitive and there are other developers in the field with similar projects in the same regional markets and in direct competition with SOBHA. SOBHA may not have adequate information about competitors' projects and the Company 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 lesser familiarity with the development of properties in that area and ways of attracting potential customers in a new market. Its competitors may be better known in these markets and might enjoy better relationships with landowners and joint venture partners. They could have early access to information regarding attractive land parcels and be better placed to acquire such land.

Potential impairment of intangible assets like goodwill arising out of acquisitions can also place an additional financial burden on the Company. Investments usually have a gestation period that runs over several years. This comes with associated risks like those related to obtaining requisite regulatory approvals for projects. Changing Government policies may also lead to restrictions on investments.

Manpower risks

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

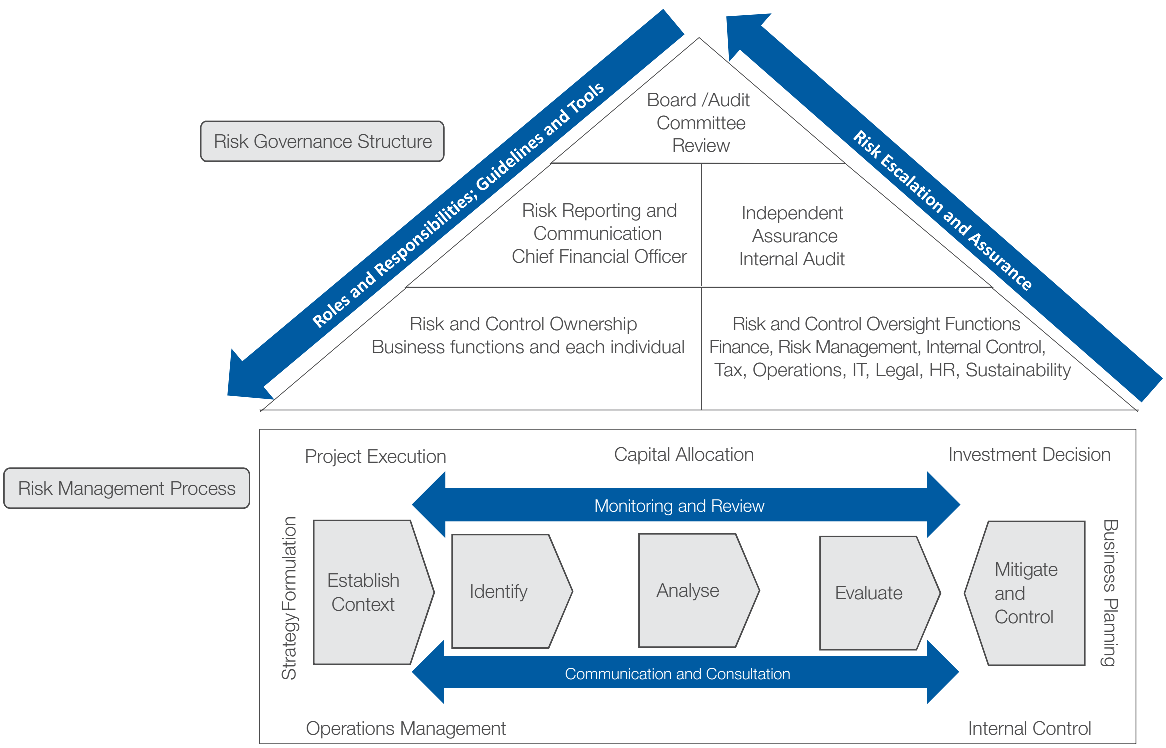
Risk Containment Strategy and Measures

SOBHA follows a well-delineated risk containment strategy and works continuously on improving its Risk Management Framework and capabilities for its long term growth and the sustainability of its business.

SOBHA's Risk Management Framework: The Company's Risk Management Framework has two key elements: the Risk Governance Structure and the Risk Management Process.

Risk Governance Structure

- Facilitates identification and escalation of risks whilst providing assurances to the Board.
- Assigns clear roles and responsibilities and facilitates implementation with guidelines and tools.
- Consists of multiple layers of roles and responsibilities as explained below:



Board Review	**Audit Committee, acting on behalf of the Board** • To evaluate and determine the nature and extent of the risks that the Board is ready to endorse for the Company to deliver its strategic objectives. • To ensure that an appropriate and effective Risk Management Framework is established and maintained by the Company. • To oversee the management in the implementation and monitoring of the Risk Management Framework and the Company's risk mitigation efforts.
Independent Risk Assurance	**Internal Audit Department** • To capitalize on the Company's audit processes and plans to review the effectiveness of Risk Management Framework.
Risk Reporting and Communication	**Chief Financial Officer** • To provide guidance on a balance of risk and returns. • To track the progress being made by the mitigation plans for material risks and report on the detailed examination of specific risks as required. • To ensure that a review of the effectiveness of the Risk Management Framework is done at least once a year and provide such confirmation to the Board through the Audit Committee.
Risk and Control Oversight Functions	• Functions with Risk and Control Oversight Role: Finance, Risk Management, Internal Control, Tax, Operations, Information Technology, Legal, Human Resource, Sustainability. • To come up with relevant Company-wide policies, standards, procedures and guidelines where appropriate. • To oversee the business units and the Company's risk and control activities relevant to the respective functions.
Risk and Control Ownership	**Business functions and individuals** • Responsible for identifying and assessing key risks in their areas of responsibility, taking effective risk management decisions, establishing risk mitigation strategies and promoting a risk-aware culture. • Ensuring that risk management processes and mitigation plans follow the good practices and guidelines established by the Company. • Ensuring that a review of the effectiveness of the Risk Management Framework in their area of responsibility is conducted at least once a year and providing confirmation of this to the management.

Generic Corporate Risk Model:

Environment Risk	Process Risk	Information for decision-making risk
• Competitor • Customer wants • Sensitivity • Shareholder Expectation • Capital Availability • Sovereign/ Political • Legal • Regulatory • Industry • Financial Market	FINANCIAL Price: • Interest Rate • Currency • Equity • Financial Instrument Liquidity: • Cash flow • Opportunity Cost • Concentration Credit: • Default • Concentration • Settlement • Collateral EMPOWERMENT • Leadership • Authority Limit • Outsourcing • Performance Incentive • Change Readiness INFORMATION TECHNOLOGY • Integrity • Access • Availability • Infrastructure GOVERNANCE • Organisational Culture • Ethical Behaviour • Board Effectiveness • Succession Planning REPUTATION • Image & Branding • Stakeholder Relation INTEGRITY • Employee Fraud • Third Party Fraud • Illegal Acts • Unauthorised Use OPERATIONS • Customer Satisfaction • Human Resource • Knowledge capital • Product Development • Efficiency • Capacity • Scalability • Channel effectiveness • Partnering • Health & Safety • Environmental • Compliance • Business Interruption • Brand Erosion	STRATEGIC • Environmental scan • Organisation structure • Resource Allocation • Planning PUBLIC REPORTING • Financial Reporting Evaluation • Internal Control Evaluation • Executive Certification • Taxation • Regulatory Reporting OPERATIONAL • Budget & Planning • Product & Service Pricing • Contract Commitment • Measurement (Operation) • Alignment

SOBHA's uncompromised high-value international standard products for quality conscious and discerning customers have gained it loyal customers. Most of its customers are not dependent on external financing and are able to self-finance their purchases. The Company has an aggressive in-house sales and marketing team, which is entrusted with the task of generating enquiries for its products and translating them into sales. This dedicated and robust team helps reduce reliance on external agents and brokers.

SOBHA has a dedicated Customer Relationship Management (CRM) Department to handle customers, provide answers to their queries and address their issues of concern. It also streamlines the purchase process and receives feedback. The Company also has an online portal for customers where they can share their views and also check on the status of the projects. The core responsibility of the CRM Department is ensuring smooth and hassle-free transactions to the satisfaction of its customers.

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

Over the years, there has also been a conscious and concerted effort to enlarge SOBHA's client base for contractual projects. This was needed to reduce dependency on one particular client. Out of the projects currently under progress, the share of contractual orders received from different clients has increased.

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

SOBHA has well-governed and designed processes at its project sites to ensure that project-level implementation risks are minimized. The Company also has an in-house Quality, Safety and Technology Department to address quality issues of the end product.

SOBHA is supported by a backward integration business model wherein key inputs for the final product are manufactured in-house, reducing dependence on external suppliers. It also has a long-standing association with its vendors for purchase of key materials which is a vital reason for its success.

The employee attrition rate in SOBHA is comparatively low. This is largely because of the employee friendly policies that it follows which help contain attrition risks and retaining personnel. These employee friendly policies also motivate employees to work to their fullest potential.

SOBHA owns 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.

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

Before SOBHA makes a foray into a new geography it does a thorough analysis of the prevailing market conditions and the regulatory environment. Since it has already successfully executed several contractual projects in the cities that it plans to enter it makes use of its understanding of the local factors at play. The Company also engages locally available manpower resources.

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

Operational and Financial Analysis

Indian housing industry has shown strong growth over the past few years. With the implementation of various structural and regulatory reforms in the last few years in the real estate sector, the sector was expected to do well in 2019 and the operational and financial results of various listed players is an indication of the same. The sector has embraced the changes and challenges brought in by these reforms and has settled in the post RERA and GST period. This has been appropriately supported by reduced interest rates on home loans, controlled inflation and necessary push by the Government for affordable housing, lower GST rates and increased tenure of loans under Pradhan Mantri Awas Yojana (PMAY) etc. Liquidity crisis with NBFC/Banking sector still persists but all institutions lending in the market are also lending to Sobha Limited. With likelihood of stable Government at center, economy is expected to grow even faster and the outlook for the real estate sector will also be better.

The upturn in the sector is also evident in the overall economic outlook of the country. According to Asian Development Bank in its Asia Development Outlook, projects India's growth rate at 7.2% this fiscal. This clearly indicates the revival of Indian economy. Additionally, the real estate and construction sector together are expected to create over 15 million jobs by 2022. In spite of these positive developments, the challenges for such a large economy is expected to continue in the near future.

Overall, the Company witnessed a healthy growth for the year, which reflects its ability to withstand adversity and continue to excel, delivering international quality products on time and creating customer delight. Our operational performance, financial performance and cash flows have been the best ever.

In this backdrop, we present our financial and operational performance for the year 2018-19.

Following are the key financial takeaways for fiscal year 2018 – 2019:

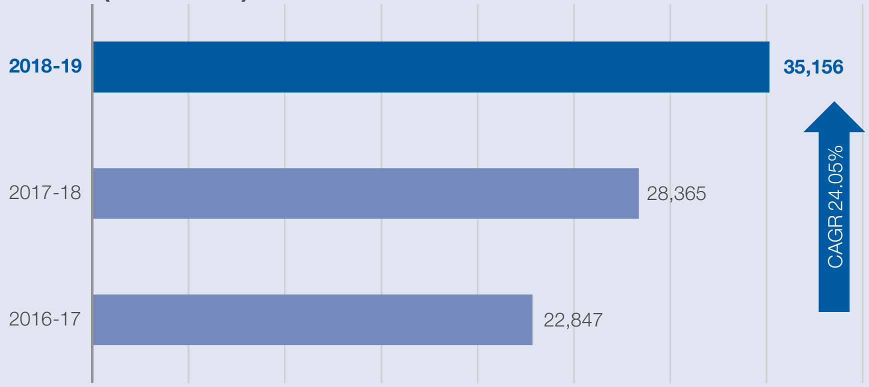
- Registered a turnover of ₹ 35,156 million.
- ₹ 22,653 million of revenues from real estate operations.
- ₹ 11,768 million of revenues from contracts and manufacturing operations and ₹ 735 million of revenue from Other Income.
- PBT of ₹ 4,483 million.
- PAT of ₹ 2,963 million.
- Collections of ₹ 32,360 million.
- Net operational cash flows at ₹ 1,472 million after meeting interest and tax expenses.
- Total sales value of ₹ 31,225 million and Sobha Share of ₹ 25,401 million.
- Total Average Price realization is at ₹ 7,749 per square feet.
- Debt Equity ratio as on March 31, 2019 is 1.09.
- Credit rating – ICRA (A+) [Stable]
– CRISIL (A+) [Stable]

On operational parameters, the Company has:

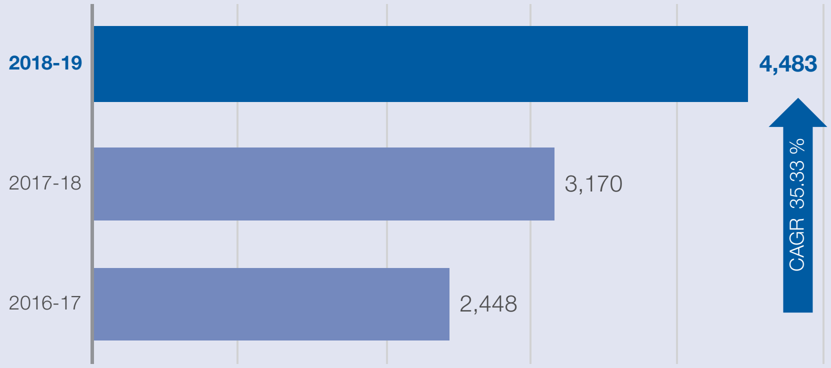
- Developed 103.88 million square feet of total area since inception.
- Execution of 50.16 million square feet of total area is in progress.
- Executed total 36.75 million square feet for our single largest contractual customer Infosys.
- Execution presence of Real Estate and Contractual projects in 27 Cities covering 14 states in India.

- Completed total developable area of 11.35 million square feet in the Real Estate and Contracts domain in 2018-19.

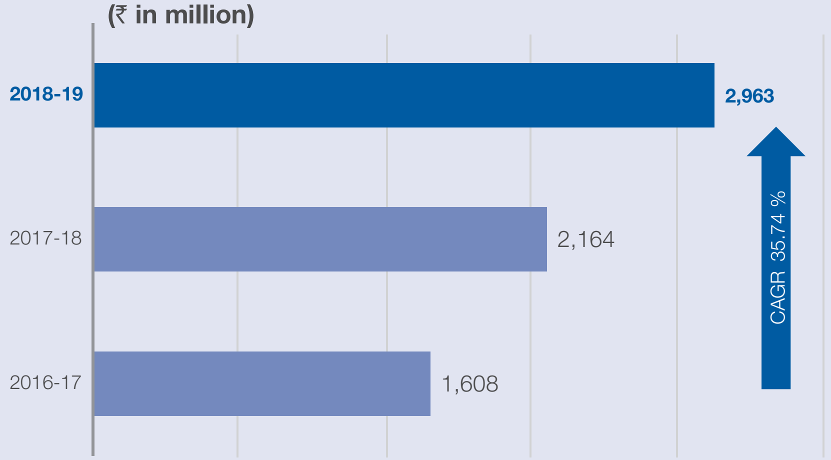
Revenues
(₹ in million)



Profit before Tax
(₹ in million)



Profit after Tax
(₹ in million)



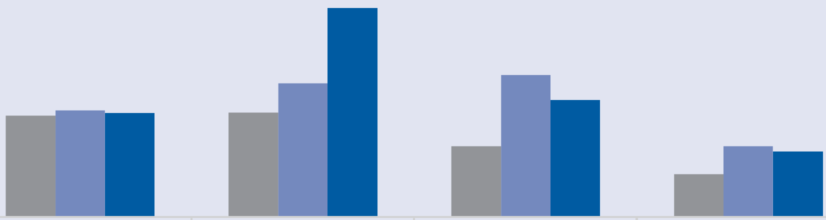
New Sales

The performance of the Company for the financial year 2018-19 has been consistent and exceptional. It exhibits Company's strong foundation backed by robust processes, enabling it to overcome transitional challenges smoothly posed by RERA and GST. The new sales value achieved during 2018-19 has been the best ever, with growth across regions and product categories.

During the financial year, the Company registered new sales SBA of 4.03 million square feet total valued at ₹ 31,225 million at an average price realization of ₹ 7,749 per square feet.

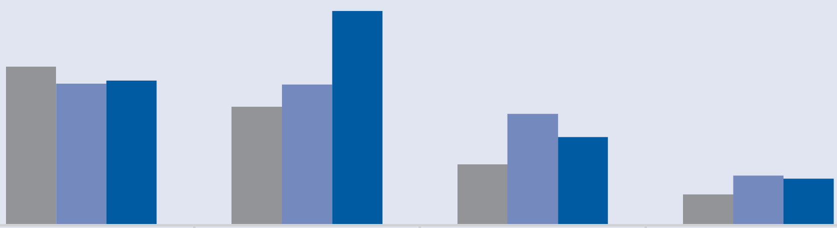
The classification of new sales in terms of price band is as follows:

Sales Value in terms of Price Band
[in ₹ million]



	< 10 Million	10 to 20 Million	20 to 30 Million	Above 30 Million
2016-17	6,388	6,602	4,456	2,678
2017-18	6,733	8,444	8,968	4,467
2018-19	6,549	13,205	7,364	4,107

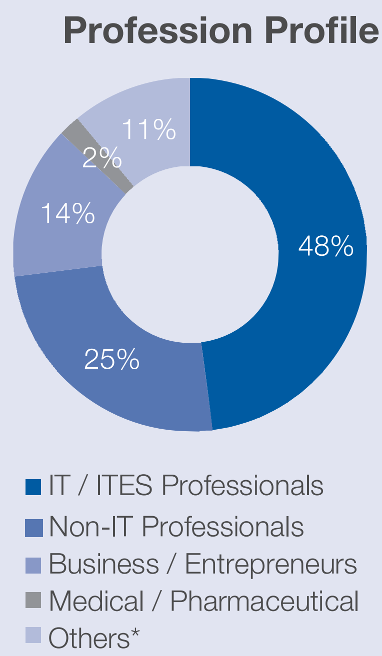
SBA Sold in terms of Price Band
[in million square feet]



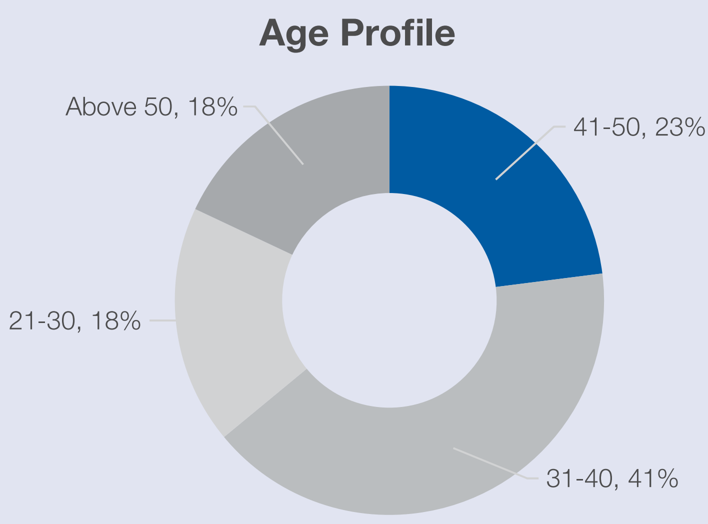
	< 10 Million	10 to 20 Million	20 to 30 Million	Above 30 Million
2016-17	1.30	0.96	0.49	0.25
2017-18	1.16	1.15	0.91	0.41
2018-19	1.18	1.75	0.72	0.38

Our Customers:

The product-mix offered by the Company has been well accepted by our customers. The Company, on an ongoing basis, does analysis of its customer base and the said analysis reveals that the customer profile has a healthy mix, comprising IT/ITES Professionals, Non-IT Professionals, Entrepreneurs & Professionals. About 75% of our customers fall under salaried category, which includes 48% from IT / ITES and 27% from Non-IT industries. In addition to this, 14% of customers are from Business and Entrepreneur category.

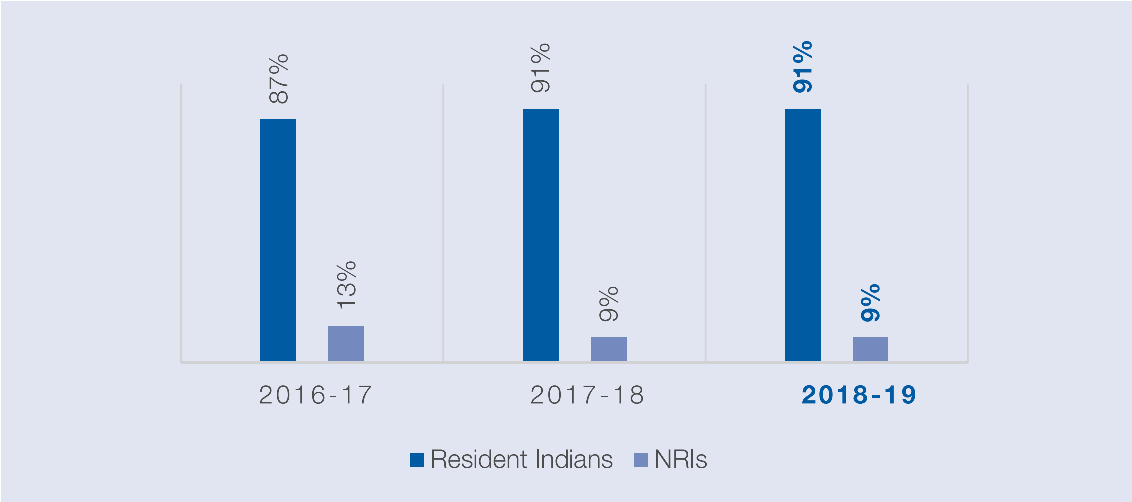


* Others include agriculturists, government employees etc.



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

Comparative position of the customer base is provided below:



Real Estate

Customer centricity is at the core of our business strategy in addition to the Company's ability to consistently deliver quality products in the real estate space. The real estate operations of the Company are currently spread across 10 cities.

Following is the performance of the Real Estate Vertical:

₹ in million

Particulars	2018-19	2017-18	2016-17
Revenue	22,653	20,006	14,884
Share of Revenue (%)	64.43	70.53	65.14

The CAGR in the revenue for the Real Estate vertical from last two years is 23%.

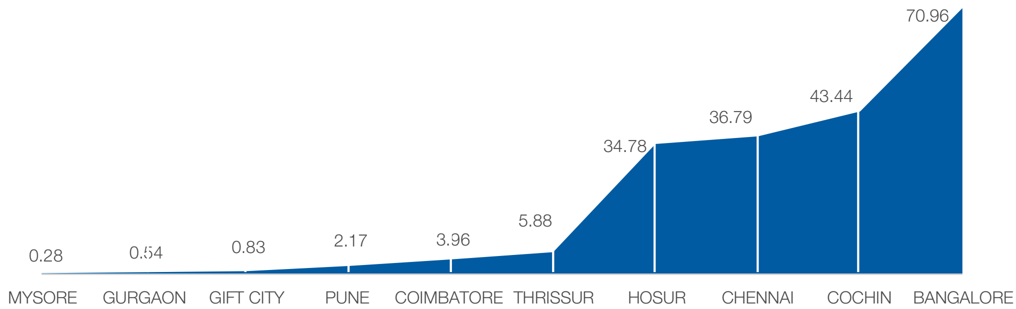
Land Portfolio

Land Portfolio is the distinguishing asset for a real estate company. The ability to acquire appropriate land parcels at strategic places and at competitive prices or enter into Joint Developments for future launches help maximise profits for the Company. The Company, along with group/associate companies, has a land portfolio comprising of 2,392 acres wherein the Company holds an economic interest in 2,344 acres. The majority of the land portfolio has already been paid for. An amount of ₹ 1,429 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 ₹ 267.

The location wise distribution of the land portfolio is given below:

Sobha Share of Developable Area

(in million square feet)



Project Launches

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

- SOBHA Meadows in Mysore- Plotted Development measuring total saleable area of 0.13 million sq ft.
- SOBHA Lake Gardens in Bangalore- measuring total saleable area of 0.89 mn sq ft.
- SOBHA Dream Garden in Bangalore - measuring total saleable area of 1.76 mn sq ft.
- SOBHA Raj Vilas in Bangalore - measuring total saleable area of 0.36 mn sq ft.
- SOBHA Isle in Kochi - measuring total saleable area of 0.89 mn sq ft.
- SOBHA Dream Heritage in GIFT City (Gujarat) - an affordable housing project with saleable area of 0.52 mn sq ft.
- SOBHA Royal Pavilion in Bangalore - a super luxury project with saleable area of 2.23 mn sq ft.
- SOBHA Palacia in Chennai - a super luxury project with saleable area of 0.60 mn sq ft.

Contracting:

The year 2018-19, one of the record year performance for the contracting and manufacturing divisions. This division has achieved highest ever collections during 2018-19. Revenue from this vertical is contributing around 33% to the Company's topline. The contracts vertical has been executing orders ranging from civil structures, finishes, MEP works, metal and glazing works and interior furnishings for various reputed clients. With 8.59 million square feet of contractual orders under progress and un billed contractual orders of approximately ₹ 25.88 billion pending to be executed as on March 31, 2019, which is one of the highest order book of the Company so far. The contractual operations will continue to be a source of steady revenue.

Following is the performance of the Contracts Vertical:

₹ in Million

Particulars	2018-19	2017-18	2016-17
Revenue	8,331	4,536	4,405
Share of Revenue (%)	23.69	15.99	19.28

The CAGR in revenues from contracts vertical over the past 3 years is 38%.

Manufacturing

SOBHA is one of the few backward integrated real estate companies in the country, which has the capabilities, skills and resources to deliver a project from conceptualisation to completion. Backward integration support with the quality products and services required for the construction and development of a project meet our desired quality and agreed delivery schedule. The backward integration also ensures that the products are superior in quality and the Company has a reduced dependence on external suppliers. The Company believes that the Backward Integration model has been one of the important factors for our successful execution track record without compromising on quality.

Our backward integration model comprises Glazing and Metal Works, Interiors and Furnishing Works and Concrete Works, which supplements 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 Company owns one of the largest Glazing and Metal factories in India. The facility is spread across 7.3 acres of land with a 2,322 sq. m. (25,000 sq. ft.) state-of-the-art manufacturing unit, with future expansion capability up to 11,148 sq. m. (120,000 sq. ft.) space facility. The factory is equipped with advanced machineries like CNC profile cutting machine, TIG welding machines, ACP routing machine, Milling machines, etc. Apart from Bangalore unit, the Company has established Glazing and Metal Works Divisions in Chennai and Sonepat. The Products manufactured in the said facilities include aluminum doors, windows, structural glazing, MS and SS metal fabrications, aluminum composite panel, SS cladding, architectural metal works and pre-engineered buildings.

Interiors Division

The interior and furnishing division of the Company is one of the largest wood working / joinery facilities in India. The division has two highly mechanized factories with total floor area of 2,55,000 sq ft. located at Bommasandra, Bangalore. The division is equipped with imported machineries from Spain, Italy, and Germany. The Company has Interiors Division in Alwar also. The product range includes large scale corporate and residential interiors, solid wood veneer paneled doors and MDF paneled doors, customized joinery works like paneling, partitions, tables, loose furniture like chairs, sofas, cots and modular kitchen etc.

Concrete Products Division

The Company has a fully automated concrete product division which uses remote controlling systems. The manufacturing facility in Bangalore spread over 32,000 sq. m. (8 acres) manufactures concrete products of international quality. The unit has the imported technologies from Germany (Masa Plant) and England. In addition, the Company has opened concrete products divisions in Gurgaon and Pune also. The units are manufacturing ready-to-use products, including concrete blocks, pavers, kerb stones, water drainage channels, paving slabs, and related landscape. The facility has a production capacity of 28,000 nos of Blocks/day or 20 mn nos of Landscaping products.

Following is the performance of the manufacturing vertical:

₹ in million

Sales	2018-19	2017-18	2016-17	2015-16	2014-15
Glazing and Metal Works Division	1,575	1,964	1,486	1,115	1,215
Interiors Division	1,429	1,012	930	923	802
Concrete Products Division	434	352	270	265	229
Total	3,438	3,328	2,686	2,302	2,246
Share of Revenue (%)	9.78%	11.73%	11.76%	11.56%	9.15%

The CAGR in revenues from manufacturing vertical over the past 5 years is 11%.

Cash Flows

The cash flow summary for the financial year 2018-2019 under direct cash flow method is as follows:

₹ in million

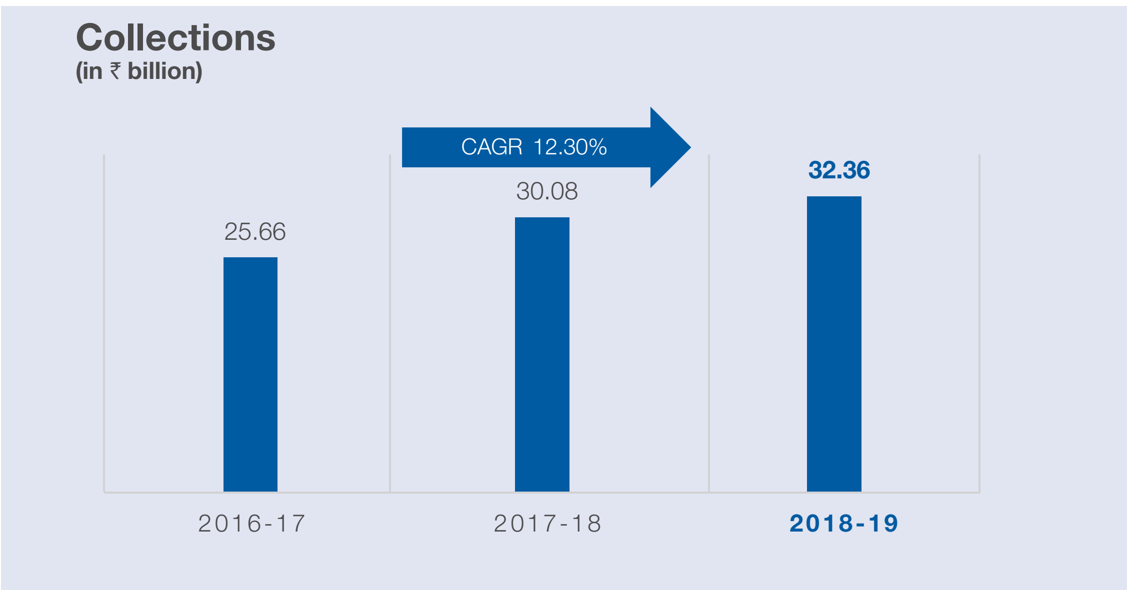
Particulars	2018-19
Operational Cash inflow	32,360
Operational Cash outflow	27,363
Net Operational Cash inflow	4,997
Financial Out Flow (Interest and Taxes)	3,525
Net Operational Cash inflow after Financial outflow	1,472

The Company has collected ₹ 32,360 million during the year from real estate, contractual and manufacturing activities. This is highest ever collections of the Company. After expending on construction expenses for real estate, contractual, manufacturing activities, overheads, etc., the net operating cash inflows were ₹ 4,997 million.

Out of the above, the Company has utilised ₹ 2,876 million towards payment of interest and ₹ 649 million for income taxes. This leads to a surplus of ₹ 1,472 million.

The Company has spent ₹ 1,963 million towards land payments during the year. In addition to this, the Company incurred ₹ 881 million towards capex expenditure, ₹ 157 million towards CSR contribution and ₹ 800 million for dividend (including dividend tax).

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

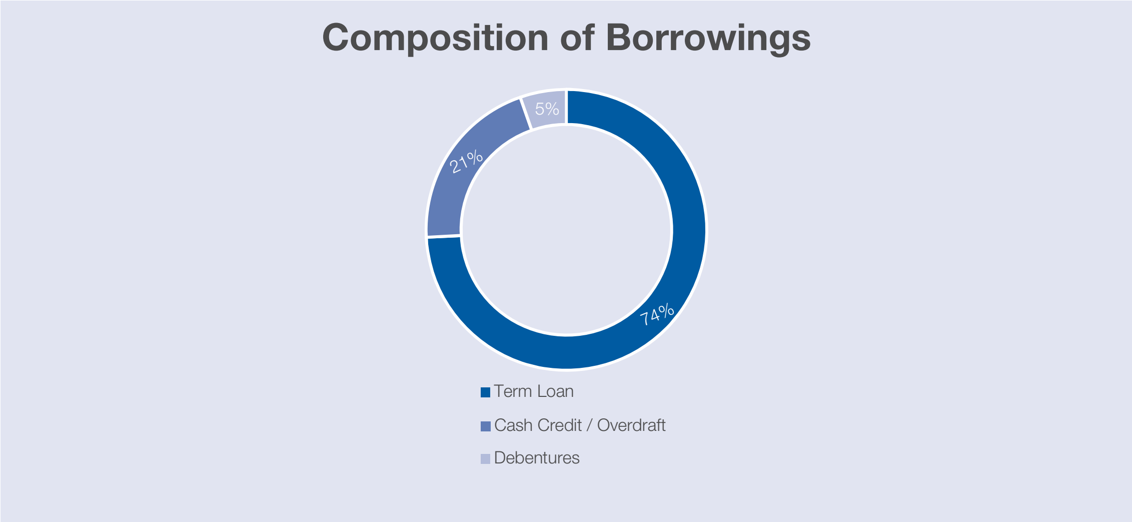


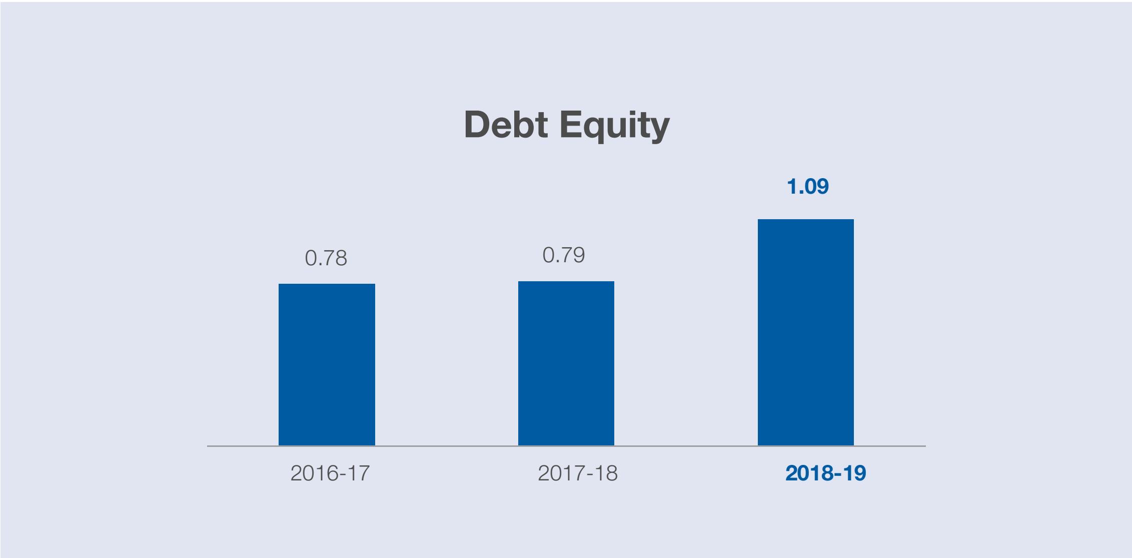
Management Report

Debt

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

As on March 31, 2019, the net debt of the Company was ₹ 24,337 million as compared to ₹ 21,991 million in the previous year. The increase in debt is primarily on account of pursuing investment opportunities. The debt-equity ratio stood at 1.09 at the close of the financial year.



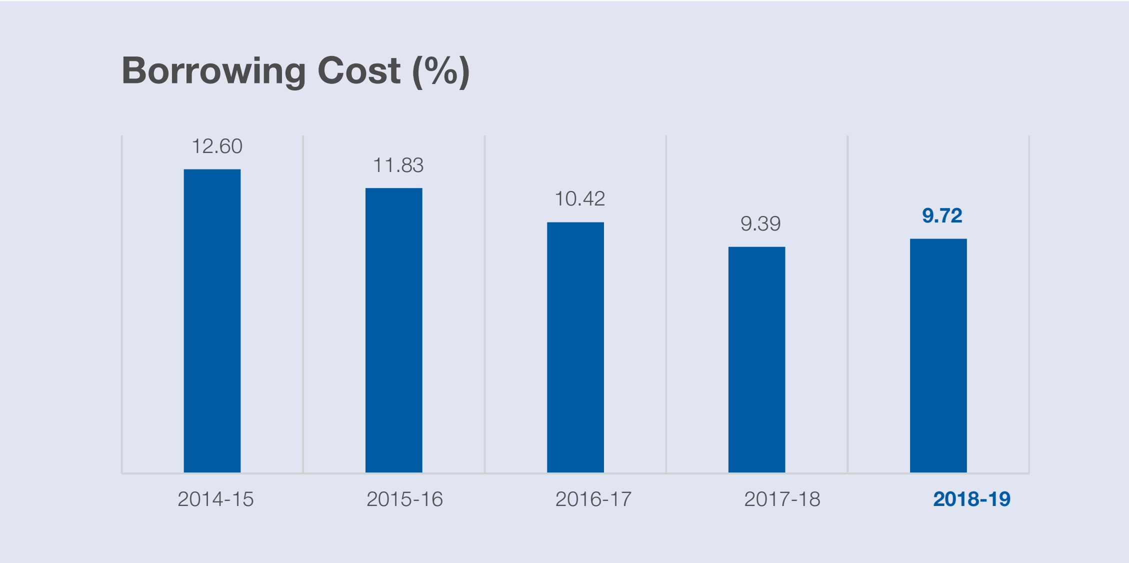


The Debt Equity Ratio for the Financial Year 2018-19 on a standalone basis was 1.22 as compared to Financial Year 2017-18 which was 0.86, with an increase of 41.47% y-o-y.

The reason for increase in Debt Equity Ratio: The Company has adopted Ind AS 115 using modified retrospective method to its real estate residential projects/contracts that were not completed as on 1st April, 2018 and has debited ₹ 7,454 million (net of tax) to the retained earnings as at the said date and the debt has also increased by ₹ 2,776 million.

Borrowing Cost:

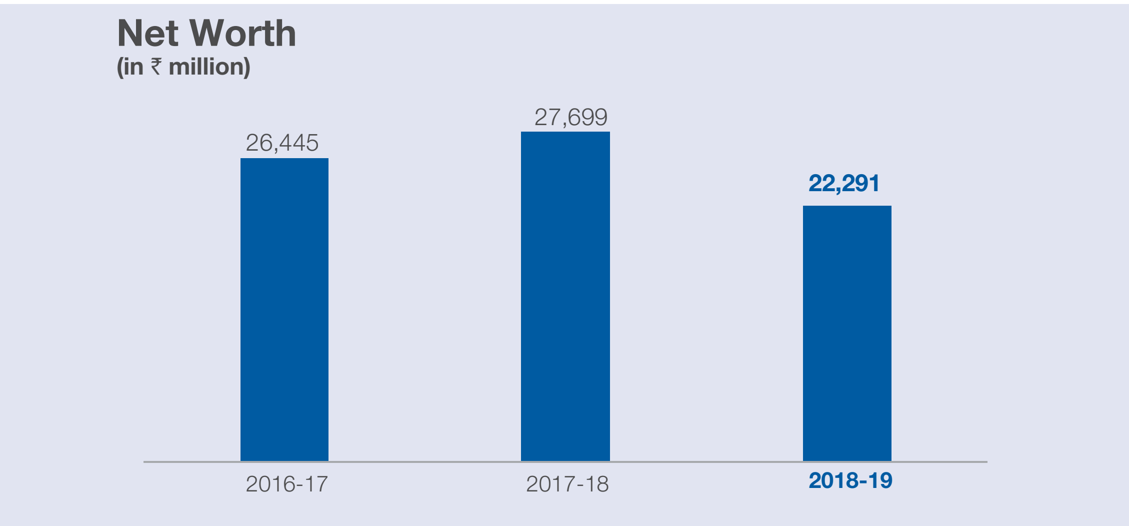
As on 31st March 2019, the average borrowing cost stood at 9.72%.



During the year, the borrowings of the Company have been rated by ICRA was A+ (Stable).

Net Worth

The net worth of the Company on a consolidated basis as on March 31, 2019 was ₹ 22,291 million.



The net worth for the Financial Year 2018-19 on a standalone basis was ₹ 20,773.46 million as compared to Financial Year 2017-18, which was ₹ 26,171 million with a decrease of 20.62% y-o-y.

The reason for the reduction of net worth: The Company has adopted Ind AS 115 using modified retrospective method to its real estate residential contracts that were not completed as on 1st April, 2018 and has debited ₹ 7,454 million (net of tax) to the retained earnings as at the said date.

Fixed Assets

During the financial year 2018-19, the gross addition to Fixed Assets was ₹ 583.79 million. This is about 14% addition year on year on account of investment in scaffolding items and additions to Plant and Machinery.

Current Assets

During the financial year 2018-19, the Current Assets increased by ₹ 14,953 million as compared to the previous year. This is mainly on account of increase in inventories by ₹ 16,824 million and decrease in land advances by ₹ 785 million.

Current Liabilities

During the financial year 2018-19, the Current Liabilities increased by ₹ 27,882 million. This is on account of increase in short term borrowings, trade payables and other current liabilities.

Dividends

The Company aims to follow a consistent Dividend Payout while striving to achieve a trade-off between deployment of internal accruals for growth and the payment of dividends. The Company has been paying dividend in the range of 25% - 35% of its profits.

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

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

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

Place: Bangalore	**Ravi PNC Menon**	**J C Sharma**
Date: May 17, 2019	**Chairman**	**Vice Chairman & Managing Director**

Chief Executive Officer and Chief Financial Officer Certificate

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

We certify that:

A. We have reviewed financial statements and the cash flow statement for the financial year ended 31 March 2019 and that to the best of our knowledge and belief:

   (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit committee

   (1) significant changes in internal control over financial reporting during the financial year ended 31 March 2019;

   (2) significant changes in accounting policies during the financial year ended 31 March 2019 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	Subhash Mohan Bhat	J C Sharma
Date: 17 May 2019	Chief Financial Officer	Vice Chairman and Managing Director

Financial Statements
Standalone

INDEPENDENT AUDITOR'S REPORT

To the Members of Sobha Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Sobha Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2019, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A. Revenue recognition - refer note 2.2 (a) (ii)(a) to the standalone financial statements

Key Audit Matter	How the matter was addressed in our audit
Measurement of revenue recorded from sale of residential units	Our audit procedures on revenue recognition included the following:
Revenues from sale of residential units represents the largest portion of the total revenues of the Company.	• Evaluating that the Company's revenue recognition accounting policies are in line with the applicable accounting standards and their application to customer contracts including consistent application;

INDEPENDENT AUDITORS' REPORT (continued)

Key Audit Matters (continued)

A. Revenue recognition (continued) - refer note 2.2 (a) (ii)(a) to the standalone financial statements

Key Audit Matter	How the matter was addressed in our audit
Revenue is recognised upon transfer of control of residential units to customers for an amount that reflects the consideration which the Company expects to receive in exchange for those units. The point of revenue recognition is normally on handover of the unit to the customer on completion of the project, post which the contract becomes non-cancellable by the parties. The Company records revenue at a point in time upon transfer of control of residential units to the customers.	• Identify and test operating effectiveness of key controls around approvals of contracts, milestone billing, intimation of possession letters and controls over collection from customers; • For samples selected, verifying the underlying documents – handover letter, sale agreement signed by the customer and the collections; • Revenue recognition cut-off procedures for determination of revenue in the appropriate reporting period;
Due to the large volume of the Company's projects, spread across different regions within the country and the competitive business environment, there is a risk that revenue could be overstated (for example, through premature revenue recognition i.e. recording revenue prior to handover of unit to the customers) or understated (for example, through improperly shifting revenues to a later period) in order to present consistent financial results. Since revenue recognition has direct impact on the Company's profitability, there is a possibility of management bias.	• Conducting site visits during the year for selected projects to understand the scope, nature and status of the projects and to assess the progress of the projects; and • Considered the adequacy of the disclosures in note 2.2(a)(ii)(a) to the standalone financial statements in respect of the judgments taken in recognising revenue for residential units.
Measurement of revenue recorded over time which is dependent on the estimates of the costs to complete	Our audit procedures on revenue recognition included the following:
Revenue recognition from contractual projects represents a significant portion of the total revenues of the Company.	• Evaluating that the Company's revenue recognition accounting policies are in line with the applicable accounting standards and their application to customer contracts including consistent application;
Revenue recognition from contractual projects involves significant estimates related to measurement of costs to complete the projects. Revenue from projects is recorded based on management's assessment of the work completed, costs incurred, and accrued and the estimate of the balance costs to complete.	• For samples selected during the year, verifying the underlying documents – contracts entered into with customers, invoices raised and collections from the customers; • Review of the costs to complete workings, comparing the costs to complete with the budgeted costs and inquiring into reasons for variance;

INDEPENDENT AUDITORS' REPORT (continued)

Key Audit Matters (continued)

A. Revenue recognition (continued) - refer note 2.2 (a) (ii)(a) to the standalone financial statements

Key Audit Matter	How the matter was addressed in our audit
Due to the inherent nature of the projects and significant judgment involved in the estimate of costs to complete, there is risk of overstatement or understatement of revenue.	• Sighting approvals for changes in budgeted costs with the rationale for the changes; and • Assessment of nature of costs taken to inventory.

B. Inventories - refer note 3(b)(iii) to the standalone financial statements

Key Audit Matter	How the matter was addressed in our audit
Assessment of net realisable value (NRV) of inventories	Our audit procedures to assess the net realisable value (NRV) of inventories included the following:
Inventories comprising raw materials and components, building materials, land stock, work-in-progress, stock-in-trade flats and finished goods represents a significant portion of the Company's total assets.	• Discussion with the management to understand the basis of calculation and justification for the estimated recoverable amounts of the unsold units ("the NRV assessment");
The Company recognises profit on each sale by reference to the overall project margin. A project comprises multiple units, the construction of which can last a number of years. The recognition of profit for sale of a unit, is therefore dependent on the estimate of future selling prices and construction costs. Further, estimation uncertainty and exposure to cyclicality exists within long- term projects.	• Evaluating the management's valuation methodology and assessing the key estimates, data inputs and assumptions adopted in the valuations, which included comparing expected future average selling prices with available market data such as recently transacted prices for similar properties located in the nearby vicinity of each property development project and the sales budget plans maintained by the Company; and
Forecasts of future sales are dependent on market conditions, which can be difficult to predict and be influenced by political and economic factors. Further due to their materiality in the context of total assets of the Company this is considered significant to our overall audit.	• Verifying the NRV assessment and comparing the estimated construction costs to complete each development with the Company's updated budgets.

C. Land advances - refer note 3(b)(iii) to the standalone financial statements

Key Audit Matter	How the matter was addressed in our audit
Assessment of recoverability of land advances	Our audit procedures to assess the recoverability of land advances included the following:
Land advance represents a sizeable portion of the Company's total assets.	• For our samples, verified the underlying agreements in possession of the Company, based on which land advances were given;

INDEPENDENT AUDITORS' REPORT (continued)

Key Audit Matters (continued)

C. Land advances (continued) - refer note 3(b)(iii) to the standalone financial statements

Key Audit Matter	How the matter was addressed in our audit
Land advance represents the amount paid towards procurement of land parcels to be used in the future, for construction of residential projects. These advances are carried at cost less impairment losses, if any. These land advances will be converted into land parcels as per the terms of the underlying contracts under which these land advances have been given. To assess the carrying value of land advances, these advances are tested for recoverability by the Company by comparing the valuation of land parcels in the same area for which land advances have been given. Further due to their materiality in the context of total assets of the Company this is considered significant to our overall audit.	• Discussion with the management to understand their plan for conversion of these land advances into land parcels; and • For our samples, verified the valuation reports of land stock.

D. Investment in subsidiaries - refer note 2.2(h) to the standalone financial statements

Key Audit Matter	How the matter was addressed in our audit
Assessment of impairment of investment	Our audit procedures to assess recoverability included the following:
The carrying amount of the investments in subsidiaries held at cost less impairment represents a significant portion of the Company's total assets.	• Comparing the carrying amount of investments in the Company's books, with the relevant subsidiaries' audited balance sheet and joint venture's unaudited balance sheet, to identify whether their net assets (being an approximation of their minimum recoverable amount) were in excess of their carrying amount;
The Company has investments in subsidiaries and a joint venture. These investments are carried at cost less any diminution in value of such investments. The investments are reviewed for impairment at each reporting date by comparing the carrying value of investments in the Company's books with the net assets of the relevant subsidiaries' and joint venture's balance sheet. Further, the Company's review includes assessment of the projected cash flows of the real estate projects in these underlying entities, which involve significant estimates and judgment, due to the inherent uncertainty involved in forecasting future cash flows. There is significant judgment in estimating the timing of the cash flows and the appropriate discount rate. In addition, considering the materiality of the investments in subsidiaries and joint venture, vis-à-vis the total assets of the Company, this is considered to be significant to our overall audit.	• Assess whether those subsidiaries and joint venture have historically been profit-making; • For the investments where the carrying amount exceeded the Company's share in net asset value, we compared the carrying amount of the investment with the projected cash flows and profitability based on approved business plans of the subsidiaries and joint venture; and • Considering the adequacy of disclosures in respect of the investment in subsidiaries and joint venture.

Information Other than the Standalone Financial Statements and Auditors’ Report Thereon

The Company’s management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company’s annual report, but does not include the financial statements and our auditors’ report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's Responsibility for the Standalone Financial Statements

The Company’s management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company’s financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

Report on Other Legal and Regulatory Requirements (continued)

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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act;

e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act; and

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' 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 as at 31 March 2019 on its financial position in its standalone financial statements - Refer Note 38 to the standalone financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company ; and

iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Supreet Sachdev
Partner
Membership number: 205385
Bangalore
17 May 2019

Annexure A to the Independent Auditors' Report on the standalone financial statements of Sobha Limited ('the Company')

The Annexure A referred to in our report to the members of the Company for the year ended 31 March 2019. We report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of all fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of 3 years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified during the year. No material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between physical stock and the book records were not material.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act"). Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act, with respect to investments made and guarantees given. Further, there are no loans and security given in respect of which provisions of Sections 185 and 186 of the Act are applicable.

(v) The Company has not accepted any deposits from the public within the meaning the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148 of the Act in respect of the construction industry and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees state insurance, income-tax, goods and service tax, duty of customs, cess and any other material statutory dues have generally been regularly deposited with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales-tax, service-tax, duty of excise and value added tax during the year.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income-tax, goods and service tax, duty of customs, cess and any other material statutory dues were in arrears, as at 31 March 2019, for a period of more than six months from the date they became payable. As explained to us, the Company did not have any dues on account of sales-tax, service-tax, duty of excise and value added tax during the year.

(b) According to the information and explanations given to us, there are no dues of income tax or sales tax or service tax or value added tax or goods and service taxes or duty of customs or duty of excise which have not been deposited by the Company on account of disputes except for the following:

Nature of statue	Nature of dues	Amount (₹ in million) *	Period to which amount relates	Forum where dispute is pending
Andhra Pradesh Sales Tax Act	Basis of charge of sales tax	2.05	2002-05	High Court of Andhra Pradesh
Karnataka Sales Tax Act	Basis of charge of sales tax	127.27	2007-08	High Court of Karnataka
Karnataka Sales Tax Act	Basis of charge of sales tax	25.60	2008-09	High Court of Karnataka
Karnataka Sales Tax Act	Basis of charge of sales tax	27.62	2009-10	High Court of Karnataka
Karnataka Sales Tax Act	Basis of charge of sales tax	67.71	2010-11	High Court of Karnataka
Karnataka Sales Tax Act	Basis of charge of sales tax	43.98	2011-12	High Court of Karnataka
Karnataka Sales Tax Act	Basis of charge of sales tax	64.63	2013-14	High Court of Karnataka
Karnataka Sales Tax Act	Basis of charge of sales tax	43.52	2014-15	High Court of Karnataka
Karnataka Sales Tax Act	Basis of charge of sales tax	11.71	2012-13	High Court of Karnataka
Kerala Sales Tax Act	Basis of charge of sales tax	29.66	2013-14	District Commissioner - (Appeals) Thiruvananthapuram
Kerala Sales Tax Act	Basis of charge of sales tax	23.52	2011-12	District Commissioner - (Appeals) Thiruvananthapuram
Haryana Sales Tax Act	Basis of charge of sales tax	1.28	2011-12	Commissioner Appeal, Gurgaon
Maharashtra Value Added Tax Act	Basis of charge of sales tax	5.87	2008-09	Joint Commissioner of Sales Tax appeal, Pune
Maharashtra Value Added Tax Act	Basis of charge of sales tax	6.22	2010-11	Joint Commissioner of Sales Tax appeal, Pune
Maharashtra Value Added Tax Act	Basis of charge of sales tax	2.91	2009-10	Joint Commissioner of Sales Tax appeal, Pune
Maharashtra Value Added Tax Act	Basis of charge of sales tax	1.43	2010-11	Joint Commissioner of Sales Tax appeal, Pune
Maharashtra Value Added Tax Act	Basis of charge of sales tax	0.34	2008-09	Joint Commissioner of Sales Tax appeal, Pune
Maharashtra Value Added Tax Act	Basis of charge of sales tax	0.38	2011-12	Commissioner of Central Tax, Pune
Maharashtra Value Added Tax Act	Basis of charge of sales tax	3.93	2013-14	Commissioner of Central Tax, Pune
Kolkata Value Added Tax Act	Basis of charge of sales tax	1.00	2009-10	West Bengal Commercial Taxes appellate, Kolkata
Finance Act, 1994 (service tax provisions)	Disallowance	1.18	2002-07	Central Excise and Service Tax Appellate Tribunal, Bangalore
Finance Act, 1994 (service tax provisions)	Service tax demand	370.46	2006-12	Central Excise and Service Tax Appellate Tribunal, Bangalore
Finance Act, 1994 (service tax provisions)	Service tax demand	2.36	2006-12	Central Excise and Service Tax Appellate Tribunal, Bhiwadi district
Finance Act, 1994 (service tax provisions)	Service tax demand	93.86	2008-16	Commissioner of Central Tax, GST Commissioner, Bangalore
Finance Act, 1994 (service tax provisions)	Service tax demand	0.33	2008-11	Commissioner of Central Excise and Service Tax (Appeals), Bangalore
Excise duty	Excise duty demand	6	2013-15	Central Excise and Service Tax Appellate Tribunal, Bangalore
Customs Act, 1962	Differential tax treatment	1.27	2010-11	Central Excise and Service Tax Appellate Tribunal, Bangalore
Income tax Act	Disallowance	108.05	2005-08	Assistant Commissioner of Income tax, Bangalore
Income tax Act	Disallowance	72.06	2007-15	Income Tax Appellate Tribunal, Bangalore

* Net of ₹ 543.01 million in total, paid under protest

Annexure A to the Independent Auditors' Report on the standalone financial statements (continued)

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions and banks and debenture holders during the year. The Company did not have any outstanding loans or borrowings from government during the year.

(ix) According to the information and explanations given to us and based on examination of the records of the Company, the term loans obtained during the year were applied for the purpose for which they were obtained. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.

(x) According to the information and explanations given to us, no material fraud on the Company by its officers and employees or fraud by the Company has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us and based on examination of the records of the Company, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of all transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him.

(xvi) According to the information and explanation given to us and in our opinion the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Supreet Sachdev
Partner
Membership number: 205385
Bangalore
17 May 2019

Annexure B to the Independent Auditors' Report on the standalone financial statements of Sobha Limited ('the Company') for the year ended 31 March 2019

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

Opinion

We have audited the internal financial controls with reference to financial statements of Sobha Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

Annexure B to the Independent Auditors' Report on the standalone financial statements (continued)

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include 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 with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Supreet Sachdev
Partner
Membership number: 205385
Bangalore
17 May 2019

Sobha Limited

Standalone balance sheet

in ₹ million

	Note	As at 31 March 2019	As at 31 March 2018
Assets			
Non-current assets			
Property, plant and equipment	4	2,831.46	2,791.28
Investment property under construction	5	1,900.37	1,344.93
Intangible assets	6	0.70	1.18
Financial assets			
Investments	8	4,163.00	3,962.53
Trade receivables	9	83.98	134.55
Other non-current financial assets	10	173.86	389.29
Other non-current assets	11	5,106.59	4,294.38
Deferred tax assets (net)	20	970.19	-
		15,230.15	**12,918.14**
Current assets			
Inventories	7	62,743.74	46,730.35
Financial assets			
Trade receivables	9	3,125.26	2,917.22
Cash and cash equivalents	12	1,604.91	804.89
Bank balance other than cash and cash equivalents	13	125.83	104.45
Other current financial assets	10	5,698.08	8,297.50
Other current assets	11	16,943.61	16,450.35
		90,241.43	**75,304.76**
Total assets		**105,471.58**	**88,222.90**
Equity and liabilities			
Equity			
Equity share capital	14	948.46	948.46
Other equity	15	19,825.30	25,222.46
Total equity		**20,773.76**	**26,170.92**
Non-current liabilities			
Financial liabilities			
Borrowings	17	48.13	2,788.28
Other non-current financial liabilities	18	-	1.52
Provisions	19	121.01	183.10
Deferred tax liabilities (net)	20	-	2,478.38
		169.14	**5,451.28**
Current liabilities			
Financial liabilities			
Borrowings	17	23,701.11	19,571.59
Trade payables			
Total outstanding dues of micro enterprises and small enterprises; and	21	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	21	11,239.43	6,991.67
Other current financial liabilities	18	5,993.22	4,215.18
Other current liabilities	22	42,889.73	25,337.22
Liabilities for current tax (net)	20	555.02	361.81
Provisions	19	150.17	123.23
		84,528.68	**56,600.70**
Total liabilities		**84,697.82**	**62,051.98**
Total equity and liabilities		**105,471.58**	**88,222.90**

Summary of significant accounting policies 2.2

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

As per our report of even date attached

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

Supreet Sachdev
Partner
Membership No.: 205385

Place: Bengaluru, India
Date: 17 May 2019

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

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Place: Bengaluru, India
Date: 17 May 2019

Sobha Limited

Standalone statement of profit and loss

in ₹ million

	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
Income			
Revenue from operations	23	33,578.82	26,014.50
Finance income	25	414.83	323.50
Other income	24	344.13	158.88
Total income		**34,337.78**	**26,496.88**
Expenses			
Land purchase cost		464.46	153.20
Cost of raw materials and components consumed	26	2,755.69	2,540.17
Purchase of project materials		10,856.44	6,478.42
(Increase)/decrease in inventories	27	(2,621.11)	(3.56)
Excise duty on sale of goods		-	39.67
Subcontractor and other charges		8,841.03	6,466.54
Employee benefits expense	28	2,358.59	1,984.85
Finance costs	32	2,293.37	1,948.35
Depreciation and amortization expense	29	582.35	503.95
Other expenses	30	4,487.88	3,561.12
Total expenses		**30,018.70**	**23,672.71**
Profit before tax		**4,319.08**	**2,824.17**
Tax expenses			
Current tax	20	975.20	638.05
Deferred tax charge	20	478.63	246.71
Income tax expense		**1,453.83**	**884.76**
Profit for the year		**2,865.25**	**1,939.41**
Other comprehensive income			
Item that will not be reclassified to profit or loss in subsequent periods:			
Re-measurement losses on defined benefit plan		(7.54)	(4.40)
Income tax effect		-	-
Other comprehensive income for the year, net of tax		**(7.54)**	**(4.40)**
Total comprehensive income for the year		**2,857.71**	**1,935.01**
Earnings per equity share [nominal value of ₹ 10 (31 March 2018 -₹ 10)]			
Basic and diluted (amount in ₹)	36	30.23	20.28

Summary of significant accounting policies 2.2

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

As per our report of even date attached

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Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Supreet Sachdev
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DIN: 01191608

Subhash Bhat
Chief Financial Officer

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Place: Bengaluru, India
Date: 17 May 2019

Sobha Limited

Standalone statement of changes in equity

a. Equity share capital

	No of shares in million	Amount in ₹ million
Equity shares of ₹ 10 each issued, subscribed and fully paid		
Balance as at 1 April 2017	**96.30**	**963.05**
Less : Buy back of equity shares (Refer note 15 and 16)	(1.46)	(14.59)
Balance as at 31 March 2018	**94.84**	**948.46**
Balance as at 1 April 2018	**94.84**	**948.46**
Balance as at 31 March 2019	**94.84**	**948.46**

b. Other equity

in ₹ million

	Attributable to owners of the Company						
	Reserves and Surplus					Items of OCI	Total
	Capital redemption reserve	Securities premium account	Debenture redemption reserve	General reserve	Retained earnings	Other items of OCI	
As at 1 April 2017	**104.88**	**9,934.33**	**428.68**	**2,587.57**	**11,127.68**	**(0.51)**	**24,182.63**
Profit for the year	-	-	-	-	1,939.41		1,939.41
Other comprehensive income (net of tax)	-	-	-	-	-	(4.40)	(4.40)
Total comprehensive income	**104.88**	**9,934.33**	**428.68**	**2,587.57**	**13,067.09**	**(4.91)**	**26,117.64**
Transfer to other reserves							
Capital redemption reserve (refer note 15)	14.59	-	-	-	(14.59)	-	-
Debenture redemption reserve	-	-	225.99	-	(225.99)	-	-
Debentures redeemed during the year	-	-	(175.00)	175.00	-	-	
General reserve	-	-	-	193.99	(193.99)	-	-
Total transfer to other reserves	**14.59**	**-**	**50.99**	**368.99**	**(434.57)**	**-**	**-**
Transaction with owners, recorded directly in equity							
Distribution to owners							
Dividend (including dividend distribution tax) (refer note 15)	-	-	-	-	(289.77)	-	(289.77)
Premium on buy back of equity shares	-	(605.41)	-	-	-	-	(605.41)
Total distribution to owners	**-**	**(605.41)**	**-**	**-**	**(289.77)**	**-**	**(895.18)**
As at 31 March 2018	**119.47**	**9,328.92**	**479.67**	**2,956.56**	**12,342.75**	**(4.91)**	**25,222.46**

Standalone statement of changes in equity

in ₹ million

	Attributable to owners of the Company						
	Reserves and Surplus					Items of OCI	Total
	Capital redemption reserve	Securities premium account	Debenture redemption reserve	General reserve	Retained earnings	Other items of OCI	
As at 1 April 2018	**119.47**	**9,328.92**	**479.67**	**2,956.56**	**12,342.75**	**(4.91)**	**25,222.46**
Profit for the year	-	-	-	-	2,865.25	-	2,865.25
On account of adoption of Ind AS 115 (refer note 46)					(7,454.48)	-	(7,454.48)
Other comprehensive income (net of tax)	**-**	**-**	**-**	**-**	**-**	**(7.54)**	**(7.54)**
Total comprehensive income	**119.47**	**9,328.92**	**479.67**	**2,956.56**	**7,753.52**	**(12.45)**	**20,625.69**
Debenture redemption reserve	-	-	108.05	-	(108.05)	-	-
Debentures redeemed during the year	-	-	(287.50)	287.50	-	-	-
General reserve	-	-	-	286.53	(286.53)	-	-
Total transfer to other reserves	**-**	**-**	**(179.45)**	**574.03**	**(394.58)**	**-**	**-**
Transaction with owners, recorded directly in equity							
Distribution to owners							
Dividend (including dividend distribution tax) refer note 15	-	-	-	-	(800.39)	-	(800.39)
Total distribution to owners	**-**	**-**	**-**	**-**	**(800.39)**	**-**	**(800.39)**
As at 31 March 2019	**119.47**	**9,328.92**	**300.22**	**3,530.59**	**6,558.55**	**(12.45)**	**19,825.30**

Summary of significant accounting policies 2.2

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

As per our report of even date attached

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

Supreet Sachdev
Partner
Membership No.: 205385

Place: Bengaluru, India
Date: 17 May 2019

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

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Place: Bengaluru, India
Date: 17 May 2019

Sobha Limited

Standalone statement of cash flows

in ₹ million

	For the year ended 31 March 2019	For the year ended 31 March 2018
Cash flows from operating activities		
Profit before tax	**4,319.08**	**2,824.17**
Adjustments to reconcile profit before tax to net cash flows from operating activities		
Depreciation and amortization expense	582.35	503.95
Gain on sale of property, plant and equipment	(7.31)	(8.64)
Finance income (including fair value change in financial instruments)	(414.83)	(323.50)
Finance costs (including fair value change in financial instruments)	2,079.57	1,750.54
Allowance for credit loss	25.51	99.66
Bad debts written off	-	4.47
Share of (profit)/ loss from investment in partnership firm	8.81	(125.38)
Working capital adjustments:		
Increase in trade receivables	(56.10)	(1,058.23)
Increase in inventories	(4,036.45)	(1,799.97)
Decrease in other financial assets	2,670.12	158.35
Increase in other assets	(760.82)	(1,159.75)
Increase in trade payables and other financial liabilities	4,684.70	175.29
Increase/(decrease) in provisions	(35.15)	34.08
Increase/(decrease) in other non-financial liabilities	(5,962.83)	2,257.97
Cash generated from operating activities	**3,096.64**	**3,333.01**
Income tax paid (net of refund)	(781.99)	(654.40)
Net cash flows from/ (used in) operating activities (A)	**2,314.65**	**2,678.61**
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,059.46)	(631.03)
Proceeds from sale of property, plant and equipment	12.31	11.06
Amount contributed to partnership current account	(191.65)	70.82
(Investments in)/ redemption of bank deposits (having original maturity of more than three months) - net	123.35	142.02
Interest received	414.83	323.50
Net cash flows used in investing activities (B)	**(700.62)**	**(83.63)**

Sobha Limited

Standalone statement of cash flows

in ₹ million

	For the year ended 31 March 2019	For the year ended 31 March 2018
Cash flows from financing activities		
Repayment of long-term borrowings	(1,374.99)	(1,124.16)
Proceeds from short-term borrowings	20,313.85	16,984.15
Repayment of short-term borrowings	(16,182.52)	(15,100.10)
Buy back of equity shares	-	(620.00)
Interest paid	(2,770.47)	(2,574.99)
Dividends paid on equity shares	(663.41)	(240.68)
Tax on dividend paid	(136.47)	(49.01)
Net cash flows used in financing activities (C)	**(814.01)**	**(2,724.79)**
Net increase / decrease in cash and cash equivalents	800.02	(129.81)
Cash and cash equivalents at the beginning of the year (refer note 12)	804.89	934.70
Cash and cash equivalents at the end of the year (refer note 12)	**1,604.91**	**804.89**

Summary of significant accounting policies 2.2

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

As per our report of even date attached

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

Supreet Sachdev
Partner
Membership No.: 205385

Place: Bengaluru, India
Date: 17 May 2019

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

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Place: Bengaluru, India
Date: 17 May 2019

1 Corporate information

Sobha Limited ('Company' or 'SL') was incorporated on 7 August 1995. SL is a leading real estate developer engaged in the business of construction, development, sale, management and operation of all or any part of townships, housing projects, commercial premises and other related activities. The Company is also engaged in manufacturing activities related to interiors, glazing and metal works and concrete products which also provides backward integration to SL's turnkey projects.

The Company is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The registered office is located at Bangalore. The Company's shares and debentures are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

The standalone financial statements are approved for issue by the Company's Board of Directors on 17 May 2019.

2 Significant accounting policies

2.1 Basis of preparation

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

The standalone financial statements have been prepared on the historical cost basis, except for the following assets and liabilities which have been measured at fair value:

► Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

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

2.2 Summary of significant accounting policies

a) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue includes excise duty, since the recovery of excise duty flows to the Company on its own account. However, sales tax/ value added tax (VAT) is not received by the Company on its own account. These taxes are collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

i. Recognition of revenue from contractual projects

If the outcome of contractual contract can be reliably measured, revenue associated with the construction contract is recognised by reference to the stage of completion of the contract activity at year end (the percentage of completion method). The stage of completion on a project is measured on the basis of proportion of the contract work/ based upon the contracts/ agreements entered into by the Company with its customers.

ii. Recognition of revenue from real estate projects

a. Recognition of revenue from property development

Effective 1 April 2018, the Company has adopted Ind AS 115 'Revenue from Contracts with Customers' (replaced Ind AS 18 - Revenue and Ind AS 11 Construction Contracts and Guidance Notes) using the modified retrospective method, with the effect of initially applying this standard recognized in opening retained earnings on the date of initial application i.e., 1 April 2018. Accordingly, the information presented for the year ended 31 March 2018 is not restated, i.e., it is presented, as previously reported, under Ind AS 18, Ind AS 11 and related interpretations. Additionally, the disclosure requirements in Ind AS 115 have not generally been applied to comparative information.

Revenue is recognized upon transfer of control of residential units to customers, in an amount that reflects the consideration the Company expects to receive in exchange for those residential units. The Company shall determine the performance obligations associated with the contract with customers at contract inception and also determine whether they satisfy the performance obligation over time or at a point in time. In case of residential units, the Company satisfies the performance obligation and recognises revenue at a point in time i.e., upon handover of the residential units.

To estimate the transaction price in a contract, the Company adjusts the promised amount of consideration for the time value of money if that contract contains a significant financing component. The Company when adjusting the promised amount of consideration for a significant financing component is to recognise revenue at an amount that reflects the cash selling price of the transferred residential unit.

b. Recognition of revenue from sale of land and development rights

Revenue from sale of land and development rights is recognised upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/ agreements. Revenue from sale of land and development rights is only recognised when transfer of legal title to the buyer is not a condition precedent for transfer of significant risks and rewards of ownership to the buyer.

iii. Recognition of revenue from manufacturing division

Revenue from sale of materials is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which coincides with dispatch of goods to the customers. Service income is recognised on the basis of completion of a physical proportion of the contract work/ based upon the contracts/ agreements entered into by the Company with its customers.

iv. Dividend income

Revenue is recognised when the shareholders' or unit holders' right to receive payment is established, which is generally when shareholder approve the dividend.

v. Share in profits of partnership firm investments

The Company's share in profits from a firm where the Company is a partner, is recognised on the basis of such firm's audited accounts, as per terms of the partnership deed.

vi. **Interest income**

Interest income, including income arising from other financial instruments, is recognised using the effective interest rate method.

b) **Property, plant and equipment**

Property, plant and equipment are stated at their cost of acquisition/construction, net of accumulated depreciation and impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

Borrowing costs directly attributable to acquisition of property, plant and equipment which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the property, plant and equipment is derecognised.

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the statement of profit and loss.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

c) **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets, comprising of software and intellectual property rights are amortized on a straight line basis over a period of 3 years, which is estimated to be the useful life of the asset and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

d) **Depreciation on property, plant and equipment**

Depreciation is calculated on written down value basis using the following useful lives prescribed under Schedule II of the Act, except where specified.

Particulars	Useful lives estimated by the management (in years)
Property, plant and equipment	
Factory buildings	30
Buildings - other than factory buildings	60
Buildings - Temporary structure	3
Plant and machinery	
i. General plant and machinery	15
ii. Plant and machinery - Civil construction	12
iii. Plant and Machinery - Electrical installations	10
Furniture and fixtures	10
Motor vehicles	8
Computers	
i. Computer equipment	3
ii. Servers and network equipment	6
Office equipments	5

Steel scaffolding items are depreciated using straight line method over a period of 6 years, which is estimated to be the useful life of the asset by the management based on planned usage and technical advice thereon. These lives are higher than those indicated in Schedule II.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

e) **Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that any non-financial asset may be impaired. If any indication exists, or when annual impairment testing for a non-financial asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss.

f) **Impairment of financial assets**

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and /

or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

g) Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

h) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

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

Classification and subsequent measurement

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

- amortised cost.
- fair value through other comprehensive income (FVTOCI) - debt investment.

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

Financial assets at amortised cost

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

a) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

Debt investment at Fair value through Other comprehensive income (FVTOCI)

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

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

b) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt investment included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

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

FVTPL is a residual category for financial assets. Any financial assets, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. financial assets included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss. In addition, the Company may elect to designate a financial asset, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any financial asset as at FVTPL.

Equity investments in subsidiaries and joint ventures

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

<u>Derecognition</u>

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

► The rights to receive cash flows from the asset have expired, or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Financial liabilities

Initial recognition and measurement

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

Classification, subsequent measurement and gains and losses

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

i) Borrowing costs

Borrowing costs are interest and other costs incurred in connection with borrowings of funds. Borrowing costs directly attributable to acquisition/ construction of qualifying assets are capitalised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use/ sale. All other borrowing costs not eligible for inventorisation/ capitalisation are charged to statement of profit and loss.

j) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

k) Employee benefits

i. Defined contribution plans

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

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

ii. Defined benefit plans

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

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income (OCI).

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the statement of profit and loss.

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

The Company makes contributions to Sobha Developers Employees Gratuity Trust ('the trust') to discharge the gratuity liability to employees. Provision towards gratuity, a defined benefit plan, is made for the difference between actuarial valuation by an independent actuary and the fund balance, as at the year-end. The cost of providing benefits under gratuity is determined on the basis of actuarial valuation using the projected unit credit method at each year end.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment,
- The date that the company recognises related restructuring costs Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss,
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements and
- Net interest expense or income.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

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

l) Provisions

A provision is recognized when an enterprise has a present obligation (legal or constructive) as result of past event and it is probable that an outflow of embodying economic benefits of resources will be required to settle a reliably assessable obligation. Provisions are determined based on best estimate required to settle each obligation at each balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

m) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

n) Earnings per share

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

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

o) Income taxes

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

Current income tax

Current income tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date. Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred income tax

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

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

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

Minimum Alternative Tax (MAT) may become payable when the taxable profit is lower than the book profit. Taxes paid under MAT are available as a set off against regular corporate tax payable in subsequent years, as per the provisions of Income Tax Act, 1961. MAT paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT credit entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

p) Foreign currency transactions

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items or on reporting monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

q) Inventories

Related to contractual and real estate activity

Direct expenditure relating to construction activity is inventorised. Other expenditure (including borrowing costs) during construction period is inventorised to the extent the expenditure is directly attributable cost of bringing the asset to its working condition for its intended use. Other expenditure (including borrowing costs) incurred during the construction period which is not directly attributable for bringing the asset to its working condition for its intended use is charged to the statement of profit and loss. Direct and other expenditure is determined based on specific identification to the construction and real estate activity. Cost incurred/ items purchased specifically for projects are taken as consumed as and when incurred/ received.

i. Work-in-progress - Contractual: Cost of work yet to be certified/ billed, as it pertains to contract costs that relate to future activity on the contract, are recognised as contract work-in-progress provided it is probable that they will be recovered. Contractual work-in-progress is valued at lower of cost and net realisable value.

ii. Work-in-progress - Real estate projects (including land inventory): Represents cost incurred in respect of unsold area of the real estate development projects or cost incurred on projects where the revenue is yet to be recognised. Real estate work-in-progress is valued at lower of cost and net realisable value.

iii. Finished goods - Flats: Valued at lower of cost and net realisable value.

iv. Finished goods - Plots: Valued at lower of cost and net realisable value.

v. Building materials purchased, not identified with any specific project are valued at lower of cost and net realisable value. Cost is determined based on a weighted average basis.

vi. Land inventory: Valued at lower of cost and net realisable value.

Related to manufacturing activity

i. Raw materials are valued at lower of cost and net realisable value. Cost is determined based on a weighted average basis.

ii. Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. However, inventory held for use in production of finished goods is not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

r) Land

Advances paid by the Company to the seller/ intermediary toward outright purchase of land is recognised as land advance under loans and advances during the course of obtaining clear and marketable title, free from all encumbrances and transfer of legal title to the Company, whereupon it is transferred to land stock under inventories.

Land/ development rights received under joint development arrangements is measured at the fair value of the estimated construction service rendered to the land owner and the same is accounted on launch of the project. Further, non-refundable deposit amount paid by the Company under joint development arrangements is recognised as land advance under other assets and on the launch of the project, the non-refundable amount is transferred as land cost to work-in-progress.

s) Leases

Where the Company is lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased asset, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognized as finance costs in the statement of profit and loss.

A leased asset is depreciated on a straight-line basis over the lower of the lease term or the estimated useful life of the asset unless there is reasonable certainty that the Company will obtain ownership, wherein such assets are depreciated over the estimated useful life of the asset. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

t) Cash dividend to equity holders of the Company

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

u) Standards issued but not effective

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new Ind AS which the Company has not applied as they are effective from 1 April 2019.

Ind AS 116 - Leases

The Company is required to adopt Ind AS 116, Leases from 1 April 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases. The Company has completed an initial assessment of the potential impact on its standalone financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the standalone financial statements in the period of initial application is not reasonably estimable as at present.

The Company plans to apply Ind AS 116 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information.

3 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgements, estimates and assumptions that affect the reported balances of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) Judgements

In the process of applying the accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

i) Classification of property

The Company determines whether a property is classified as investment property or inventory property:

Investment property comprises land and buildings (principally offices, commercial warehouse and retail property) that are not occupied substantially for use by, or in the operations of, the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business. Inventory property comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Company develops and intends to sell before or on completion of construction.

b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i) Revenue recognition, contract costs and valuation of unbilled revenue

The Company uses the percentage-of-completion method for recognition of revenue, accounting for unbilled revenue and contract cost thereon for its real estate and contractual projects. The percentage of completion is measured by reference to the stage of the projects and contracts determined based on the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Significant assumptions are required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost and the recoverability of the contracts. These estimates are based on events existing at the end of each reporting date.

ii) Accounting for advance from customer considering the time value of money

When determining whether a contract includes a significant financing component, the Company considers the period between performance and payment for that performance. For contracts where revenue is recognised at a point in time, the period considered is that between transfer of control of the good and the payment. Therefore, if payment for a property is made before the date on which control is transferred, an assessment is required of whether the contract includes a significant financing component, especially if the period is greater than twelve months.

Advanced payments from the customer lead to higher amount of revenue being recognised than the contract price because the Company accepts a lower amount in return for financing. As the entity recognises the interest expense related to the financing component, the corresponding amount is recorded as a contract liability/revenue.

iii) Estimation of net realisable value for inventory property (including land advance)

Inventory property is stated at the lower of cost and net realisable value (NRV).

NRV for completed inventory property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Company, based on comparable transactions identified by the Company for properties in the same geographical market serving the same real estate segment.

NRV in respect of inventory property under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and an estimate of the time value of money to the date of completion.

With respect to land advance given, the net recoverable value is based on the present value of future cash flows, which depends on the estimate of, among other things, the likelihood that a project will be completed, the expected date of completion, the discount rate used and the estimation of sale prices and construction costs.

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2019

4 Property, plant and equipment

in ₹ million

	Freehold land	Factory buildings	Other buildings	Plant and machinery	Scaffolding items	Furniture and fixtures	Vehicles	Computers	Office equipments	Total	Capital work in progress
Cost											
As at 1 April 2017	**81.90**	**641.60**	**1,114.76**	**1,239.70**	**877.56**	**39.65**	**9.98**	**49.71**	**11.64**	**4,066.50**	**6.22**
Additions during the year	-	-	17.81	45.07	45.57	1.89	0.10	25.44	2.78	138.66	-
Deletions during the year	-	-	-	(3.68)	(21.12)	(5.45)	(0.49)	(4.91)	(0.17)	(35.82)	(6.22)
As at 31 March 2018	**81.90**	**641.60**	**1,132.57**	**1,281.09**	**902.01**	**36.09**	**9.59**	**70.24**	**14.25**	**4,169.34**	**-**
Additions during the year	-	1.64	48.62	146.28	370.51	4.59	0.36	45.64	9.17	626.81	-
Deletions during the year	-	-	-	(34.25)	(6.36)	(0.53)	-	(5.48)	(0.45)	(47.08)	-
As at 31 March 2019	**81.90**	**643.24**	**1,181.19**	**1,393.12**	**1,266.16**	**40.15**	**9.95**	**110.40**	**22.97**	**4,749.07**	**-**
Accumulated depreciation											
As at 1 April 2017	**-**	**116.33**	**120.05**	**230.44**	**370.84**	**17.92**	**5.24**	**31.78**	**7.64**	**900.24**	
Charge for the year	-	61.97	51.78	174.99	189.91	4.22	0.64	16.71	2.36	502.58	
Deletions during the year	-	-	-	(1.05)	(16.07)	(3.36)	-	(4.12)	(0.16)	(24.76)	
As at 31 March 2018	**-**	**178.30**	**171.83**	**404.38**	**544.68**	**18.78**	**5.88**	**44.37**	**9.84**	**1,378.06**	
Charge for the year	-	105.94	64.33	188.62	185.62	4.13	0.92	28.82	3.27	581.65	
Deletions during the year	-	-	-	(29.29)	(6.34)	(0.53)	-	(5.48)	(0.45)	(42.09)	
As at 31 March 2019	**-**	**284.24**	**236.16**	**563.71**	**723.96**	**22.38**	**6.80**	**67.71**	**12.66**	**1,917.62**	-
Carrying amount											
As at 31 March 2019	**81.90**	**359.00**	**945.03**	**829.41**	**542.20**	**17.77**	**3.15**	**42.69**	**10.31**	**2,831.46**	**-**
As at 31 March 2018	**81.90**	**463.30**	**960.74**	**876.71**	**357.33**	**17.31**	**3.71**	**25.87**	**4.41**	**2,791.28**	**-**

Note:

a) Capitalised borrowing costs

The amount of borrowing costs capitalised during the year ended 31 March 2019 was ₹ 77.66 million (31 March 2018 - ₹ 49.47 million). The rate used to determine the amount of borrowing costs eligible for capitalisation was 9.77%, which is the effective interest rate of the specific borrowing.

b) Property, plant and equipment

Property, plant and equipment with a carrying amount of ₹ 1,412.79 million (31 March 2018 - ₹ 1,655.74 million) are subject to a first charge to secure the Company's bank loans.

5 Investment property under construction

in ₹ million

	Investment property under construction	Total
Balance as at 1 April 2017	**792.84**	**792.84**
Additions during the year	552.09	552.09
Balance as at 31 March 2018	**1,344.93**	**1,344.93**
Additions during the year	555.44	555.44
Balance as at 31 March 2019	**1,900.37**	**1,900.37**

Note:

a) The Company has taken land on lease with the intention to construct a mall on the site and the construction of the mall is in progress. The Company incurred cost, up to the reporting date amounting to ₹ 1,900.37 million. Such amounts include capitalized borrowing costs.

6 Intangible assets

in ₹ million

	Software	Intellectual property rights	Total
Cost			
Balance as at 1 April 2017	**14.38**	**0.05**	**14.43**
Additions during the year	0.63	-	0.63
Balance as at 31 March 2018	**15.01**	**0.05**	**15.06**
Additions during the year	0.22	-	0.22
Balance as at 31 March 2019	**15.23**	**0.05**	**15.28**
Amortization and impairment			
Balance as at 1 April 2017	**12.46**	**0.05**	**12.51**
Charge for the year	1.37	-	1.37
Balance as at 31 March 2018	**13.83**	**0.05**	**13.88**
Charge for the year	0.70	-	0.70
Balance as at 31 March 2019	**14.53**	**0.05**	**14.58**
Carrying amount			
Balance as at 31 March 2019	**0.70**	**-**	**0.70**
Balance as at 31 March 2018	**1.18**	**-**	**1.18**

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

in ₹ million

	As at 31 March 2019	As at 31 March 2018
Raw materials and components	584.03	450.98
Building materials	78.35	92.96
Land stock *	8,346.47	8,518.03
Work-in-progress *	50,084.02	36,152.33
Stock in trade - flats *	3,604.71	1,472.35
Finished goods	46.16	43.70
	62,743.74	**46,730.35**

* Carrying amount of inventories pledged as securities against borrowings as at 31 March 2019 - ₹ 12,151.92 million (31 March 2018 - ₹ 13,868.10 million)

8 Investments

in ₹ million

	As at 31 March 2019	As at 31 March 2018
Non-current investments:		
Investments carried at cost		
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity shares		
Investment in subsidiaries		
199,999 (31 March 2018 - 199,999) Class A equity shares of ₹10 each fully paid-up in Sobha Highrise Ventures Private Limited	2.00	2.00
10,200,000 (31 March 2018 - 10,200,000) Class C equity shares of ₹ 33.90 each fully paid-up in Sobha Highrise Ventures Private Limited	345.78	345.78
2,500,000 (31 March 2018 - 2,500,000) Class D equity shares of ₹ 10 each fully paid-up in Sobha Highrise Ventures Private Limited	25.00	25.00
526,320 (31 March 2018 - 526,320) equity shares of ₹ 1 each fully paid-up in Sobha Developers (Pune) Limited	986.41	986.41
50,000 (31 March 2018 - 50,000) equity shares of ₹ 10 each fully paid-up in Sobha Nandambakkam Developers Limited	13.74	13.74
50,002 (31 March 2018 - 50,002) equity shares of ₹ 10 each fully paid-up in Sobha Tambaram Developers Limited	2.24	2.24
10,000 (31 March 2018 - 10,000) equity shares of ₹ 10 each fully paid-up in Sobha Assets Private Limited	0.10	0.10
Unquoted preference instruments (in the nature of equity)		
Investment in subsidiary		
7,700,000 (31 March 2018 - 7,700,000) compulsorily convertible preference shares of ₹ 10 each fully paid-up in Sobha Highrise Ventures Private Limited	77.00	77.00
Investment in the capital of partnership firm (Subsidiary)		
99% (31 March 2018 - 99%) share in the profits of partnership firm:		
Sobha City - Capital account	399.99	399.99
Sobha City - Current account	1,054.40	857.57
Consideration paid for additional share in capital and profit of the partnership firm	128.00	128.00
Investment in the capital of partnership firm (Joint Venture)		
50% (31 March 2018 - 50%) share in the profits of partnership firm:		
Kondhwa Projects LLP - Current account	1,128.16	1,124.52
Total investments carried at cost	**4,162.82**	**3,962.35**
Investments carried at fair value through profit and loss		
Unquoted equity securities		
Investment in equity instruments		
2,680,000 (31 March 2018 - 2,680,000) equity shares of ₹ 10 each fully paid-up in Sobha Renaissance and Information Technology Private Limited	26.80	26.80
Less: Impairment in value of investments	(26.70)	(26.70)
Total investments carried at fair value through profit and loss	**0.10**	**0.10**

in ₹ million

	As at 31 March 2019	As at 31 March 2018
Investments at amortized cost		
Government and trust securities (unquoted)		
National savings certificates	0.08	0.08
Total investments carried at amortised cost	**0.08**	**0.08**
Total investments	**4,163.00**	**3,962.53**
Aggregate amount of unquoted investments	**4,163.00**	**3,962.53**
Aggregate amount of impairment in value of investments	**26.70**	**26.70**

Details of investments in partnership firms

Investment in Sobha City

Name of Partner	**Share of partner in profits (%)**	
	31 March 2019	31 March 2018
Sobha Limited	99	99
Sobha Developers (Pune) Limited	1	1
Total capital of the firm (₹ million)	**400.00**	**400.00**

9 Trade receivables

in ₹ million

	Current		Non-current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Trade receivables				
Unsecured, considered good	3,125.26	2,917.22	83.98	134.65
Unsecured, considered doubtful	36.61	29.11	98.46	92.78
	3,161.87	2,946.33	182.44	227.43
Less: Allowances for credit loss	(36.61)	(29.11)	(98.46)	(92.88)
Net trade receivables	**3,125.26**	**2,917.22**	**83.98**	**134.55**

10 Other financial assets

in ₹ million

	Current		Non-current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good				
Refundable deposit towards joint development agreement	5,160.55	4,470.33	-	6.35
Security deposits	140.72	79.74	157.71	222.06
Unbilled revenue*	396.81	3,747.43	-	-
Non-current bank balances	-	-	16.15	160.88
	5,698.08	**8,297.50**	**173.86**	**389.29**

* Classified as financial asset as right to consideration is unconditional upon passage of time.

11 Other assets

in ₹ million

	Current		Non-current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good				
Capital advances	-	-	8.98	9.95
Land advance (refer note 33)*	13,568.66	13,322.88	4,862.55	4,027.87
Advances recoverable in cash or kind (refer note 33)**	1,915.64	2,063.56	77.87	78.15
Prepaid expenses	184.28	113.15	157.19	178.41
Balances with statutory/ government authorities	1,275.03	950.76	-	-
	16,943.61	**16,450.35**	**5,106.59**	**4,294.38**

*Advances for land though unsecured, are considered good as the advances have been given based on arrangements/ memorandum of understanding executed by the Company and the Company/ seller/ intermediary is in the course of obtaining clear and marketable title, free from all encumbrances, including for certain properties under litigation.

****Advances recoverable in cash or kind due by Directors or other officers or companies in which Directors are interested**

in ₹ million

	Current		Non-current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
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	7.77	426.44	-	-
Dues from Sobha Assets Private Limited, in which the Company's director is a director	-	-	82.84	81.44

12 Cash and cash equivalents

in ₹ million

	Current	
	As at 31 March 2019	As at 31 March 2018
Cash on hand	9.81	6.24
Cheques/ drafts on hand	102.47	182.53
Balances with banks:		
– On current accounts	1,492.63	616.12
	1,604.91	**804.89**

13 Bank balance other than cash and cash equivalents

in ₹ million

	Current	
	As at 31 March 2019	As at 31 March 2018
Bank balance other than cash and cash equivalents		
– On unclaimed dividend account	2.35	1.84
– Margin money deposit	123.48	102.61
	125.83	**104.45**

Margin money deposits given as security

Margin money deposits with a carrying amount of ₹ 130.92 million (31 March 2018 - ₹ 51.10 million) are subject to first charge to secure the Company's borrowings.

Short-term deposits are made for varying periods of between seven day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

14 Equity share capital

in ₹ million

	As at 31 March 2019	As at 31 March 2018
Authorised shares		
150,000,000 (31 March 2018 - 150,000,000) equity shares of ₹10 each	1,500.00	1,500.00
5,000,000 (31 March 2018 - 5,000,000) 7% redeemable preference shares of ₹100 each	500.00	500.00
Issued, subscribed and fully paid-up shares		
94,845,853 (31 March 2018 - 94,845,853) equity shares of ₹10 each fully paid up	948.46	948.46
Total issued, subscribed and fully paid-up share capital	**948.46**	**948.46**

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

	31 March 2019		31 March 2018	
	No of shares	₹ million	No of shares	₹ million
Equity shares				
At the beginning of the year	94,845,853	948.46	96,304,676	963.05
Issued during the year	-	-	-	-
Shares bought back during the year (refer note 15)	-	-	1,458,823)	(14.59)
Outstanding at the end of the year	**94,845,853**	**948.46**	**94,845,853**	**948.46**

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting.

In event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the Company

	31 March 2019		31 March 2018	
	No of shares in million	Holding percentage	No of shares in million	Holding percentage
Equity shares of ₹10 each fully paid up				
Mrs. Sobha Menon	35.63	37.56%	35.63	37.56%
Mr. P.N.C. Menon	12.06	12.72%	12.06	12.72%
Mr. P.N.C. Menon (inclusive of joint holding with Mrs. Sobha Menon)	5.29	5.58%	5.29	5.58%
Nordea 1 Sicav - Emerging Stars Equity Fund	-	-	5.21	5.49%
Schroder International Selection Fund Emerging Asia	5.25	5.54%	4.77	5.03%

Note : As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

15 Other equity

in ₹ million

	As at 31 March 2019	As at 31 March 2018
Capital redemption reserve		
Balance at the beginning of the year	119.47	104.88
Add: Amount transferred from surplus in the statement of profit and loss		
- On account of buy back of equity shares [Refer note (a) below]	-	14.59
Closing balance	**119.47**	**119.47**
Debenture redemption reserve [Refer note (b) below]		
Balance at the beginning of the year	479.67	428.68
Add: Amount transferred from surplus balance in the statement of profit and loss	108.05	225.99
Less: Redeemed during the year (transfer to general reserve)	(287.50)	(175.00)
Closing balance	**300.22**	**479.67**
Securities premium account		
Balance at the beginning of the year	9,328.92	9,934.33
Less: Premium on buy back of equity shares [Refer note (a) below]	-	(605.41)
Closing balance	**9,328.92**	**9,328.92**
General reserve		
Balance at the beginning of the year	2,956.56	2,587.57
Add: Transfer from statement of profit and loss	286.53	193.99
Add: Transfer from Debenture redemption Reserve	287.50	175.00
Closing balance	**3,530.59**	**2,956.56**
Surplus in the statement of profit and loss		
Balance at the beginning of the year (refer note 46)	4,883.36	11,127.17
Profit for the year	2,865.25	1,939.41
Other comprehensive income		
Re-measurement gains/ (losses) on defined benefit plans	(7.54)	(4.40)

in ₹ million

	As at 31 March 2019	As at 31 March 2018
Less: Appropriations		
Dividend (including dividend distribution tax) refer note 16	(800.39)	(289.77)
Transfer to debenture redemption reserve	(108.05)	(225.99)
Transfer to capital redemption reserve [Refer note (a) below]	-	(14.59)
Transfer to general reserve	(286.53)	(193.99)
Net surplus in the statement of profit and loss	**6,546.10**	**12,337.84**
Total other equity	**19,825.30**	**25,222.46**

(a) During the year ended 31 March 2018, the Company has effected the buyback of 1,458,823 fully paid up equity shares of the Company of face value of ₹ 10 each at a price of ₹ 425 per equity share on proportionate basis, aggregating to ₹ 620 million. The premium has been adjusted against the free reserves. In order to comply with Section 69 of the Companies Act, 2013, the Company has transferred nominal value of the shares bought back to capital redemption reserve.

(b) The Company has issued redeemable non-convertible debentures. Accordingly, the Companies (Share capital and Debentures) Rules, 2014 (as amended), require the Company to create Debenture Redemption Reserve (DRR) out of profits of the Company available for payment of dividend. DRR is required to be created for an amount which is equal to 25% of the value of debentures issued. The Company has created the DRR of ₹ 108.05 million (31 March 2018 - ₹ 225.99 million).

16 Distribution made and proposed

in ₹ million

Cash dividend on equity shares proposed and paid	31 March 2019	31 March 2018
Final dividend for the year ended 31 March 2018- ₹ 7 per share (31 March 2017- ₹ 2.5 per share)	663.92	240.76
Dividend distribution tax on final dividend	136.47	49.01
	800.39	**289.77**
Proposed dividend on Equity shares		
Final dividend for the year ended 31 March 2019- ₹ 7 per share (31 March 2018- ₹ 7 per share)	663.92	663.92
Dividend distribution tax on proposed dividend	136.47	136.47
	800.39	**800.39**

17 Borrowings

in ₹ million

	As at 31 March 2019	As at 31 March 2018
Non-current borrowings		
Secured debentures		
14,400 (31 March 2018 - 25,500) redeemable non-convertible debentures of ₹ 0.10 million each	1,387.04	2,516.91
Secured loans		
Term loans from banks	272.94	496.18
Equipment loans	0.19	0.19
	273.13	**496.37**
	1,660.17	3,013.28
Amount disclosed under the head “other current financial liabilities” (refer note 18)	(1,612.04)	(225.00)

Financial Statements
Standalone

17 Borrowings

in ₹ million

	As at 31 March 2019	As at 31 March 2018
Total non-current borrowings	**48.13**	**2,788.28**
Current borrowings		
Secured loans		
Term loans from banks*	13,927.44	13,813.36
Term loans from financial institutions*	4,427.02	2,756.52
Cash credit from banks	5,346.65	3,001.71
Total current borrowings	**23,701.11**	**19,571.59**

* Term loan from banks and financial institutions represents amount repayable within the operating cycle amounting to ₹ 13,649.71 million (31 March 2018 - ₹ 10,648.09 million)

Terms and repayment schedule

(i) Secured debentures

in ₹ million

Particulars	Effective interest rate	Year of maturity	Carrying amount as at 31 March 2019	Carrying amount as at 31 March 2018
Debentures	11%-13%	2018-2020	1,387.04	2,516.91

(ii) Secured loans

in ₹ million

Particulars	Effective interest rate	Year of maturity	Carrying amount as at 31 March 2019	Carrying amount as at 31 March 2018
Term loans from banks	9%-11%	2020	123.82	247.82
Term loans from banks	9%-11%	2020	149.12	248.36
Equipment loan	13%-15%	2019	0.19	0.19

Current Borrowings

(i) Secured loans

in ₹ million

Particulars	Effective interest rate	Year of maturity	Carrying amount as at 31 March 2019	Carrying amount as at 31 March 2018
Term loans from banks	9%-11%	2018	-	379.66
Term loans from banks	8%-10%	2019	100.96	2,946.05
Term loans from banks	9%-11%	2019	79.64	797.37
Term loans from banks	9%-11%	2019	999.13	348.38
Term loans from banks	9%-11%	2018	-	198.61
Term loans from banks	9%-11%	2020	349.75	549.60
Term loans from banks	9%-11%	2018	-	1,181.99
Term loans from banks	8%-10%	2019	695.50	595.23
Term loans from banks	9%-11%	2019	332.47	498.68
Term loans from banks	9%-11%	2019	1,000.00	750.00
Term loans from banks	9%-11%	2021	748.11	997.17
Term loans from banks	9%-11%	2020	655.22	992.26
Term loans from banks	9%-11%	2022	1,586.47	680.09
Term loans from banks	8%-10%	2020	993.48	1,000.00
Commercial Paper from bank	8%-10%	2018	-	946.78
Term loans from banks	8%-10%	2020	498.77	371.50
Term loans from banks	8%-10%	2020	1,278.81	580.00
Term loans from banks	9%-11%	2022	1,039.04	-
Term loans from banks	8%-10%	2021	497.16	-
Term loans from banks	9%-11%	2023	1,794.12	-

in ₹ million

Particulars	Effective interest rate	Year of maturity	Carrying amount as at 31 March 2019	Carrying amount as at 31 March 2018
Term loans from banks	9%-11%	2023	592.75	-
Term loans from banks	9%-11%	2022	462.52	-
Term loans from banks	9%-11%	2021	223.54	-
Term loans from financial institutions	9%-11%	2019	78.09	522.56
Term loans from financial institutions	9%-11%	2018	-	141.57
Term loans from financial institutions	9%-11%	2020	144.04	226.30
Term loans from financial institutions	9%-11%	2021	764.41	996.48
Term loans from financial institutions	9%-11%	2018	-	869.62
Term loans from financial institutions	9%-11%	2021	416.79	-
Term loans from financial institutions	9%-11%	2021	1,105.73	-
Term loans from financial institutions	9%-11%	2019	533.13	-
Term loans from financial institutions	9%-11%	2022	555.18	-
Term loans from financial institutions	9%-11%	2022	829.65	-
Cash credit	8%-10%	On demand	1,720.13	1,697.83
Cash credit	9%-11%	On demand	12.97	9.99
Cash credit	9%-11%	On demand	5.87	18.85
Cash credit	9%-11%	On demand	0.57	4.89
Cash credit	9%-11%	On demand	667.09	131.79
Cash credit	9%-11%	On demand	1,538.07	955.45
Cash credit	9%-11%	On demand	-	5.23
Cash credit	9%-11%	On demand	1.96	21.71
Cash credit	9%-11%	On demand	9.44	2.43
Cash credit	9%-11%	On demand	-	153.55
Cash credit	9%-11%	2023	54.70	-
Cash credit	9%-11%	On demand	448.98	-
Cash credit	9%-11%	On demand	886.87	-

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

in ₹ million

Nature of loan	Name of the Company	Year of maturity	Carrying amount as at 31 March 2019	Carrying amount as at 31 March 2018
Term loans	Sobha Glazing & Metal Works Private Limited	2021	2,365.02	1,519.04
Term loans	Sri Durga Devi Property Management Private Limited	2022	1,384.83	-
Term loans	Sri Parvathy Land Developers Private Limited			

18 Other financial liabilities

in ₹ million

	As at 31 March 2019	As at 31 March 2018
Non current		
Land cost payable	-	1.52
Total non-current other financial liabilities	**-**	**1.52**
Current		
Current maturities of long-term borrowings (refer note 17)	1,612.04	225.00
Letter of credit payable	2,335.41	1,283.13
Book overdraft from scheduled banks	85.50	33.07
Interest accrued but not due on borrowings	96.96	166.69
Unclaimed dividend*	2.35	1.84
Non-trade payable	337.12	268.87
Security deposit towards maintenance services	1,352.34	1,132.83
Payable to related parties (refer note 33)	129.80	112.72
Payable for purchase of fixed assets	41.70	19.94
Revenue share payable	-	971.09
Total other financial liabilities	**5,993.22**	**4,215.18**

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

19 Provisions

in ₹ million

	Current		Non-current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits				
Provision for gratuity (refer note 35)	73.20	58.40	121.01	107.20
Provision for leave benefits	76.97	64.83	-	-
	150.17	123.23	121.01	107.20
Others				
Other provisions	-	-	-	75.90
	150.17	**123.23**	**121.01**	**183.10**

20 Income taxes

The major components of income tax expense for the years ended 31 March 2019 and 31 March 2018 are:

A. Amounts charged to statement of profit and loss

in ₹ million

Particulars	31 March 2019	31 March 2018
Current income tax:		
Current income tax charge	975.20	638.05
Deferred tax:		
Relating to origination and reversal of temporary differences	478.63	246.71
Income tax expense reported in the statement of profit and loss	**1,453.83**	**884.76**

Tax expenses (net) for the year ended 31 March 2019 includes taxes of ₹ nil million (31 March 2018 - ₹ 39.35 million) relating to earlier years.

B. Income tax recognised in other comprehensive income

in ₹ million

Particulars	31 March 2019	31 March 2018
Net loss/(gain) on remeasurements of defined benefit plans	-	-
Income tax charge to other comprehensive income	-	-

C. Reconciliation of effective tax rate

in ₹ million

Particulars	31 March 2019	31 March 2018
Accounting profit before income tax	4,319.08	2,824.17
Tax on accounting profit at statutory income tax rate 34.944% (31 March 2018: 34.608%)	1,509.26	977.39
Adjustments in respect of current income tax of previous years	-	39.35
Non-deductible expenses for tax purposes:		
Disallowance u/s 80G	8.91	36.06
Others	2.55	2.99
Non taxable income for tax purposes:		
Tax impact on Profit/ (loss) from partnership firm	(0.55)	43.39
MAT credit entitlement	(66.34)	(214.42)
At the effective income tax rate of 33.66% (31 March 2018: 31.33%)	1,453.83	884.76
Tax expense reported in the statement of profit and loss	**1,453.83**	**884.76**

D. Deferred tax

Deferred tax assets and liabilities relates to the following

in ₹ million

	Balance as at 1 April 2017	Recognised in profit and loss during 2017-18	Balance as at 31 March 2018	Recognised in profit and loss/ others during 2018-19	Balance as at 31 March 2019
Interest u/s 36(1)(iii)-interest inventorised/capitalised in the books but claimed as expense in tax	(2,718.75)	(436.39)	(3,155.14)	(301.95)	(3,457.09)
Property, plant and equipment	90.25	19.84	110.09	37.19	147.28
Provision for leave salary	20.86	1.80	22.66	4.24	26.90
Provision for gratuity	-	20.41	20.41	47.45	67.86
Provision for exgratia	-	15.36	15.36	(15.36)	-
Provision for doubtful debts	7.69	36.47	44.16	3.08	47.24
Deferred tax adjustment for opening Ind AS adjustments	133.37	(133.37)	-	-	-
Deferred tax adjustment on adoption of Ind AS 115 (refer note 46)*	-	-	-	4,188.65	4,188.65
Deferred tax adjustment for periods Ind AS adjustments*	234.91	229.17	464.08	(514.74)	(50.66)
Deferred tax expense / (income)	**-**	**(246.71)**	**-**	**3,448.57**	**-**
Net deferred tax assets / (liabilities)	**(2,231.67)**	**-**	**(2,478.38)**	**-**	**970.19**

(*) adjusted against current tax liability.

Reconciliation of deferred tax liabilities (net):

in ₹ million

	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	2,478.38	2,231.67
Tax income/(expense) during the period recognised in profit or loss	478.63	246.71
Deferred tax adjustment on adoption of Ind AS 115	(1,986.82)	-
Closing balance	**970.19**	**2,478.38**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

During the year ended 31 March 2019 and 31 March 2018, the Company has paid dividend to its shareholders. This has resulted in payment of DDT to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.

E. Liabilities for current tax (net)

in ₹ million

Particulars	As at 31 March 2019	As at 31 March 2018
Current income tax:		
Opening	361.81	378.16
Add: Additions during the year	975.20	638.05
Less: MAT credit adjustment	-	-
Less: Payments during the year	(781.99)	(654.40)
	555.02	**361.81**

21 Trade payables

in ₹ million

	As at 31 March 2019	As at 31 March 2018
Trade payables		
Land cost payable	200.00	800.00
Others	11,039.43	6,191.67
	11,239.43	**6,991.67**

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 30 to 60 day terms. For explanations on the Company's credit risk management processes, refer to note 44.

22 Other liabilities

in ₹ million

	As at 31 March 2019	As at 31 March 2018
Advance from customers (refer note 46)	42,768.70	12,047.61
Liability under JDA (Net of unbilled revenue)	-	13,241.43
Withholding taxes payable	49.21	40.74
Others	71.82	7.44
	42,889.73	**25,337.22**

Breakup of financial liabilities carried at amortised cost

in ₹ million

	As at 31 March 2019	As at 31 March 2018
Borrowings (refer note 17)	23,749.24	22,359.87
Other financial liabilities (refer note 18)	5,993.22	4,216.70
Trade payables (refer note 21)	11,239.43	6,991.67
Total financial liabilities carried at amortised cost	**40,981.89**	**33,568.24**

23 Revenue from operations

in ₹ million

	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue from operations		
Sale of products/finished goods		
Income from property development	21,382.87	17,723.15
Income from sale of land and development rights	98.60	12.50
Income from glazing works	1,574.55	1,963.90
Income from interior works	1,428.50	1,011.69
Income from concrete blocks	433.74	352.37
Sale of services		
Income from contractual activity - Subsidiaries	290.10	245.37
Income from contractual activity - Others	8,331.02	4,535.95
Other operating revenue		
Share in profits/ (loss) of partnership firm investments (post tax)	(8.81)	125.38
Scrap sales	48.25	44.19
	33,578.82	**26,014.50**

24 Other income

in ₹ million

	For the year ended 31 March 2019	For the year ended 31 March 2018
Other non-operating income (net of expenses directly attributable to such income)	333.95	148.50
Profit on exchange difference (net)	2.87	1.74
Profit on sale of fixed assets (net)	7.31	8.64
	344.13	**158.88**

25 Finance income

in ₹ million

	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest income on		
Bank deposits	54.54	24.17
Unwinding of discount on deposits	360.29	299.33
	414.83	**323.50**

26 Cost of raw material and components consumed

in ₹ million

	For the year ended 31 March 2019	For the year ended 31 March 2018
Inventory at the beginning of the year	450.98	388.67
Add: Purchases	2,888.74	2,602.48
Less: Inventory at the end of the year	584.03	450.98
Cost of raw material and components consumed	**2,755.69**	**2,540.17**

27 (Increase)/ decrease in inventories

in ₹ million

	For the year ended 31 March 2019	For the year ended 31 March 2018
Inventories at the end of the year		
Building materials	78.35	92.97
Land stock	8,346.47	8,518.03
Work-in-progress	50,084.02	36,152.33
Stock in trade - flats	3,604.71	1,472.35
Finished goods	46.16	43.70
	62,159.71	**46,279.38**
Inventories at the beginning of the year		
Building materials	92.97	126.09
Land stock	8,518.03	8,908.07
Work-in-progress (refer note 46)	56,820.98	37,587.13
Stock in trade - flats	1,472.35	1,480.08
Finished goods	43.70	61.80
	66,948.03	**48,163.17**
Less: Transferred to Capital work-in-progress/ tangible assets/ advances	12,409.61	1,887.35
Add: On account of adoption of Ind AS 115	5,000.18	-
	59,538.60	**46,275.82**
(Increase)/ decrease	**(2,621.11)**	**(3.56)**

28 Employee benefits expense

in ₹ million

	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries, wages and bonus	2,140.49	1,793.49
Contribution to provident and other funds	70.78	61.45
Gratuity expense (refer note 35)	30.97	38.28
Compensated absence	36.98	27.09
Staff welfare expenses	79.37	64.54
	2,358.59	**1,984.85**

29 Depreciation and amortization expense

in ₹ million

	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation of property, plant and equipments	581.65	502.58
Amortization of intangible assets	0.70	1.37
	582.35	**503.95**

30 Other expenses

in ₹ million

	For the year ended 31 March 2019	For the year ended 31 March 2018
License fees and plan approval charges	549.14	209.89
Power and fuel	567.74	504.70
Water charges	36.34	39.53
Freight and forwarding charges	272.02	171.64
Rent (refer note 33)	308.31	265.98
Rates and taxes	272.07	170.91
Insurance	67.85	50.34
Property maintenance expenses	96.13	95.15
Repairs and maintenance		
Plant and machinery	50.67	31.34
Others	54.81	44.02
Advertising and sales promotion	828.13	798.88
Brokerage and discounts	151.09	103.57
Donation	142.80	125.20
Travelling and conveyance	284.95	243.48
Printing and stationery	43.36	36.37
Legal and professional fees	217.26	202.01
Directors' commission and sitting fees	6.64	5.74
Payment to auditor (Refer details below)*	7.49	8.14
Allowance for credit loss	25.51	99.66
Bad debts written off	-	4.47
Miscellaneous expenses	505.57	350.10
	4,487.88	**3,561.12**

***Payment to auditor**

in ₹ million

	For the year ended 31 March 2019	For the year ended 31 March 2018
As auditor:		
Audit fees [including fees for limited review ₹ 3.60 million (31 March 2018 - ₹ 2.83 million)]	7.00	7.53
In other capacity:		
Reimbursement of expenses	0.49	0.61
	7.49	**8.14**

31 Details of CSR expenditure:

Gross amount required to be spent during the year was ₹ 49.23 million (31 March 2018 ₹ 50.36 million)

Amount spent during the year ended 31 March 2019:	In cash	Yet to be paid in cash
Construction/acquisition of any asset (in ₹ million)	-	-
On purposes other than above (in ₹ million)	122.80	-
	122.80	**-**
Amount spent during the year ended 31 March 2018:		
Construction/acquisition of any asset (in ₹ million)	-	-
On purposes other than above (in ₹ million)	124.20	-
	124.20	**-**

32 Finance costs

in ₹ million

	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest		
- On borrowings	2,104.73	2,230.04
- Others	518.35	252.46
Bank charges	213.80	197.81
	2,836.88	**2,680.31**
Less: Interest inventorised on qualifying assets	(543.51)	(731.96)
Total finance costs	**2,293.37**	**1,948.35**

33 Related party disclosures

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

Subsidiaries

Direct Subsidiaries

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

Subsidiaries of Sobha City

Vayaloor Properties Private Limited
Vayaloor Builders Private Limited
Vayaloor Developers Private Limited
Vayaloor Real Estate Private Limited
Vayaloor Realtors Private Limited
Valasai Vettikadu Realtors Private Limited

Subsidiaries of Sobha Highrise Ventures Private Limited

Sobha Contracting Pvt Ltd

Joint Venture

Kondhwa Projects LLP

Key Shareholder

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

Key Management Personnel ('KMP')

Mr. Ravi PNC Menon - Chairman
Mr. J. C. Sharma - Vice Chairman and Managing Director

Additional Key Management Personnel as per Companies Act, 2013 with whom transactions have taken place

Mr. Subhash Bhat - Chief Financial Officer
Mr. Vigneshwar G Bhat - Company Secretary

Other Directors

Mr. Anup Shah
Dr. S K Gupta
Mr. R V S Rao
Dr. Punita Kumar Sinha

Relatives of Key Management Personnel

Mrs. Sudha Menon

Other related parties [Enterprise owned or significantly influenced by key management personnel]

Divyakaushal Properties LLP
Mannur Properties Private Limited
Mannur Real Estate Private Limited
Punkunnam Builders and Developers Private Limited
Puzhakkal Developers Private Limited
SBG Housing Private Limited
Sobha Aviation and Engineering Services Private Limited
Sobha Contracting LLC, Dubai
Sobha Glazing & Metal Works Private Limited
Sobha Interiors Private Limited
Sobha Projects & Trade Private Limited
Sobha Puravankara Aviation Private Limited
Sobha Renaissance Information Technology Private Limited
Sobha Space Private Limited
Sobha Technocity Private Limited
Sri Durga Devi Property Management Private Limited
Sri Kanakadurga Property Developers Private Limited
Sri Kurumba Educational and Charitable Trust
Sri Parvathy Land Developers Private Limited
Technobuild Developers Private Limited
C.V.S.Tech Park Private Limited

b) **Details of the transactions with the related parties:**

in ₹ million

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
I. Transaction with wholly owned subsidiaries		
Income from contractual activity		
Sobha City	145.75	10.90
Sobha Developers (Pune) Limited	-	179.05
Sobha Highrise Ventures Private Limited	-	65.79
Income from other services		
Sobha Developers (Pune) Limited	0.02	-
Sobha Highrise Ventures Private Limited	1.69	-
Sobha Tambaram Developers Limited	0.82	-
Sobha Nandambakkam Developers Limited	0.03	-
Income from glazing works		
Sobha City	-	0.03
Income from interior works		
Sobha City	-	0.10
Income from retail sales		
Sobha Highrise Ventures Private Limited	10.30	-
Share in profit/ (loss) of partnership firm		
Sobha City	(8.81)	125.38
Interest on borrowings		
Sobha City	-	37.89
Amount contributed to partnership current account		
Sobha City	196.83	-
Amount withdrawn from partnership current account		
Sobha City	-	1,051.43
Payments made on behalf of related party		
Sobha City	-	6.98
Sobha Assets Private Limited	-	3.00
Sobha Nandambakkam Developers Limited	-	0.02
Sobha Tambaram Developers Limited	-	0.06

Sobha Limited
Notes to the standalone financial statements for the year ended 31 March 2019

in ₹ million

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
II. Transaction with Joint venture		
Amount contributed to partnership current account		
Kondhwa Projects LLP	3.63	1,124.52
III. Transaction with other related parties		
Income from contractual activity		
Sobha Projects & Trade Private Limited	1,021.92	796.63
Sobha Contracting Pvt Ltd	131.50	-
Income from glazing works		
Sri Kurumba Educational and Charitable Trust	0.54	0.46
Income from interior works		
Sri Kurumba Educational and Charitable Trust	1.46	3.15
Interest income on inter-corporate deposit		
Sobha Contracting Pvt Ltd	0.21	-
Purchase of project items		
Sobha Projects & Trade Private Limited	922.59	151.31
Aircraft hire charges		
Sobha Puravankara Aviation Private Limited	119.63	116.89
CSR expenditure - Donation		
Sri Kurumba Educational and Charitable Trust	122.80	124.20
Payments made on behalf of related party		
Technobuild Developers Private Limited	-	1.54
Sobha Projects & Trade Private Limited	0.10	1.71
Moolamcode Traders Private Limited	0.02	0.05
Pallavur Projects Private Limited	0.01	0.01
Puzhakkal Developers Private Limited	0.09	-
Land advance		
Technobuild Developers Private Limited	556.28	1,014.79
Advance paid towards purchase of goods or services		
Sobha Projects & Trade Private Limited	511.82	71.33
Sobha Puravankara Aviation Private Limited	88.49	58.66

in ₹ million

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Refund of advance by the related party		
Sobha Projects & Trade Private Limited	26.09	16.61
Technobuild Developers Private Limited	104.77	553.03
Rent		
Sobha Interiors Private Limited	16.86	15.96
Sobha Glazing & Metal Works Private Limited	6.62	6.16
Directors' remuneration		
Mr. J. C. Sharma	70.78	53.72
Mr. Ravi PNC Menon	112.00	91.83
Mr. P. Ramakrishnan	-	4.86
Dividend paid (payment basis)		
Mr. Ravi PNC Menon	0.23	0.08
Mr. J. C. Sharma	0.29	0.10
Salary (including perquisites)		
Mr. Subhash Bhat	11.29	10.93
Mr. Vigneshwar G Bhat	3.87	3.59
Directors' sitting fees and commission		
Mr. Anup Shah	1.86	1.61
Dr. S K Gupta	1.91	1.67
Mr. R V S Rao	1.87	1.63
Dr. Punita Kumar Sinha	1.80	1.58
IV. Transaction with key shareholders		
Dividend paid (payment basis)		
Mr. P. N. C. Menon	84.43	30.56
Mrs. Sobha Menon	249.38	90.87
Mr. P. N. C. Menon and Mrs. Sobha Menon (jointly held shares)	37.02	13.40
Buyback of equity share		
Mr. P. N. C. Menon	-	69.12
Mrs. Sobha Menon	-	306.06
Mr. P. N. C. Menon and Mrs. Sobha Menon (jointly held shares)	-	30.53

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

in ₹ million

Particulars	As at 31 March 2019	As at 31 March 2018
I. Balances receivable from and payable to wholly owned subsidiaries		
Investment in subsidiaries - current account		
Sobha City - partner current account	1,054.40	857.57
Investment in preference shares		
Sobha Highrise Ventures Private Limited	77.00	77.00
Advances recoverable in cash or in kind		
Sobha Assets Private Limited	82.84	81.44
Trade receivables		
Sobha Highrise Ventures Private Limited	5.81	-
Advance from customers		
Sobha Developers (Pune) Limited	2,018.77	1,825.06
Sobha Nandambakkam Developers Limited	0.21	3.95
Sobha Tambaram Developers Limited	6.62	10.40
Guarantees given		
Sobha Assets Private Limited	227.32	-
Sobha City	686.36	727.70
II. Balances receivable from and payable to joint ventures		
Investment in partners current account		
Kondhwa Projects LLP	1,128.16	1,124.52
Capital creditors		
Kondhwa Projects LLP	-	0.10
III. Balances receivable from and payable to other related parties		
Inter-corporate deposit		
Sobha Contracting Pvt Ltd	23.19	-
Land advance		
Technobuild Developers Private Limited	9,176.97	8,725.46
Puzhakkal Developers Private Limited	150.36	150.27
Sri Parvathy Land Developers Private Limited	101.33	101.33
Sri Durga Devi Property Management Private Limited	42.88	42.88

in ₹ million

Particulars	As at 31 March 2019	As at 31 March 2018
Rent deposit		
Sobha Glazing & Metal Works Private Limited	33.37	27.01
Sobha Interiors Private Limited	84.94	68.19
Advances recoverable in cash or in kind		
Sobha Projects & Trade Private Limited	7.77	426.44
Sobha Puravankara Aviation Private Limited	693.46	663.12
Punkunnam Builders and Developers Private Limited	0.02	0.03
Sobha Aviation and Engineering Services Private Limited	0.01	0.01
Mannur Properties Private Limited	0.02	0.02
Sobha Technocity Private Limited	0.02	0.01
Pallavur Projects Private Limited	0.10	-
Moolamcode Traders Private Limited	0.11	-
Trade receivables		
Sri Kurumba Educational and Charitable Trust	15.98	19.89
Divyakaushal Properties LLP	0.03	2.38
Sobha Projects & Trade Private Limited	635.56	540.51
Sobha Contracting Private Limited	146.51	-
Trade payables		
SBG Housing Private Limited	2.67	2.67
Sobha Puravankara Aviation Private Limited	463.39	411.29
Capital creditors		
Sobha Renaissance Information Technology Private Limited	-	2.89
IV. Balances receivable from and payable to key managerial personnel		
Non-trade payable		
Mr. J. C. Sharma	59.25	41.75
Mr. Ravi PNC Menon	59.25	43.35

d) Details of loans taken from related parties

in ₹ million

Particulars	Year ended	Loans taken	Repayment	Interest Paid	Amount owed to related parties
Subsidiaries					
Sobha City	31 March 2019	-	-	-	-
Sobha City	31 March 2018	744.00	744.00	37.89	-

e) Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. The above related party transactions have been approved by the Board of Directors. Outstanding balances at the year-end are unsecured and interest free (except for loans taken mentioned in (d) and investment in debentures of subsidiaries) and settlement occurs in cash. For the year ended 31 March 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2018 - ₹ nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

f) Compensation of key management personnel of the Company

in ₹ million

Particulars	As at 31 March 2019	As at 31 March 2018
Short-term employee benefits	79.44	80.01
Commission to independent directors	6.80	6.00
Other benefits*	118.50	85.07
	204.74	**171.08**

*As the liability for gratuity and leave encashment is provided on actuarial basis for the Company as whole, the amount pertaining to the directors are not included above.

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

g) Also, refer note 17 as regards guarantees received from key management personnel and relative of key management personnel and collateral securities offered by related companies in respect of loans availed by the Company.

34 Segment information

Basis of segmentation

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

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

The CEO monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Accordingly, the Group has identified following as its reportable segment for the purpose of Ind AS 108:

a) Real estate segment;

b) Contractual and manufacturing segment.

Real Estate segment (RE) comprises development, sale, management and operation of all or any part of townships, housing projects, also includes leasing of self owned commercial premises.

The operation of the Contractual and Manufacturing segment (CM) comprises development of commercial premises and other related activities, also includes manufacturing activities related to interiors, glazing and metal works and concrete products.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Also, the Company's financing (including finance costs and finance income) and income taxes are managed on a overall basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The following tables present revenue and profit information for the Company's operating segments for the year ended 31 March 2019 and 31 March 2018 respectively:

Business segments

in ₹ million

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Segment revenue		
Real estate	21,819.82	17,780.27
Contractual and manufacturing	12,908.30	9,449.35
Total Segment revenue	**34,728.12**	**27,229.62**
Inter segment revenues	(1,140.49)	(1,340.60)
Other operating income- Share of profits/ (losses) in a subsidiary partnership firm	(8.81)	125.48
Net revenue from operations	**33,578.82**	**26,014.50**
Segment result		
Real estate	5,433.47	4,747.32
Contractual and manufacturing	2,226.48	1,236.64
Total Segment results	**7,659.95**	**5,983.96**
Finance costs	(2,293.37)	(1,948.35)
Other unallocable expenditure	(1,797.65)	(1,819.20)
Share of profits/ (losses) in a subsidiary partnership firm	(8.81)	125.38
Other income (including finance income)	758.96	482.38
Profit before taxation	**4,319.08**	**2,824.17**
Income taxes	(1,453.83)	(884.76)
Profit after taxation	**2,865.25**	**1,939.41**

The following table presents assets and liabilities information for the Company's operating segments as at 31 March 2019 and 31 March 2018 respectively:

in ₹ million

Particulars	As at 31 March 2019	As at 31 March 2018
Segment assets		
Real estate	88,776.36	73,695.67
Contractual and manufacturing	6,999.05	4,350.99
Total segment assets	**95,775.41**	**78,046.66**
Unallocated assets	9,696.17	10,176.24
Total assets	**1,05,471.58**	**88,222.90**
Segment liabilities		
Real estate	51,123.18	30,072.23
Contractual and manufacturing	6,602.86	5,536.00
Total segment liabilities	**57,726.04**	**35,608.23**
Unallocated liabilities	26,971.78	26,443.75
Total liabilities	**84,697.82**	**62,051.98**
Capital employed		
Real estate	37,653.18	43,623.44
Contractual and manufacturing	396.19	(1,185.01)
Unallocated capital employed	(17,275.61)	(16,267.51)
Total capital employed	**20,773.76**	**26,170.92**

Finance income and costs, and fair value gains and losses on financial assets pertaining to individual segments are allocated to respective segments.

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

in ₹ million

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Capital expenditure		
Real estate	331.54	83.51
Contractual and manufacturing	295.27	55.15
Unallocated capital expenditure	554.68	561.96
Total capital expenditure	**1,181.49**	**700.62**

Capital expenditure consists of additions of property, plant and equipment, intangible assets and capital work-in-progress.

Information of revenue and non-current operating assets based on location cannot be furnished since there are no revenue generated from business activities outside India and there are no non-current operating assets held by the Company outside India.

Reconciliations to amounts reflected in the financial statements

(i) Reconciliation of assets

in ₹ million

Particulars	As at 31 March 2019	As at 31 March 2018
Segment assets	**95,775.41**	**78,046.66**
Investment (refer note 8)	4,163.00	3,962.53
Prepaid expenses (refer note 11)	341.47	291.56
Balances with statutory/ government authorities (refer note 11)	1,275.03	950.76
Deferred tax assets (net) (refer note 20)	970.19	-
Cash and bank balances (refer note 12 and 13)	1,730.74	909.33
Non-current bank balances (refer note 10)	16.15	160.88
Other unallocable assets	1,199.59	3,901.18
Total assets	**105,471.58**	**88,222.90**

(ii) Reconciliation of liabilities

in ₹ million

Particulars	As at 31 March 2019	As at 31 March 2018
Segment liabilities	**57,726.04**	**35,608.23**
Borrowings (refer note 17)	23,749.24	22,359.87
Provisions (refer note 19)	271.18	306.33
Deferred tax liabilities (refer note 20)	-	2,478.38
Liabilities for current tax (net) (refer note 20)	555.02	361.81
Withholding taxes payable (refer note 22)	49.21	40.74
Others payable (refer note 22)	71.82	7.44
Other unallocable liabilities	2,275.31	889.18
Total liabilities	**84,697.82**	**62,051.98**

35 Employment benefit plans

in ₹ million

Particulars	As at 31 March 2019	As at 31 March 2018
Net benefit liability-gratuity	**194.20**	**165.60**
Non-current	121.01	107.20
Current	73.20	58.40

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

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

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

in ₹ million

Particulars	31 March 2019	31 March 2018
Reconciliation of present value defined benefit obligation		
Obligation at the beginning of the year	167.02	137.14
Service cost	18.87	29.31
Interest cost	12.53	9.28
Benefits settled	(13.68)	(13.21)
Actuarial (gain)/loss (through OCI)	11.60	4.50
Obligation at the end of the year	**196.34**	**167.02**
Reconciliation of present value of planned assets		
Plan assets at the beginning of the year, at fair value	1.41	0.30
Interest income	0.11	0.02
Actuarial gain/(loss) (through OCI)	(0.01)	0.10
Contributions paid into the plan	14.30	14.20
Benefits settled	(13.68)	(13.21)
Plan assets at the end of the year, at fair value	**2.13**	**1.41**
Present value of defined benefit obligation at the end of the year	196.34	167.02
Less: Fair value of plan assets at the end of the year	2.13	1.41
Net liability recognised in the balance sheet	**194.21**	**165.61**
Expenses recognised in statement of profit and loss		
Service cost	18.87	29.31
Interest cost (net)	12.42	9.26
Gratuity cost	**31.29**	**38.57**
Capitalised to property plant and equipments	(0.32)	(0.29)
Net gratuity cost	**30.97**	**38.28**

Re-measurement gains/ (losses) in OCI		
Actuarial gain / (loss) due to financial assumption changes	(3.35)	5.07
Actuarial gain / (loss) due to experience adjustments	(8.24)	(9.57)
Return on plan assets greater (less) than discount rate	(0.01)	0.10
Deferred tax charge	4.06	-
Total expenses routed through OCI	**(7.54)**	**(4.40)**

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

in ₹ million

Particulars	31 March 2019	31 March 2018
Investment in insurance fund	100%	100%

Acturial assumptions

in ₹ million

Particulars	31 March 2019	31 March 2018
Discount rate	7.07%	7.50%
Future salary growth	5.00%	5.00%
Employee turnover	15.00%	15.00%
Estimated rate of return on plan assets	7.50%	7.50%

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

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

in ₹ million

Particulars	31 March 2019	31 March 2018
Effect of + 1% change in rate of discounting	(7.61)	(6.42)
Effect of - 1% change in rate of discounting	8.34	7.03
Effect of + 1% change in rate of salary growth	7.56	7.14
Effect of - 1% change in rate of salary growth	(7.09)	(6.62)
Effect of + 1% change in rate of employee turnover	0.64	0.60
Effect of - 1% change in rate of employee turnover	(0.73)	(0.69)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on projected benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to the projected benefit plan in future years:

in ₹ million

Particulars	31 March 2019	31 March 2018
Within the next 12 months	36.05	32.24
Between 2 and 5 years	101.11	86.65
Between 5 and 10 years	79.65	68.13
Total expected payments	**216.81**	**187.02**

36 Earnings per share ['EPS']

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	31 March 2019	31 March 2018
Profit after tax attributable to shareholders (amount in ₹ million)	2,865.25	1,939.41
Weighted average number of equity shares of ₹ 10 each outstanding during the period used in calculating basic and diluted EPS	94,845,853	95,625,224
Earnings per share - Basic and diluted (amount in ₹)	30.23	20.28

The Company has applied the modified retrospective approach to its real estate residential contracts that were not completed as of 1 April 2018 and has given impact of adoption of Ind AS 115 by debiting to retained earnings as at the said date. On account of this, the basic and diluted EPS for the year ended 31 March 2019 is ₹ 26.32 instead of ₹ 30.23 per share.

37 Leases

Operating lease - Company as lessee

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

The Company has paid ₹ 308.31 million (31 March 2018 - ₹ 265.98 million) during the year towards minimum lease payments.

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

in ₹ million

Particulars	31 March 2019	31 March 2018
Within one year	84.80	78.95
After one year but not more than five years	166.54	165.91
More than five years	110.06	130.92
	361.40	**375.78**

38 Contingent liabilities and commitments

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

in ₹ million

Particulars	31 March 2019	31 March 2018
i Guarantees given by the Company	3,155.86	2,046.01
ii Income tax matters in dispute	176.28	177.97
iii Sales tax matters in dispute	490.62	386.49
iv Service tax matters in dispute	468.22	429.33
v Excise duty matters in dispute	7.27	11.66
	4,298.25	**3,051.46**

The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position. The Company does not expect any reimbursements in respect of the above contingent liabilities.

During the year, the Company received a provisional attachment notice, attaching one of the Company's Joint Development Agreement partner's land, on which the Company has completed construction and sold the units. The Company has consulted with independent legal counsel and duly responded to the relevant Authorities.

The Company has also received certain queries from SEBI during the year, with respect to few of the Company's transactions, to which the Company and the statutory auditors have duly responded. The Company is yet to receive any follow on comments from SEBI.

Based on legal consultation, the Company does not expect the outcome of these proceedings to have any adverse effect on its financial position.

b. Commitments

(a) The estimated amount of contracts, net of advances remaining to be executed on capital account is ₹ 62.14 million (31 March 2018 - ₹ 83.78 million).

(b) At 31 March 2019, the Company has given ₹ 18,431.21 million (31 March 2018 - ₹ 17,350.75 million) as advances for purchase of land. Under the agreements executed with the land owners, the Company is required to make further payments under the agreements based on the terms/ milestones stipulated under the agreement.

(c) The Company has entered into joint development agreements with owners of land for its construction and development. Under the agreements, the Company is required to pay deposits to the owners of the land and share in area/ revenue from such development in exchange of undivided share in land as stipulated under the agreements. As of 31 March 2019, the Company has paid ₹ 5,704.46 million (31 March 2018 - ₹ 5,067.44 million) as refundable deposit (undiscounted) against the joint development agreements.

(d) The Company has entered into an aircraft usage agreement with a party wherein the Company along with certain other parties has committed minimum usage of aircraft. During the year ended 31 March 2019, the Company incurred ₹ 119.63 million (31 March 2018 - ₹ 116.89 million) towards aircraft usage as per the agreement.

c. Other litigations

(a) Claims have been levied on the Company by Bruhat Bengaluru Mahanagara Palike ('BBMP') towards certain statutory charges which includes betterment charges, ground rent charges, etc. on certain real estate projects undertaken by the Company, the impact of which is not quantifiable. These claims are pending with various courts and are scheduled for hearings. Based on internal assessment, the management is confident that the matter would be decided in its favour, accordingly no provisions has made in this regard.

(b) The Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business, including certain litigation for lands acquired by it for construction purposes, either through joint development agreements or through outright purchases, the impact of which is not quantifiable. These cases are pending with various courts and are scheduled for hearings. After considering the circumstances and legal advice received, management believes that these cases will not adversely effect its financial statements.

Service tax matters in dispute includes demands raised for joint development agreements, the tax impact of which for future years is not ascertainable. The Company has evaluated such arrangements for tax compliance and based on experts opinion, the management is of the view that the tax positions are appropriate.

39 Construction contracts

in ₹ million

Particulars	31 March 2019	31 March 2018
Contract revenue recognised as revenue for the year ended	30,003.99	22,504.47
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to for all the contracts in progress	50,358.15	51,839.95
The amount of customer advances outstanding for contracts in progress for which revenue has been recognised	9,176.87	4,156.76
The amount of work-in-progress and value of inventories	11,852.38	20,908.58
The amount of retentions due from customers for contracts in progress	182.54	213.76

40 Derivative instruments and unhedged foreign currency exposure

in ₹ million

Particulars	31 March 2019	31 March 2018
Foreign currency exposure that are not hedged by derivative instruments or otherwise:		
Trade payables	6.45	14.53

41 Based on the information available with the Company, there are no suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as at 31 March 2019.

42 Capitalization of expenditure

During the year, the Company has capitalized the following expenses of revenue nature to capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

in ₹ million

Particulars	31 March 2019	31 March 2018
Opening capital work in progress	**1,344.93**	**792.84**
Add: Expenses incurred during the year		
Purchase of project materials	261.11	178.82
Subcontractor and other charges	154.27	55.34
Salaries, wages and bonus	15.50	12.72
Rent	22.60	15.46
Others	101.96	289.75
Sub-total	**555.44**	**552.09**
Closing capital work in progress	**1,900.37**	**1,344.93**

43 Fair value measurements

a. The carrying amounts of financial instruments by categories is as follows:

in ₹ million

Particulars	As at 31 March 2019 At cost	As at 31 March 2019 Fair value through profit or loss	As at 31 March 2019 At amortised cost	As at 31 March 2018 At cost	As at 31 March 2018 Fair value through profit or loss	As at 31 March 2018 At amortised cost
Financial assets						
Investments (refer note 8)	4,162.82	0.10	0.08	3,962.35	0.10	0.08
Trade receivables (refer note 9)	-	-	3,209.24	-	-	3,051.77
Cash and bank balances (refer note 12 and 13)	-	-	1,730.74	-	-	909.34
Other financials assets (refer note 10)	-	-	5,871.94	-	-	8,686.79
Total	**4,162.82**	**0.10**	**10,812.00**	**3,962.35**	**0.10**	**12,647.98**
Financial liabilities						
Borrowings (refer note 17)	-	-	23,749.24	-	-	22,359.87
Trade payables (refer note 21)	-	-	11,239.43	-	-	6,991.67
Other financial liabilities (refer note 18)	-	-	5,993.22	-	-	4,216.70
Total	**-**	**-**	**40,981.89**	**-**	**-**	**33,568.24**

b. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities

in ₹ million

Particulars	As at 31 March 2019 Carrying amount	As at 31 March 2019 Fair value Level 1	As at 31 March 2019 Fair value Level 2	As at 31 March 2019 Fair value Level 3	As at 31 March 2018 Carrying amount	As at 31 March 2018 Fair value Level 1	As at 31 March 2018 Fair value Level 2	As at 31 March 2018 Fair value Level 3
Financial assets								
Investments carried at fair value through profit and loss	0.10	-	-	0.10	0.10	-	-	0.10
Investments at amortized cost	0.08	-	-	0.08	0.08	-	-	0.08
	0.18	**-**	**-**	**0.18**	**0.18**	**-**	**-**	**0.18**

Notes:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

There have been no transfers between the levels during the period.

Financial instruments carried at amortised cost such as instruments, trade receivables, cash and other financial assets, borrowings, trade payables and other financial liabilities are considered to be same as their fair values, due to their short term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

c. The Company has classified its operating assets and liabilities relating to real estate business as current based on an operating cycle of upto 5 years. Below are the details of real estate assets and liabilities expected to be recovered or settled after the operating cycle from the reporting period.

in ₹ million

	31 March 2019		31 March 2018	
	Current	Non-current	Current	Non-current
Inventories (refer note 7)	2,681.77	60,061.97	2,764.67	43,965.68
Refundable deposit towards joint development agreement (refer note 10)	1,408.99	3,751.56	812.08	3,664.60
Land advances (refer note 11)	5,567.80	12,863.41	372.98	16,977.78
Unbilled revenue (refer note 10)	396.81	-	3,747.43	-
Borrowings (refer note 17)	13,759.82	9,989.42	10,873.09	11,486.78
Advance from customers (refer note 22)	17,439.87	25,328.83	1,379.50	10,668.11
Liability under JDA (net of unbilled revenue) (refer note 22)	-	-	29.84	13,211.59

44 Financial risk management objectives and policies

The Company's principal financial liabilities comprise borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to finance and support Company's operations. The Company's principal financial assets include instruments, trade and other receivables, cash and bank balances, land advances and refundable deposits that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a risk management committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The risk management committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

A. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and other price risk, such as equity price risk and commodity/ real estate risk. Financial instruments affected by market risk include borrowings and refundable deposits.

The sensitivity analysis in the following sections relate to the position as at 31 March 2019 and 31 March 2018. The sensitivity analyses have been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rates of the debt.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions.

The below assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2019 and 31 March 2018.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate of borrowings. The Company does not enter into any interest rate swaps.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

in ₹ million

	Increase/ decrease in interest rate	Effect on profit before tax *
31 March 2019		
INR	+1%	(254.80)
INR	-1%	254.80
31 March 2018		
INR	+1%	(227.23)
INR	-1%	227.23

* determined on gross basis i.e. with out considering inventorisation of such borrowing cost.

B. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including refundable joint development deposits, security deposits, loans to employees and other financial instruments.

Trade receivables

(a) Receivables resulting from sale of properties: Customer credit risk is managed by requiring customers to pay advances before transfer of ownership, therefore, substantially eliminating the Company's credit risk in this respect.

(b) Receivables resulting from other than sale of properties: Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. The impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company's credit period generally ranges from 30-60 days.

(c) Revenue from one customer individually accounted for more than 10% of the company's revenue for the year ended 31 March 2019 and 31 March 2018. No single customer individually accounted for more than 10% of the trade receivable balance of the company as at 31 March 2019 and 31 March 2018.

Movement in allowance for credit losses

in ₹ million

Particulars	31 March 2019	31 March 2018
Opening Balance	121.99	22.33
Amounts written off	(12.43)	4.47
Net remeasurement of loss allowance	25.51	95.19
Closing Balance	**135.07**	**121.99**

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 March 2019 and 31 March 2018 is the carrying amounts.

C. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

in ₹ million

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
31 March 2019						
Borrowings (refer note 17)	5,346.64	2,835.75	5,577.42	9,989.43	-	23,749.24
Trade payables (refer note 21)	-	8,069.48	2,532.15	637.80	-	11,239.43
Other financial liabilities (refer note 18)	87.85	1,631.05	2,792.16	1,482.16	-	5,993.22
	5,434.49	**12,536.28**	**10,901.73**	**12,109.39**	**-**	**40,981.89**
31 March 2018						
Borrowings (refer note 17)	3,001.71	2,358.98	8,289.01	8,710.17	-	22,359.87
Trade payables (refer note 21)	-	3,896.67	1,746.63	1,348.37	-	6,991.67
Other financial liabilities (refer note 18)	34.91	961.26	1,002.37	2,216.64	1.52	4,216.70
	3,036.62	**7,216.91**	**11,038.01**	**12,275.18**	**1.52**	**33,568.24**

45 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing borrowings, trade payables and other financial liabilities (excluding liability under JDA), less cash and bank balances.

in ₹ million

	As at 31 March 2019	As at 31 March 2018
Borrowings (long-term and short-term, including current maturities of long term borrowings) (Note 17 & 18)	25,361.28	22,584.87
Trade payables (Note 21)	11,239.43	6,991.67
Other financial liabilities (current and non-current, excluding current maturities of long term borrowings) (Note 18)	4,381.18	3,991.70
Other liabilities (excluding liability under JDA) (Note 22)	42,889.73	12,095.79
Less: Cash and bank balances (Note 12 and 13)	(1,730.74)	(909.34)
Net debt	**82,140.89**	**44,754.69**
Equity share capital (Note 15)	948.46	948.46
Other equity (Note 15)	19,825.30	25,222.46
Total capital	**20,773.76**	**26,170.92**
Capital and net debt	1,02,914.64	70,925.61
Gearing ratio	79.81%	63.10%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2019 and 31 March 2018.

46 The Company has applied the modified retrospective approach to its real estate residential contracts that were not completed as of 1 April 2018 and has given impact of adoption of Ind AS 115 by debiting to retained earnings as at the said date by ₹ 7,454 million (net of tax). Accordingly the comparatives have not been restated and hence, the current year figures are not comparable to the previous year figures for the below mentioned accounts:

On account of adoption of Ind AS 115, the following accounts have an impact on their opening balance as at 1 April 2018

Particulars	in ₹ million
I. Surplus in the statement of profit and loss	
As at 31 March 2018	12,337.84
Revenue on account of adoption of Ind AS 115	(32,127.21)
Cost on account of adoption of Ind AS 115	20,668.65
Deferred tax asset recognised on loss made on account of Ind AS 115	4,004.08
As at 1 April 2018 (refer Note B below)	**4,883.36**
II. Inventories - Work in progress	
As at 31 March 2018	36,152.33
Cost on account of adoption of Ind AS 115	20,668.65
As at 1 April 2018 (refer Note A below)	**56,820.98**
III. Advance from customers	
As at 31 March 2018	12,047.61
On account of adoption of Ind AS 115 (*)	30,894.51
As at 1 April 2018	**42,942.12**

(*) includes ₹ 2,514.72 towards adjustment for significant financing component

Note A

Out of the opening balance of ₹ 20,668.65, the Company recognised cost of ₹ 9,857.17 during the year ended 31 March 2019

Note B

Out of the opening balance of ₹ 32,127.21, the Company recognised revenue of ₹ 15,633.86 during the year ended 31 March 2019.

47 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:

in ₹ million

Particulars	31 March 2019		31 March 2018	
	Closing balance	Maximum amount due	Closing balance	Maximum amount due
Sobha Highrise Ventures Private Limited	-	-	-	-

As per our report of even date attached

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

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

Supreet Sachdev
Partner
Membership No.: 205385

Ravi PNC Menon
Chairman
DIN: 02070036

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

Subhash Bhat
Chief Financial Officer

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Place: Bengaluru, India
Date: 17 May 2019

Place: Bengaluru, India
Date: 17 May 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of Sobha Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Sobha Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and its joint venture, which comprise the consolidated balance sheet as at 31 March 2019, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of the subsidiaries which were audited by the other auditors and the unaudited financial statements/financial information of the joint venture furnished to us by the Management, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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 and its joint venture as at 31 March 2019, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A. Revenue recognition - refer note 2.4(b)(ii)(a) to the consolidated financial statements

Key Audit Matter	How the matter was addressed in our audit
Measurement of revenue recorded from sale of residential units	Our audit procedures on revenue recognition included the following:
Revenues from sale of residential units represents the largest portion of the total revenues of the Group.	• Evaluating that the Group's revenue recognition accounting policies are in line with the applicable accounting standards and their application to customer contracts including consistent application;

Financial Statements Consolidated

Key Audit Matters (continued)

A. Revenue recognition (continued) - refer note 2.4(b)(ii)(a) to the consolidated financial statements

Key Audit Matter	How the matter was addressed in our audit
Revenue is recognised upon transfer of control of residential units to customers for an amount that reflects the consideration which the Group expects to receive in exchange for those units. The point of revenue recognition is normally on handover of the unit to the customer on completion of the project, post which the contract becomes non-cancellable by the parties. The Group records revenue at a point in time upon transfer of control of residential units to the customers.	• Identify and test operating effectiveness of key controls around approvals of contracts, milestone billing, intimation of possession letters and controls over collection from customers; • For samples selected, verifying the underlying documents – handover letter, sale agreement signed by the customer and the collections; • Revenue recognition cut-off procedures for determination of revenue in the appropriate reporting period;
Due to the large volume of the Group's projects, spread across different regions within the country and the competitive business environment, there is a risk that revenue could be overstated (for example, through premature revenue recognition i.e. recording revenue prior to handover of unit to the customers) or understated (for example, through improperly shifting revenues to a later period) in order to present consistent financial results. Since revenue recognition has direct impact on the Group's profitability, there is a possibility of management bias.	• Conducting site visits during the year for selected projects to understand the scope, nature and status of the projects and to assess the progress of the projects; and • Considered the adequacy of the disclosures in note 2.4(b)(ii)(a) to the consolidated financial statements in respect of the judgments taken in recognising revenue for residential units.
Measurement of revenue recorded over time which is dependent on the estimates of the costs to complete	Our audit procedures on revenue recognition included the following:
Revenue recognition from contractual projects represents a significant portion of the total revenues of the Group.	.• Evaluating that the Group's revenue recognition accounting policies are in line with the applicable accounting standards and their application to customer contracts including consistent application;
Revenue recognition from contractual projects involves significant estimates related to measurement of costs to complete the projects. Revenue from projects is recorded based on management's assessment of the work completed, costs incurred and accrued and the estimate of the balance costs to complete.	• For samples selected during the year, verifying the underlying documents – contracts entered into with customers, invoices raised and collections from the customers; • Review of the costs to complete workings, comparing the costs to complete with the budgeted costs and inquiring into reasons for variance;
Due to the inherent nature of the projects and significant judgment involved in the estimate of costs to complete, there is risk of overstatement or understatement of revenue.	• Sighting approvals for changes in budgeted costs with the rationale for the changes; and • Assessment of nature of costs taken to inventory.

B. Inventories - refer note 3(b)(iii) to the consolidated financial statements

Key Audit Matter	How the matter was addressed in our audit
Assessment of net realisable value (NRV) of inventories	Our audit procedures to assess the net realisable value (NRV) of inventories included the following:
Inventories comprising raw materials and components, building materials, land stock, work-in-progress, stock in trade-flats and finished goods represents a significant portion of the Group's total assets.	• Discussion with the management to understand the basis of calculation and justification for the estimated recoverable amounts of the unsold units ("the NRV assessment");
The Group recognises profit on each sale by reference to the overall project margin. A project comprises multiple units, the construction of which can last a number of years. The recognition of profit for sale of a unit, is therefore dependent on the estimate of future selling prices and construction costs. Further, estimation uncertainty and exposure to cyclicality exists within long- term projects.	• Evaluating the management's valuation methodology and assessing the key estimates, data inputs and assumptions adopted in the valuations, which included comparing expected future average selling prices with available market data such as recently transacted prices for similar properties located in the nearby vicinity of each property development project and the sales budget plans maintained by the Group; and
Forecasts of future sales are dependent on market conditions, which can be difficult to predict and be influenced by political and economic factors. Further due to their materiality in the context of total assets of the Group this is considered significant to our overall audit.	• Verifying the NRV assessment and comparing the estimated construction costs to complete each development with the Group's updated budgets.

C. Land advances - refer note 3(b)(iii) to the consolidated financial statements

Key Audit Matter	How the matter was addressed in our audit
Assessment of recoverability of land advances	Our audit procedures to assess the recoverability of land advances included the following:
Land advance represents a sizeable portion of the Group's total assets.	• For our samples, verified the underlying agreements in possession of the Group, based on which land advances were given;
Land advance represents the amount paid towards procurement of land parcels to be used in the future, for construction of residential projects. These advances are carried at cost. These land advances will be converted into land parcels as per the terms of the underlying contracts under which these land advances have been given. To assess the carrying value of land advances, these advances are tested for recoverability by the Group by comparing the valuation of land parcels in the same area for which land advances have been given. Further due to their materiality in the context of total assets of the Group this is considered significant to our overall audit strategy and planning.	• Discussion with the management to understand their plan for conversion of these land advances into land parcels; and • For our samples, verified the valuation reports of land stock.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group and its joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group and of its joint venture are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its joint venture is responsible for overseeing the financial reporting process of each company.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group (company and subsidiaries) as well as its joint venture to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its joint venture to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public

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

disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements of 13 subsidiaries (including step down subsidiaries), whose financial statements reflect total assets of Rs 4,194 million as at 31 March 2019, total revenues of Rs. 1,123 million and net cash flows amounting to Rs. 39.63 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditors.

(b) The consolidated financial statements also include the Group's share of net profit/loss (and other comprehensive income) of Rs. Nil for the year ended 31 March 2019, as considered in the consolidated financial statements, in respect of a joint venture, whose financial statements have not been audited by us or by other auditors. These unaudited financial statements/financial information have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this joint venture, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid joint venture, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, the financial statements/financial information of the aforesaid joint venture is not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, 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 and the financial statements/financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of the subsidiaries which were audited by other auditors and the unaudited financial statements/financial information of the joint venture furnished to us by the Management, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

   c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act;

Report on Other Legal and Regulatory Requirements (continued)

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act; and

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries and the unaudited financial statements / financial information of the joint venture furnished to us by the Management, as noted in the 'Other Matters' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group and its joint venture - Refer Note 39 to the consolidated financial statements.

ii. The Group and it's joint venture did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2019.

iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company incorporated in India during the year ended 31 March 2019. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the subsidiary companies and the joint venture incorporated in India during the year ended 31 March 2019; and

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2019.

C. With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of the subsidiary companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us. Further, the provision of section 197(16) is not applicable to the subsidiary companies and the joint venture incorporated in India.

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

Supreet Sachdev
Partner
Membership number: 205385
Bangalore
17 May 2019

Annexure A to the Independent Auditors' report on the consolidated financial statements of Sobha Limited for the year ended 31 March 2019

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to consolidated financial statements of Sobha Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. 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 Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 consolidated financial statements, whether due to fraud or error.

Auditors' Responsibility (continued)

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies 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 with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 with Reference to consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to 13 subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

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

Supreet Sachdev
Partner
Membership number: 205385
Bangalore
17 May 2019

Sobha Limited

Consolidated balance sheet

in ₹ million

	Note	As at 31 March 2019	As at 31 March 2018
Assets			
Non-current assets			
Property, plant and equipment	4	2,841.97	2,795.92
Investment property	5	2,028.98	1,960.82
Investment property under construction	6	1,900.37	1,344.93
Intangible assets	7	6.04	1.18
Financial assets			
Investments	9	1,128.34	1,124.84
Trade receivables	10	83.98	134.55
Other non-current financial assets	11	182.39	390.21
Other non-current assets	12	5,106.58	4,294.38
Current tax assets (net)	21	87.33	53.97
Deferred tax asset (net)	21	934.89	-
		14,300.87	**12,100.80**
Current assets			
Inventories	8	65,173.37	48,348.95
Financial assets			
Investments	9		
Trade receivables	10	3,271.46	3,271.97
Cash and cash equivalents	13	1,644.54	1,059.64
Bank balance other than cash and cash equivalents	14	126.91	134.27
Other current financial assets	11	5,694.71	8,306.12
Other current assets	12	17,185.42	17,026.40
		93,096.41	**78,147.35**
Total assets		**107,397.28**	**90,248.15**
Equity and liabilities			
Equity			
Equity share capital	15	948.46	948.46
Other equity	16	21,342.64	26,750.85
Total equity		**22,291.10**	**27,699.31**
Non-current liabilities			
Financial liabilities			
Borrowings	18	48.13	2,788.28
Other non-current financial liabilities	19	-	1.52
Provisions	20	121.01	183.10
Deferred tax liabilities (net)	21	-	2,521.17
		169.14	**5,494.07**
Current liabilities			
Financial liabilities			
Borrowings	18	24,378.69	20,299.37
Trade payables			
Total outstanding dues of micro enterprises and small enterprises; and	22	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	22	11,327.65	7,204.98
Other current financial liabilities	19	6,476.74	4,452.99
Other current liabilities	23	42,048.77	24,612.39
Liabilities for current tax (net)	21	555.02	361.81
Provisions	20	150.17	123.23
		84,937.04	**57,054.77**
Total liabilities		**85,106.18**	**62,548.84**
Total equity and liabilities		**107,397.28**	**90,248.15**

Summary of significant accounting policies 2.4

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

As per our report of even date attached

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

Supreet Sachdev
Partner
Membership No.: 205385

Place: Bengaluru, India
Date: 17 May 2019

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

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Place: Bengaluru, India
Date: 17 May 2019

Sobha Limited

Consolidated statement of profit and loss

in ₹ million

	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
Income			
Revenue from operations	24	34,420.66	27,869.99
Finance income	26	386.70	331.40
Other income	25	348.05	164.42
Total income		**35,155.41**	**28,365.81**
Expenses			
Land purchase cost		1,029.59	465.72
Cost of raw materials and components consumed	27	2,755.69	2,540.17
Purchase of project materials		10,856.44	6,478.42
(Increase)/decrease in inventories	28	(2,943.75)	796.34
Excise duty on sale of goods		-	39.67
Subcontractor and other charges		8,862.96	6,519.79
Employee benefits expense	29	2,358.59	1,984.85
Finance costs	33	2,362.20	1,977.60
Depreciation and amortization expense	30	623.17	544.00
Other expenses	31	4,768.32	3,847.85
Total expenses		**30,673.21**	**25,194.41**
Profit before tax		**4,482.20**	**3,171.40**
Share of profit of a joint venture		-	-
Profit before tax		**4,482.20**	**3,171.40**
Tax expenses			
Current tax	21	987.47	764.46
Deferred tax charge	21	524.80	238.24
Income tax expense		**1,512.27**	**1,002.70**
Profit for the year		**2,969.93**	**2,168.70**
Other comprehensive income			
Item that will not be reclassified to profit or loss in subsequent periods:			
Re-measurement losses on defined benefit plan		(7.54)	(4.40)
Income tax effect		-	-
Other comprehensive income for the year, net of tax		**(7.54)**	**(4.40)**
Total comprehensive income for the year attributable to owner of the Company		**2,962.39**	**2,164.30**
Profit for the period attributable to :			
Owners of the Company		2,969.93	2,168.70
Non-controlling interests		-	-
		2,969.93	**2,168.70**
Total comprehensive income for the year attributable to :			
Owners of the Company		2,962.39	2,164.30
Non-controlling interests		-	-
		2,962.39	**2,164.30**
Earnings per equity share [nominal value of ₹ 10 (31 March 2017 - ₹ 10)]			
Basic and diluted (amount in ₹)	37	31.33	22.67
Summary of significant accounting policies	2.4		

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

As per our report of even date attached

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

Supreet Sachdev
Partner
Membership No.: 205385

Place: Bengaluru, India
Date: 17 May 2019

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

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Place: Bengaluru, India
Date: 17 May 2019

Sobha Limited

Consolidated statement of changes in equity

a. Equity share capital

	No of shares in million	Amount in ₹ million
Equity shares of ₹ 10 each issued, subscribed and fully paid		
Balance as at 1 April 2017	**96.30**	**963.05**
Less : Buy back of equity shares (Refer note 15 and 16)	(1.46)	(14.59)
Balance as at 31 March 2018	**94.84**	**948.46**
Balance as at 1 April 2018	**94.84**	**948.46**
Balance as at 31 March 2019	**94.84**	**948.46**

b. Other equity

in ₹ million

	Attributable to owners of the Company						
	Reserves and Surplus					Items of OCI	Total
	Capital redemption reserve	Securities premium account	Debenture redemption reserve	General reserve	Retained earnings	Other items of OCI	
As at 1 April 2017	**104.88**	**9,934.33**	**428.68**	**2,587.57**	**12,424.94**	**1.33**	**25,481.73**
Profit for the year	-	-	-	-	2,168.70	-	2,168.70
Other comprehensive income (net of tax)						(4.40)	(4.40)
Total comprehensive income	**104.88**	**9,934.33**	**428.68**	**2,587.57**	**14,593.64**	**(3.07)**	**27,646.03**
Transfer to other reserves							
Capital redemption reserve (refer note 16)	14.59	-	-	-	(14.59)	-	-
Debenture redemption reserve	-	-	225.99	-	(225.99)	-	-
Debentures redeemed during the year	-	-	(175.00)	175.00	-	-	-
General reserve	-	-	-	193.99	(193.99)	-	-
Total transfer to other reserves	**14.59**	**-**	**50.99**	**368.99**	**(434.57)**	**-**	**-**
Transaction with owners, recorded directly in equity							
Distribution to owners							
Dividend (including dividend distribution tax) (refer note 17)	-	-	-	-	(289.77)	-	(289.77)
Premium on buy back of equity shares	-	(605.41)	-	-	-	-	(605.41)
Total distribution to owners	**-**	**(605.41)**	**-**	**-**	**(289.77)**	**-**	**(895.18)**
As at 31 March 2018	**119.47**	**9,328.92**	**479.67**	**2,956.56**	**13,869.30**	**(3.07)**	**26,750.85**

Sobha Limited

Consolidated statement of changes in equity

in ₹ million

	Attributable to owners of the Company						
	Reserves and Surplus					Items of OCI	Total
	Capital redemption reserve	Securities premium account	Debenture redemption reserve	General reserve	Retained earnings	Other items of OCI	
As at 1 April 2018	**119.47**	**9,328.92**	**479.67**	**2,956.56**	**13,869.30**	**(3.07)**	**26,750.85**
Profit for the year	-	-	-	-	2,969.93	-	2,969.93
On account of adoption of Ind AS 115 (refer note 48)	-	-	-	-	(7,570.21)	-	(7,570.21)
Other comprehensive income (net of tax)	-	-	-	-	-	(7.54)	(7.54)
Total comprehensive income	**119.47**	**9,328.92**	**479.67**	**2,956.56**	**9,269.02**	**(10.61)**	**22,143.03**
Transfer to other reserves							
Debenture redemption reserve	-	-	108.05	-	(108.05)	-	-
Debentures redeemed during the year	-	-	(287.50)	287.50	-	-	-
General reserve	-	-	-	286.53	(286.53)	-	-
Total transfer to other reserves	**-**	**-**	**(179.45)**	**574.03**	**(394.58)**	**-**	**-**
Transaction with owners, recorded directly in equity							
Distribution to owners							
Dividend (including dividend distribution tax) refer note 17	-	-	-	-	(800.39)	-	(800.39)
Total distribution to owners	**-**	**-**	**-**	**-**	**(800.39)**	**-**	**(800.39)**
As at 31 March 2019	**119.47**	**9,328.92**	**300.22**	**3,530.59**	**8,074.05**	**(10.61)**	**21,342.64**

Summary of significant accounting policies 2.4

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

As per our report of even date attached

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

Supreet Sachdev
Partner
Membership No.: 205385

Place: Bengaluru, India
Date: 17 May 2019

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

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Place: Bengaluru, India
Date: 17 May 2019

Sobha Limited
Consolidated statement of cash flows

in ₹ million

	For the year ended 31 March 2019	For the year ended 31 March 2018
Cash flows from operating activities		
Profit before tax	**4,482.20**	**3,171.40**
Adjustments to reconcile profit before tax to net cash flows from operating activities		
Depreciation and amortization expense	582.36	504.71
Depreciation of investment properties	40.81	39.29
Gain on disposal of property, plant and equipment	(7.31)	(8.64)
Finance income (including fair value change in financial instruments)	(386.70)	(331.40)
Finance costs (including fair value change in financial instruments)	2,147.09	1,779.50
Allowance for credit loss	25.51	99.66
Bad debts written off	-	4.47
Working capital adjustments:		
(Increase)/decrease in trade receivables	152.45	(1,098.87)
Increase in inventories	(4,879.27)	(1,023.14)
Decrease in other financial assets	2,674.50	267.81
Increase in other assets	(418.04)	(1,458.09)
Increase in trade payables and other financial liabilities	4,805.13	274.15
Increase/(decrease) in provisions	(35.15)	2.70
Increase/(decrease) in other non-financial liabilities	(6,241.28)	2,147.82
Cash generated from operating activities	**2,942.30**	**4,371.37**
Income tax paid (net of refund)	(881.59)	(836.77)
Net cash flows from/ (used in) operating activities (A)	**2,060.71**	**3,534.60**
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,083.46)	(621.25)
Proceeds from sale of property, plant and equipment	43.91	24.73
Purchase of investment properties	(110.82)	(20.64)
Amount contributed to partnership current account	(3.63)	(1,124.52)
(Investments in)/redemption of bank deposits (having original maturity of more than three months)-net	152.08	123.82
Interest received	388.11	330.76
Net cash flows used in investing activities (B)	**(613.81)**	**(1,287.10)**

Sobha Limited
Consolidated statement of cash flows

in ₹ million

	For the year ended 31 March 2019	For the year ended 31 March 2018
Cash flows from financing activities		
Repayment of long-term borrowings	(1,374.99)	(1,868.16)
Proceeds from short-term borrowings	20,313.85	17,724.15
Repayment of short-term borrowings	(16,232.72)	(14,768.32)
Buy back of equity shares	-	(620.00)
Interest paid	(2,768.27)	(2,605.86)
Dividends paid on equity shares	(663.41)	(240.68)
Tax on dividend paid	(136.47)	(49.01)
Net cash flows used in financing activities (C)	**(862.01)**	**(2,427.88)**
Net increase/(decrease) in cash and cash equivalents	584.89	(180.38)
Cash and cash equivalents at the beginning of the year (refer note 13)	1,059.64	1,240.02
Cash inflow due to acquisition of subsidiary	0.01	-
Cash and cash equivalents at the end of the year (refer note 13)	**1,644.54**	**1,059.64**

Summary of significant accounting policies 2.4

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

As per our report of even date attached

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

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

Supreet Sachdev
Partner
Membership No.: 205385

Ravi PNC Menon
Chairman
DIN: 02070036

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

Subhash Bhat
Chief Financial Officer

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Place: Bengaluru, India
Date: 17 May 2019

Place: Bengaluru, India
Date: 17 May 2019

1 Corporate information

Sobha Limited ('Company' or 'SL') was incorporated on 7 August 1995. SL together with its subsidiaries (herein after collectively referred to as 'the Group') is a leading real estate developer engaged in the business of construction, development, sale, management and operation of all or any part of townships, housing projects, commercial premises and other related activities. The Group is also engaged in manufacturing activities related to interiors, glazing and metal works and concrete products which also provides backward integration to SL's turnkey projects.

The Company is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The registered office is located at Bangalore. The Company's shares and debentures are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

The consolidated financial statements are approved for issue by the Board of Directors on 17 May 2019.

2 Significant accounting policies

2.1 Basis of preparation

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

The consolidated financial statements have been prepared on the historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

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

2.2 Group information

The consolidated financial statements of the Group includes subsidiaries listed in the table below:

Name of investee	Principal activities	Country of incorporation	Percentage of ownership/ voting rights 31 March 2019	Percentage of ownership/ voting rights 31 March 2018
Subsidiaries				
Sobha City ['Partnership firm']	Real estate development	India	100%	100%
Sobha Contracting Pvt Ltd	Real estate development	India	100%	100%
Sobha Developers (Pune) Limited	Real estate development	India	100%	100%
Sobha Assets Private Limited	Real estate development	India	100%	100%
Sobha Highrise Ventures Private Limited*	Real estate development	India	100%	100%
Sobha Nandambakkam Developers Limited	Real estate development	India	100%	100%
Sobha Tambaram Developers Limited	Real estate development	India	100%	100%
Vayaloor Properties Private Limited	Real estate development	India	100%	100%
Vayaloor Builders Private Limited	Real estate development	India	100%	100%
Vayaloor Developers Private Limited	Real estate development	India	100%	100%
Vayaloor Real Estate Private Limited	Real estate development	India	100%	100%
Vayaloor Realtors Private Limited	Real estate development	India	100%	100%
Valasai Vettikadu Realtors Private Limited	Real estate development	India	100%	100%

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- ► Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- ► Exposure, or rights, to variable returns from its involvement with the investee and
- ► The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- ► The contractual arrangement with the other vote holders of the investee.
- ► Rights arising from other contractual arrangements.
- ► The Group's voting rights and potential voting rights.
- ► The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March 2019.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interests.
- Derecognises the cumulative translation differences recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.4 Summary of significant accounting policies

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

b) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue includes excise duty, since the recovery of excise duty flows to the Group on its own account. However, sales tax/value added tax (VAT) is not received by the Group on its own account. These taxes are collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

i. Recognition of revenue from contractual projects

If the outcome of contractual contract can be reliably measured, revenue associated with the construction contract is recognised by reference to the stage of completion of the contract activity at year end (the percentage of completion method). The stage of completion on a project is measured on the basis of proportion of the contract work/based upon the contracts/agreements entered into by the Group with its customers.

ii. Recognition of revenue from real estate projects

a. Recognition of revenue from property development.

Effecitve 1 April 2018, the Group has adopted Ind AS 115 'Revenue from Contracts with Customers' (replaced Ind AS 18 - Revenue and Ind AS 11 Construction Contracts and Guidance Notes) using the modified retrospective method, with the effect of initially applying this standard recognized in opening retained earnings on the date of initial application i.e., 1 April 2018. Accordingly, the information presented for the year ended 31 March 2018 is not restated, i.e., it is presented, as previously reported, under Ind AS 18, Ind AS 11 and related interpretations. Additionally, the disclosure requirements in Ind AS 115 have not generally been applied to comparative information.

Revenue is recognized upon transfer of control of residential units to customers, in an amount that reflects the consideration the Group expects to receive in exchange for those residential units. The Group shall determine the performance obligations associated with the contract with customers at contract inception and also determine whether they satisfy the performance obligation over time or at a point in time. In case of residential units, the Group satisfies the performance obligation and recognises revenue at a point in time i.e., upon handover of the residential units.

To estimate the transaction price in a contract, the Group adjusts the promised amount of consideration for the time value of money if that contract contains a significant financing component. The Group when adjusting the promised amount of consideration for a significant financing component is to recognise revenue at an amount that reflects the cash selling price of the transferred residential unit.

b. Recognition of revenue from sale of land and development rights

Revenue from sale of land and development rights is recognised upon transfer of all significant risks and rewards of ownership of such real estate/property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/agreements. Revenue from sale of land and development rights is only recognised when transfer of legal title to the buyer is not a condition precedent for transfer of significant risks and rewards of ownership to the buyer.

iii. Recognition of revenue from manufacturing division

Revenue from sale of materials is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which coincides with dispatch of goods to the customers. Service income is recognised on the basis of completion of a physical proportion of the contract work/based upon the contracts/agreements entered into by the Group with its customers.

iv. Dividend income

Revenue is recognised when the shareholders' or unit holders' right to receive payment is established, which is generally when shareholder approve the dividend.

v. Rental income from operating leases

Rental income receivable under operating leases (excluding variable rental income) is recognized in the statement of profit and loss on a straight-line basis over the term of the lease including lease income on fair value of refundable security deposits. Rental income under operating leases having variable rental income is recognized as per the terms of the contract.

vi. Interest income

Interest income, including income arising from other financial instruments, is recognised using the effective interest rate method.

c) Property, plant and equipment

Property, plant and equipment are stated at their cost of acquisition/construction, net of accumulated depreciation and impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

Borrowing costs directly attributable to acquisition of property, plant and equipment which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the property, plant and equipment is derecognised.

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the statement of profit and loss.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

d) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in statement of profit and loss as incurred.

Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in statement of profit and loss in the period of derecognition.

e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets, comprising of software and intellectual property rights are amortized on a straight line basis over a period of 3 years, which is estimated to be the useful life of the asset and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

f) Depreciation on property, plant and equipment

Depreciation is calculated on written down value basis using the following useful lives prescribed under Schedule II of the Act, except where specified.

Particulars	Useful lives estimated by the management (in years)
Property, plant and equipment	
Factory buildings	30
Buildings - other than factory buildings	60
Buildings - Temporary structure	3
Plant and machinery	
i. General plant and machinery	15
ii. Plant and machinery - Civil construction	12
iii. Plant and Machinery - Electrical installations	10
Furniture and fixtures	10
Motor vehicles	8
Computers	
i. Computer equipment	3
ii. Servers and network equipment	6
Office equipments	5
Investment property	
Buildings - other than factory buildings	60
Plant and machinery	
i. General plant and machinery	15
ii. Plant and machinery - Civil construction	12
iii. Plant and Machinery - Electrical installations	10
Furniture and fixtures	10

Steel scaffolding items are depreciated using straight line method over a period of 6 years, which is estimated to be the useful life of the asset by the management based on planned usage and technical advice thereon. This estimate of useful life is higher than those indicated in Schedule II.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

g) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that any non-financial asset may be impaired. If any indication exists, or when annual impairment testing for a non-financial asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss.

h) Impairment of financial assets

The Group assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Group recognises lifetime expected losses for all contract assets and/or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

i) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The real estate development projects undertaken by the Group generally run over a period ranging upto 5 years. Operating assets and liabilities relating to such projects are classified as current based on an operating cycle of upto 5 years. Borrowings in connection with such projects are classified as short-term (i.e. current) since they are payable over the term of the respective projects.

Assets and liabilities, other than those discussed above, are classified as current to the extent they are expected to be realised /are contractually repayable within 12 months from the balance sheet date and as non-current, in other cases.

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

j) Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

k) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

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

Classification and subsequent measurement

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

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

Financial assets at amortised cost

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

a) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

Debt instrument at Fair value through Other comprehensive income (FVTOCI)

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

a) the objective of the business model is achieved both by collecting contractual cash flows and selling the financial instrument and

b) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

   Debt investment included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

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

FVTPL is a residual category for financial assets. Any financial assets, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss. In addition, the Group may elect to designate a financial asset, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any financial asset as at FVTPL.

Equity investments in joint ventures

Interests in joint ventures are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of joint ventures until the date on which significant influence or joint control ceases.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial liabilities

Initial recognition and measurement

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

Classification, subsequent measurement and gains and losses

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

l) Borrowing costs

Borrowing costs are interest and other costs incurred in connection with borrowings of funds. Borrowing costs directly attributable to acquisition/construction of qualifying assets are capitalised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use/sale. All other borrowing costs not eligible for inventorisation/capitalisation are charged to statement of profit and loss.

m) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

n) Employee benefits

i. Defined contribution plans

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

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

ii. Defined benefit plans

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

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income (OCI).

The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the statement of profit and loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The Group makes contributions to Sobha Developers Employees Gratuity Trust ('the Trust') to discharge the gratuity liability to employees. Provision towards gratuity, a defined benefit plan, is made for the difference between actuarial valuation by an independent actuary and the fund balance, as at the year-end. The cost of providing benefits under gratuity is determined on the basis of actuarial valuation using the projected unit credit method at each year end. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

► The date of the plan amendment or curtailment, and

► The date that the Group recognises related restructuring costs Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

► Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

► Net interest expense or income

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

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

o) Provisions

A provision is recognized when an enterprise has a present obligation (legal or constructive) as result of past event and it is probable that an outflow of embodying economic benefits of resources will be required to settle a reliably assessable obligation. Provisions are determined based on best estimate required to settle each obligation at each balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

p) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

q) Earnings per share

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

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

r) Income taxes

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

Current income tax

Current income tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date. Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred income tax

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

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

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

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

Minimum Alternative Tax (MAT) may become payable when the taxable profit is lower than the book profit. Taxes paid under MAT are available as a set off against regular corporate tax payable in subsequent years, as per the provisions of Income tax Act, 1961. MAT paid in a year is charged to the statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as “MAT credit entitlement.” The Group reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

s) Foreign currency transactions

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items or on reporting monetary items of Group at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

t) Inventories

Related to contractual and real estate activity

Direct expenditure relating to construction activity is inventorised. Other expenditure (including borrowing costs) during construction period is inventorised to the extent the expenditure is directly attributable cost of bringing the asset to its working condition for its intended use. Other expenditure (including borrowing costs) incurred during the construction period which is not directly attributable for bringing the asset to its working condition for its intended use is charged to the statement of profit and loss. Direct and other expenditure is determined based on specific identification to the construction and real estate activity. Cost incurred/items purchased specifically for projects are taken as consumed as and when incurred/received.

i. Work-in-progress - Contractual: Cost of work yet to be certified/billed, as it pertains to contract costs that relate to future activity on the contract, are recognised as contract work-in-progress provided it is probable that they will be recovered. Contractual work-in-progress is valued at lower of cost and net realisable value.

ii. Work-in-progress - Real estate projects (including land inventory): Represents cost incurred in respect of unsold area of the real estate development projects or cost incurred on projects where the revenue is yet to be recognised. Real estate work-in-progress is valued at lower of cost and net realisable value.

iii. Finished goods - Flats: Valued at lower of cost and net realisable value.

iv. Finished goods - Plots: Valued at lower of cost and net realisable value.

v. Building materials purchased, not identified with any specific project are valued at lower of cost and net realisable value. Cost is determined based on a weighted average basis.

vi. Land inventory: Valued at lower of cost and net realisable value.

Related to manufacturing activity

i. Raw materials are valued at lower of cost and net realisable value. Cost is determined based on a weighted average basis.

ii. Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. However, inventory held for use in production of finished goods is not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

u) Land

Advances paid by the Group to the seller/intermediary toward outright purchase of land is recognised as land advance under loans and advances during the course of obtaining clear and marketable title, free from all encumbrances and transfer of legal title to the Group, whereupon it is transferred to land stock under inventories.

Land/development rights received under joint development arrangements is measured at the fair value of the estimated construction service rendered to the land owner and the same is accounted on launch of the project. Further, non-refundable deposit amount paid by the Group under joint development arrangements is recognised as land advance under other assets and on the launch of the project, the non-refundable amount is transferred as land cost to work-in-progress.

v) Leases

Where the Group is lessee

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased asset, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognized as finance costs in the statement of profit and loss.

A leased asset is depreciated on a straight-line basis over the lower of the lease term or the estimated useful life of the asset unless there is reasonable certainty that the Group will obtain ownership, wherein such assets are depreciated over the estimated useful life of the asset. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Group is lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease, unless the lease agreement explicitly states that increase is on account of inflation. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

w) Cash dividend to equity holders of the Group

The Group recognises a liability to make cash distributions to equity holders of the Group when the distribution is authorised and the distribution is no longer at the discretion of the Group. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Group's Board of Directors.

x) Standards issued but not effective

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new Ind AS which the Group has not applied as they are effective from 1 April 2019.

Ind AS 116 - Leases

The Group is required to adopt Ind AS 116, Leases from 1 April 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases. The Group has completed an initial assessment of the potential impact on its standalone financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the standalone financial statements in the period of initial application is not reasonably estimable as at present.

The Group plans to apply Ind AS 116 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information.

3 Significant accounting judgements, estimates and assumptions

The preparation of these consolidated financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgements, estimates and assumptions that affect the reported balances of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) Judgements

In the process of applying the accounting policies, Management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

i) Classification of property

The Group determines whether a property is classified as investment property or inventory property:

Investment property comprises land and buildings (principally offices, commercial warehouse and retail property) that are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business. Inventory property comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Group develops and intends to sell before or on completion of construction.

ii) Business combination

The Group has granted land advances to a land aggregator Group, named Technobuild Developers Private Limited ('Technobuild'), wherein Technobuild is engaged in business of acquiring large parcels of lands and transferring it for development for consideration to the Group. In order to protect the right of the Company to recover the advance, the shareholders of Technobuild have signed a non-disposal undertaking with the Company. The management assessed whether or not the Company has control over Technobuild based on such non-disposal undertaking. In exercising its judgement, management considers, that rights are only protective rights to safeguard the Group's interest to the extent of land advances granted by it to Technobuild. Further, such rights will get terminated once the entire land parcels are transferred to the Company as per the terms of the arrangement. Also the Group does not exercise any control/power over the entire financial and business operations of Technobuild since it neither holds (directly/Indirectly) any shareholding/voting rights in Technobuild nor it exercises any board control to demonstrate any power or ability to use its power over the operations of Technobuild, which could impact the returns of the Company. The undertaking provided by the shareholders of Technobuild does not provide substantive rights to the Group to participate in the business operations of Technobuild, since such rights are only protective in nature, hence management has concluded that the Company does not have sufficient dominant vesting interest to exert control over Technobuild.

b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

i) Revenue recognition, contract costs and valuation of unbilled revenue

The Group uses the percentage-of-completion method for recognition of revenue, accounting for unbilled revenue and contract cost thereon for its contractual projects. The percentage of completion is measured by reference to the stage of the contracts determined based on the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs. Use of the percentage-of-completion method requires the Group to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Significant assumptions are required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost and the recoverability of the contracts. These estimates are based on events existing at the end of each reporting date.

ii) Accounting for advance from customer considering the time value of money

When determining whether a contract includes a significant financing component, the Group considers the period between performance and payment for that performance. For contracts where revenue is recognised at a point in time, the period considered is that between transfer of control of the good and the payment. Therefore, if payment for a property is made before the date on which control is transferred, an assessment is required of whether the contract includes a significant financing component, especially if the period is greater than twelve months.

Advanced payments from the customer lead to higher amount of revenue being recognised than the contract price because the Group accepts a lower amount in return for financing. As the entity recognises the interest expense related to the financing component, the corresponding amount is recorded as a contract liability/revenue.

iii) Estimation of net realisable value for inventory property (including land advance)

Inventory property is stated at the lower of cost and net realisable value (NRV). NRV for completed inventory property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Group, based on comparable transactions identified by the Group for properties in the same geographical market serving the same real estate segment.

NRV in respect of inventory property under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and an estimate of the time value of money to the date of completion. With respect to land advance given, the net recoverable value is based on the present value of future cash flows, which depends on the estimate of, among other things, the likelihood that a project will be completed, the expected date of completion, the discount rate used and the estimation of sale prices and construction costs.

4 Property, plant and equipment

in ₹ million

	Freehold land	Factory buildings	Other buildings	Plant and machinery	Scaffolding items	Furniture and fixtures	Vehicles	Computers	Office equipments	Total	Capital work in progress
Cost											
As at 1 April 2017	**81.90**	**641.60**	**1,114.76**	**1,239.70**	**877.56**	**39.65**	**9.98**	**51.39**	**16.25**	**4,072.79**	**6.22**
Additions during the year	-	(0.01)	17.81	45.07	45.57	1.89	0.10	25.48	2.91	138.82	-
Deletions during the year	-	-	-	(3.68)	(21.12)	(5.45)	(0.49)	(4.91)	(0.17)	(35.82)	(6.22)
As at 31 March 2018	**81.90**	**641.59**	**1,132.57**	**1,281.09**	**902.01**	**36.09**	**9.59**	**71.96**	**18.99**	**4,175.79**	**-**
Additions during the year	10.52	1.65	48.62	146.28	370.51	4.59	0.36	43.92	4.43	630.87	-
Deletions during the year	-	-	-	(34.25)	(6.36)	(0.53)	-	(5.48)	(0.45)	(47.08)	0
As at 31 March 2019	**92.42**	**643.24**	**1,181.19**	**1,393.12**	**1,266.16**	**40.15**	**9.95**	**110.40**	**22.97**	**4,759.58**	**-**
Accumulated depreciation											
As at 1 April 2017	**-**	**116.33**	**120.05**	**230.44**	**370.84**	**17.92**	**5.24**	**32.41**	**8.03**	**901.26**	
Charge for the year	-	61.97	51.78	174.99	189.91	4.22	0.64	17.20	2.66	503.37	
Deletions during the year	-	-	-	(1.05)	(16.07)	(3.36)	-	(4.12)	(0.16)	(24.76)	
As at 31 March 2018	**-**	**178.30**	**171.83**	**404.38**	**544.68**	**18.78**	**5.88**	**45.49**	**10.53**	**1,379.87**	
Charge for the year	-	105.94	64.33	188.62	185.62	4.13	0.92	29.51	2.58	581.66	
Deletions during the year	-	-	-	(29.29)	(6.34)	(0.53)	-	(7.29)	(0.45)	(43.90)	
As at 31 March 2019	**-**	**284.24**	**236.16**	**563.71**	**723.96**	**22.38**	**6.80**	**67.71**	**12.66**	**1,917.62**	-
Carrying amount											
As at 31 March 2019	**92.42**	**359.00**	**945.03**	**829.41**	**542.20**	**17.77**	**3.15**	**42.69**	**10.31**	**2,841.97**	-
As at 31 March 2018	**81.90**	**463.29**	**960.74**	**876.71**	**357.33**	**17.31**	**3.71**	**26.47**	**8.46**	**2,795.92**	-

Note:

a) Capitalised borrowing costs

The amount of borrowing costs capitalised during the year ended 31 March 2019 was ₹ 77.66 million (31 March 2018 - ₹ 49.47 million). The rate used to determine the amount of borrowing costs eligible for capitalisation was 9.77%, which is the effective interest rate of the specific borrowing.

b) Property, plant and equipment

Property, plant and equipment with a carrying amount of ₹ 3,375.51 million (31 March 2018 - ₹ 1,655.74 million) are subject to a first charge to secure the Group's bank loans.

5 Investment property

in ₹ million

	Freehold land	Other buildings	Other assets forming part of Building: Plant and machinery	Other assets forming part of Building: Furniture and fixtures	Total
Cost					
As at 1 April 2017	**256.32**	**1,605.39**	**144.38**	**21.76**	**2,027.85**
Additions during the year	(0.77)	16.30	3.84	1.26	20.63
As at 31 March 2018	**255.55**	**1,621.69**	**148.22**	**23.02**	**2,048.48**
Additions during the year	0.77	92.54	16.23	1.29	110.83
As at 31 March 2019	**256.32**	**1,714.23**	**164.45**	**24.31**	**2,159.31**
Accumulated depreciation					
As at 1 April 2017	**-**	**32.37**	**13.34**	**2.67**	**48.38**
Charge for the year	-	26.24	12.68	2.22	41.14
As at 31 March 2018	**-**	**58.61**	**26.02**	**4.89**	**89.52**
Charge for the year	-	26.97	11.62	2.22	40.81
As at 31 March 2019	**-**	**85.58**	**37.64**	**7.11**	**130.33**
Carrying amount					
As at 31 March 2019	**256.32**	**1,628.65**	**126.81**	**17.20**	**2,028.98**
As at 31 March 2018	**255.55**	**1,563.08**	**122.20**	**18.13**	**1,958.96**

Note:

in ₹ million

Information regarding income and expenditure of investment property	**31 March 2019**	**31 March 2018**
Rental income derived from investment properties	**280.51**	**251.11**
Direct operating expenses (including repairs and maintenance) generating rental income	(155.85)	(141.30)
Direct operating expenses (including repairs and maintenance) that did not generate rental income		
Profit arising from investment properties before depreciation and indirect expenses	**124.66**	**109.81**
Less:- Depreciation	(40.81)	(39.29)
Profit arising from investment properties before indirect expenses	**83.85**	**70.52**

The fair value of Investment property is ₹ 2,805 million (31 March 2018 - ₹ 2,805 million). These valuations are based on valuations performed by an independent valuer. Fair value hierarchy for investment properties have been provided in Note 44.

6 Investment property under construction

in ₹ million

	Investment property under construction	Total
Balance as at 1 April 2017	**792.84**	**792.84**
Additions during the year	552.09	552.09
Balance as at 31 March 2018	**1,344.93**	**1,344.93**
Additions during the year	555.44	555.44
Balance as at 31 March 2019	**1,900.37**	**1,900.37**

Note:

a) The Group has taken land on lease with the intention to construct a mall on the site and the construction of the mall is in progress. The Group incurred cost, up to the reporting date amounting to ₹ 1,900.37 million. Such amounts include capitalized borrowing costs.

7 Intangible assets

in ₹ million

	Goodwill	Software	Intellectual property rights	Total
Cost				
Balance as at 1 April 2017	**-**	**14.38**	**0.05**	**14.43**
Additions during the year	-	0.63	-	0.63
Balance as at 31 March 2018	**-**	**15.01**	**0.05**	**15.06**
Additions during the year	3.29	2.27	-	5.56
Balance as at 31 March 2019	**3.29**	**17.28**	**0.05**	**20.62**
Amortization and impairment				
Balance as at 1 April 2017	**-**	**12.46**	**0.05**	**12.51**
Charge for the year	-	1.37	-	1.37
Balance as at 31 March 2018	**-**	**13.83**	**0.05**	**13.88**
Charge for the year	-	0.70	-	0.70
Balance as at 31 March 2019	**-**	**14.53**	**0.05**	**14.58**
Carrying amount				
Balance as at 31 March 2019	**3.29**	**2.75**	**-**	**6.04**
Balance as at 31 March 2018	**-**	**1.18**	**-**	**1.18**

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

in ₹ million

	As at 31 March 2019	As at 31 March 2018
Raw materials and components	584.03	450.98
Building materials	78.35	92.97
Land stock *	9,812.50	9,269.46
Work-in-progress *	50,863.44	37,019.49
Stock in trade - flats *	3,724.67	1,472.35
Finished goods	110.38	43.70
	65,173.37	**48,348.95**

* Carrying amount of inventories pledged as securities against borrowings as at 31 March 2019 - ₹ 12,151.92 million (31 March 2018 - ₹ 13,868.10 million)

9 Investments

in ₹ million

	As at 31 March 2019	As at 31 March 2018
Investment in the capital of partnership firm (Joint Venture)		
50% (31 March, 2018 - 50%) share in the profit of partnership firm;		
Kondhwa Projects LLP - Current account	1,128.16	1,124.52
Total investments carried at cost	**1,128.16**	**1,124.52**

9 Investments

in ₹ million

	As at 31 March 2019	As at 31 March 2018
Investments carried at fair value through profit and loss		
Unquoted equity securities		
Investment in equity instruments		
26,80,000 (March 31, 2018 - 26,80,000) equity shares of ₹ 10/- each fully paid up in Sobha Renaissance and Information Technology Private Limited	26.80	26.80
Less : Impairment in value of investments	(26.70)	(26.70)
Investments carried at fair value through profit and loss	**0.10**	**0.10**
Investments at amortized cost		
Government and trust securities (unquoted)		
National savings certificates	0.08	0.22
Total investments carried at amortised cost	**0.08**	**0.22**
Total investments	**1,128.34**	**1,124.84**
Aggregate amount of unquoted investments	**1,128.34**	**1,124.84**
Aggregate amount of impairment in value of investments	**26.70**	**26.70**

10 Trade receivables

in ₹ million

	Current		Non Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Trade receivables				
Unsecured, considered good	3,271.46	3,271.97	83.98	134.65
Unsecured, considered doubtful	36.61	29.11	98.46	92.78
	3,308.07	3,301.08	182.44	227.43
Less: Allowances for credit loss	(36.61)	(29.11)	(98.46)	(92.88)
Net trade receivables	**3,271.46**	**3,271.97**	**83.98**	**134.55**

11 Other financial assets

in ₹ million

	Current		Non Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good				
Refundable deposit towards joint development agreement	5,157.18	4,470.33	-	6.35
Security deposits	140.72	87.46	166.23	222.98
Unbilled revenue*	396.81	3,748.33	-	-
Non-current bank balances		-	16.15	160.88
	5,694.71	**8,306.12**	**182.39**	**390.21**

(*) Classified as financial asset as right to consideration is unconditional upon passage of time.

12 Other assets

in ₹ million

	Current		Non Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good				
Capital advances	-	-	8.98	9.95
Land advance (refer note 34)*	13,577.16	13,626.88	4,862.54	4,027.87
Advances recoverable in cash or kind (refer note 34)**	1,811.85	2,013.36	77.87	78.15
Prepaid expenses	185.88	119.03	157.19	178.41
Balances with statutory/government authorities	1,610.53	1,265.71	-	-
Interest accrued on investments	-	1.42	-	-
	17,185.42	**17,026.40**	**5,106.58**	**4,294.38**

*Advances for land though unsecured, are considered good as the advances have been given based on arrangements/memorandum of understanding executed by the Group and the Group/seller/intermediary is in the course of obtaining clear and marketable title, free from all encumbrances, including for certain properties under litigation.

****Advances recoverable in cash or kind due by Directors or other officers or companies in which Directors are interested**

in ₹ million

	Current		Non Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
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	7.77	426.44	-	-

13 Cash and cash equivalents

in ₹ million

	Current	
	As at 31 March 2019	As at 31 March 2018
Cash on hand	10.10	6.36
Cheques/drafts on hand	102.46	207.43
Balances with banks:		
– On current accounts	1,531.98	845.85
	1,644.54	**1,059.64**

Financial Statements
Consolidated

14 Bank balance other than cash and cash equivalents

in ₹ million

	Current	
	As at 31 March 2019	As at 31 March 2018
Bank balance other than cash and cash equivalents		
– On unclaimed dividend account	2.35	1.84
– Margin money deposit	124.56	132.43
	126.91	**134.27**

Margin money deposits given as security

Margin money deposits with a carrying amount of ₹ 130.92 million (31 March 2018 - ₹ 51.10 million) are subject to first charge to secure the Group's borrowings.

Short-term deposits are made for varying periods of between seven day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

15 Equity share capital

in ₹ million

	As at 31 March 2019	As at 31 March 2018
Authorised shares		
150,000,000 (31 March 2018 - 150,000,000) equity shares of ₹10 each	1,500.00	1,500.00
5,000,000 (31 March 2018 - 5,000,000) 7% redeemable preference shares of ₹100 each	500.00	500.00
Issued, subscribed and fully paid-up shares		
94,845,853 (31 March 2018 - 94,845,853) equity shares of ₹10 each fully paid up	948.46	948.46
Total issued, subscribed and fully paid-up share capital	**948.46**	**948.46**

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

	31 March 2019		31 March 2018	
	No of shares	in ₹ million	No of shares	in ₹ million
Equity shares				
At the beginning of the year	94,845,853	948.46	96,304,676	963.05
Issued during the year	-	-	-	-
Shares bought back during the year (refer note 15)	-	-	(1,458,823)	(14.59)
Outstanding at the end of the year	**94,845,853**	**948.46**	**94,845,853**	**948.46**

(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

in ₹ million

	31 March 2019		31 March 2018	
	No of shares in million	Holding percentage	No of shares in million	Holding percentage
Equity shares of ₹10 each fully paid up				
Mrs. Sobha Menon	35.63	37.56%	35.63	37.56%
Mr. P.N.C. Menon	12.06	12.72%	12.06	12.72%
Mr. P.N.C. Menon (inclusive of joint holding with Mrs. Sobha Menon)	5.29	5.58%	5.29	5.58%
Nordea 1 Sicav - Emerging Stars Equity Fund	-	-	5.21	5.49%
Schroder International Selection Fund Emerging Asia	5.25	5.54%	4.77	5.03%

Note: As per records of the Company, including its register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

16 Other equity

in ₹ million

	As at 31 March 2019	As at 31 March 2018
Capital redemption reserve		
Balance at the beginning of the year	119.47	104.88
Add: Amount transferred from surplus in the statement of profit and loss		
- On account of buy back of equity shares [Refer note (a) below]	-	14.59
Closing balance	**119.47**	**119.47**
Debenture redemption reserve [Refer note (b) below]		
Balance at the beginning of the year	479.67	428.68
Add: Amount transferred from surplus balance in the statement of profit and loss	108.05	225.99
Less: Redeemed during the year (transfer to general reserve)	(287.50)	(175.00)
Closing balance	**300.22**	**479.67**
Securities premium account		
Balance at the beginning of the year	9,328.92	9,934.33
Less: Premium on buy back of equity shares [Refer note (a) below]	-	(605.41)
Closing balance	**9,328.92**	**9,328.92**

General reserve		
Balance at the beginning of the year	2,956.56	2,587.57
Add: Transfer from statement of profit and loss	286.53	193.99
Add: Transfer from Debenture redemption Reserve	287.50	175.00
Closing balance	**3,530.59**	**2,956.56**
Surplus in the statement of profit and loss		
Balance at the beginning of the year (refer note 48)	6,296.02	12,426.27
Profit for the year	2,969.93	2,168.70
Other comprehensive income		
Re-measurement losses on defined benefit plans	(7.54)	(4.40)
Less: Appropriations		
Dividend (including dividend distribution tax) refer note 17	(800.39)	(289.77)
Transfer to debenture redemption reserve	(108.05)	(225.99)
Transfer to capital redemption reserve [Refer note (a) below]	-	(14.59)
Transfer to general reserve	(286.53)	(193.99)
Net surplus in the statement of profit and loss	**8,063.44**	**13,866.23**
Total other equity	**21,342.64**	**26,750.85**

(a) During the year ended 31 March 2018, the Company has effected the buyback of 1,458,823 fully paid up equity shares of the Company of face value of ₹ 10 each at a price of ₹ 425 per equity share on proportionate basis, aggregating to ₹ 620 million. The premium has been adjusted against the free reserves. In order to comply with Section 69 of the Companies Act, 2013, the Company has transferred nominal value of the shares bought back to capital redemption reserve.

(b) The Company has issued redeemable non-convertible debentures. Accordingly, the Companies (Share capital and Debentures) Rules, 2014 (as amended), require the Company to create Debenture Redemption Reserve (DRR) out of profits of the Company available for payment of dividend. DRR is required to be created for an amount which is equal to 25% of the value of debentures issued. The Company has created the DRR of ₹ 108.05 million (31 March 2018 - ₹ 225.99 million).

17 Distribution made and proposed

in ₹ million

	As at 31 March 2019	As at 31 March 2018
Cash dividend on equity shares proposed and paid		
Final dividend for the year ended 31 March 2018- ₹ 7 per share (31 March 2017- ₹ 2.5 per share)	663.92	240.76
Dividend distribution tax on final dividend	136.47	49.01
	800.39	**289.77**
Proposed dividend on Equity shares		
Final dividend for the year ended 31 March 2019- ₹ 7 per share (31 March 2018- ₹ 7 per share)	663.92	663.92
Dividend distribution tax on proposed dividend	136.47	135.16
	800.39	**799.08**

18 Borrowings

in ₹ million

	As at 31 March 2019	As at 31 March 2018
Non-current borrowings		
Secured debentures		
14,400 (31 March 2018 - 25,500) redeemable non-convertible debentures of ₹ 0.10 million each	1,387.04	2,516.91
Secured loans		
Term loans from banks	272.94	496.18
Equipment loans	0.19	0.19
	273.13	**496.37**
	1,660.17	3,013.28
Amount disclosed under the head "other current financial liabilities" (refer note 19)	(1,612.04)	(225.00)
Total non-current borrowings	**48.13**	**2,788.28**
Current borrowings		
Secured loans		
Term loans from banks*	14,605.02	14,541.14
Term loans from financial institutions*	4,427.02	2,756.52
Cash credit from banks	5,346.65	3,001.71
Total current borrowings	**24,378.69**	**20,299.37**

* Term loan from banks and financial institutions represents amount repayable within the operating cycle. Amount payable within twelve months ₹ 13,810.19 million (31 March 2018 - ₹ 10,698.28 million)

Terms and repayment schedule

(i) Secured debentures

in ₹ million

Particulars	Effective interest rate	Year of maturity	Carrying amount as at 31 March 2019	Carrying amount as at 31 March 2018
Debentures	11%-13%	2018-2020	1,387.04	2,516.91

(ii) Secured loans

in ₹ million

Particulars	Effective interest rate	Year of maturity	Carrying amount as at 31 March 2019	Carrying amount as at 31 March 2018
Term loans from banks	9%-11%	2020	123.82	247.82
Term loans from banks	9%-11%	2020	149.12	248.37
Equipment loan	13%-15%	2019	0.19	0.19

Current borrowings
Secured loans

in ₹ million

Particulars	Effective interest rate	Year of maturity	Carrying amount as at 31 March 2019	Carrying amount as at 31 March 2018
Term loans from banks	9%-11%	2018	-	379.66
Term loans from banks	8%-10%	2019	100.96	2,946.05
Term loans from banks	9%-11%	2019	79.64	797.37
Term loans from banks	9%-11%	2019	999.13	348.38
Term loans from banks	9%-11%	2018	-	198.61
Term loans from banks	9%-11%	2020	349.75	549.60
Term loans from banks	9%-11%	2018	-	1,181.99
Term loans from banks	8%-10%	2019	695.50	595.23
Term loans from banks	9%-11%	2019	332.47	498.68
Term loans from banks	9%-11%	2019	1,000.00	750.00
Term loans from banks	9%-11%	2021	748.11	997.17
Term loans from banks	9%-11%	2020	655.22	992.26
Term loans from banks	9%-11%	2022	1,586.47	680.09
Term loans from banks	8%-10%	2020	993.48	1,000.00
Commercial Paper from bank	8%-10%	2018	-	946.78
Term loans from banks	8%-10%	2028	677.58	727.78
Term loans from banks	8%-10%	2020	498.77	371.50
Term loans from banks	8%-10%	2020	1,278.81	580.00
Term loans from banks	9%-11%	2022	1,039.04	-
Term loans from banks	8%-10%	2021	497.16	-
Term loans from banks	9%-11%	2023	1,794.12	-
Term loans from banks	9%-11%	2023	592.75	-
Term loans from banks	9%-11%	2022	462.52	-
Term loans from banks	9%-11%	2021	223.54	-
Term loans from financial institutions	9%-11%	2019	78.09	522.56
Term loans from financial institutions	9%-11%	2018	-	141.57
Term loans from financial institutions	9%-11%	2020	144.04	226.30
Term loans from financial institutions	9%-11%	2021	764.41	996.48
Term loans from financial institutions	9%-11%	2018	-	869.62
Term loans from financial institutions	9%-11%	2021	416.79	-
Term loans from financial institutions	9%-11%	2021	1,105.73	-
Term loans from financial institutions	9%-11%	2019	533.13	-
Term loans from financial institutions	9%-11%	2022	555.18	-
Term loans from financial institutions	9%-11%	2022	829.65	-
Cash credit	8%-10%	On demand	1,720.13	1,697.83
Cash credit	9%-11%	On demand	12.97	9.99
Cash credit	9%-11%	On demand	5.87	18.85
Cash credit	9%-11%	On demand	0.57	4.89
Cash credit	9%-11%	On demand	667.09	131.79
Cash credit	9%-11%	On demand	1,538.07	955.45
Cash credit	9%-11%	On demand	-	5.23
Cash credit	9%-11%	On demand	1.96	21.71
Cash credit	9%-11%	On demand	9.44	2.43

in ₹ million

Particulars	Effective interest rate	Year of maturity	Carrying amount as at	
			31 March 2019	31 March 2018
Cash credit	9%-11%	On demand	-	153.55
Cash credit	9%-11%	2023	54.70	-
Cash credit	9%-11%	On demand	448.98	-
Cash credit	9%-11%	On demand	886.87	-

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

in ₹ million

Nature of loan	Name of the Company	Year of maturity	Carrying amount as at	
			31 March 2019	31 March 2018
Term loans	Sobha Glazing & Metal Works Private Limited	2021	2,365.02	-
Term loans	Vayaloor Developers Private Limited	2028	677.58	727.78
Term loans	Vayaloor Builders Private Limited			
Term loans	Sri Durga Devi Property Management Private Limited	2022	1,522.52	-
	Sri Parvathy Land Developers Private Limited			

19 Other financial liabilities

in ₹ million

	As at 31 March 2019	As at 31 March 2018
Non current		
Land cost payable	-	1.52
Total non-current other financial liabilities	**-**	**1.52**
Current		
Current maturities of long-term borrowings (refer note 18)	1,612.04	225.00
Letter of credit payable	2,335.41	1,283.13
Book overdraft from scheduled banks	85.50	33.07
Interest accrued but not due on borrowings	102.30	171.85
Unclaimed dividend*	2.35	1.84
Lease deposit	68.82	64.49
Non-trade payable	338.62	268.87
Security deposit towards maintenance services	1,461.80	1,286.68
Payable to related parties (refer note 34)	428.20	127.03
Payable for purchase of fixed assets	41.70	19.94
Revenue share payable	-	971.09
Total other financial liabilities	**6,476.74**	**4,452.99**

20 Provisions

in ₹ million

	Current		Non Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits				
Provision for gratuity (refer note 36)	73.20	58.40	121.01	107.20
Provision for leave benefits	76.97	64.83	-	-
	150.17	**123.23**	**121.01**	**107.20**
Others				
Other provisions	-	-	-	75.90
	150.17	**123.23**	**121.01**	**183.10**

21 Income tax

The major components of income tax expense for the years ended 31 March 2019 and 31 March 2018 are:

A. Amounts charged to statement of profit and loss

in ₹ million

	As at 31 March 2019	As at 31 March 2018
Current income tax:		
Current income tax charge	987.47	764.46
Deferred tax:		
Relating to origination and reversal of temporary differences	524.80	238.24
Income tax expense reported in the statement of profit and loss	**1,512.27**	**1,002.70**

Tax expenses (net) for the year ended 31 March 2019 includes taxes of ₹ nil million (31 March 2018 - ₹ 39.35 million) relating to earlier years.

B. Income tax recognised in other comprehensive income

in ₹ million

	As at 31 March 2019	As at 31 March 2018
Net loss/(gain) on remeasurements of defined benefit plans	-	-
Income tax charge to other comprehensive income	**-**	**-**

C. Reconciliation of effective tax rate

in ₹ million

	As at 31 March 2019	As at 31 March 2018
Accounting profit before income tax	4,482.20	3,171.40
Tax on accounting profit at statutory income tax rate 34.944% (31 March 2018: 34.608%)	1,566.26	1,097.56
Adjustments in respect of deferred tax of previous years	39.35	39.35
Non-deductible expenses for tax purposes:		
Disallowance u/s 80G	8.91	36.06
Others	2.55	2.99
MAT credit entitlement	(104.80)	(173.26)
At the effective income tax rate of 33.74% (31 March 2018: 31.62%)	1,512.27	1,002.70
Tax expense reported in the statement of profit and loss	**1,512.27**	**1,002.70**

D. Deferred tax

Deferred tax assets and liabilities relates to the following:

in ₹ million

	Balance as at 1 April 2017	Recognised in profit and loss during 2017-18	Balance as at 31 March 2018	Recognised in profit and loss/ others during 2018-19	Balance as at 31 March 2019
Interest u/s 36(1)(iii)- interest inventorised/ capitalised in the books but claimed as expense in tax	(2,773.53)	(385.30)	(3,158.83)	(298.26)	(3,457.09)
Property, plant and equipment	26.14	25.71	51.85	95.43	147.28
Provision for leave salary	19.88	2.78	22.66	4.24	26.90
Provision for gratuity	-	20.41	20.41	47.45	67.86
Provision for exgratia	-	15.36	15.36	(15.36)	-
Provision for doubtful debts	7.69	36.47	44.16	3.08	47.24
Deferred tax on brought forward losses	18.63	(18.63)	-	-	-
Deferred tax adjustment for opening Ind AS adjustments	183.63	(183.63)	-	-	-
Deferred tax adjustment on adoption of Ind AS 115 (refer note 48)*	-	-	-	2,283.57	2,283.57
Deferred tax adjustment for periods Ind AS adjustments*	234.11	249.11	483.22	(533.88)	(50.66)
Deferred tax expense / (income)	**-**	**(237.72)**	**-**	**1,586.28**	**-**
Net deferred tax assets /(liabilities)	**(2,283.45)**	**-**	**(2,521.17)**	**-**	**(934.89)**

(*) adjusted against current tax liability

Reconciliation of deferred tax liabilities (net):

in ₹ million

	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	2,521.69	2,283.45
Tax income/(expense) during the period recognised in profit or loss	524.80	238.24
Deferred tax adjustment on adoption of Ind AS 115	(2,111.60)	-
Closing balance	**934.89**	**2,521.69**

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

During the year ended 31 March 2019 and 31 March 2018, the Group has paid dividend to its shareholders. This has resulted in payment of DDT to the taxation authorities. The Group believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.

E. Liabilities for current tax (net)

in ₹ million

Particulars	As at 31 March 2019	As at 31 March 2018
Current income tax:		
Opening	361.81	400.81
Add: Additions during the year	987.47	764.46
Add/(less): MAT credit adjustment	-	33.31
Less: Payments during the year	(881.59)	(836.77)
	467.68	**361.81**

22 Trade payables

in ₹ million

	As at 31 March 2019	As at 31 March 2018
Trade payables		
Land cost payable	292.36	984.36
Others	11,035.29	6,220.62
	11,327.65	**7,204.98**

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 30 to 60 day terms. For explanations on the Company's credit risk management processes, refer to note 45.

23 Other liabilities

in ₹ million

	As at 31 March 2019	As at 31 March 2018
Advance from customers (refer note 48)	41,891.08	11,259.81
Liability under JDA (Net of unbilled revenue)	-	13,241.23
Withholding taxes payable	52.76	41.98
Others	104.93	69.37
	42,048.77	**24,612.39**

Breakup of financial liabilities carried at amortised cost

in ₹ million

	As at 31 March 2019	As at 31 March 2018
Borrowings (refer note 18)	24,426.82	23,087.65
Other financial liabilities (refer note 19)	6,476.74	4,454.51
Trade payables (refer note 22)	11,327.65	7,204.98
Total financial liabilities carried at amortised cost	**42,231.21**	**34,747.14**

24 Revenue from operations

in ₹ million

	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue from operations		
Sale of products/finished goods		
Income from property development	22,225.49	19,695.56
Income from sale of land and development rights	98.60	12.50
Income from glazing works	1,574.55	1,963.90
Income from interior works	1,428.50	1,011.69
Income from concrete blocks	433.74	352.37
Sale of services		
Income from contractual activity - Subsidiaries	-	2.72
Income from contractual activity - Others	8,331.02	4,535.95
Rental income from operating leases	142.63	138.59
Income from maintenance	137.88	112.52
Other operating revenue		
Scrap sales	48.25	44.19
	34,420.66	**27,869.99**

25 Other income

in ₹ million

	For the year ended 31 March 2019	For the year ended 31 March 2018
Other non-operating income (net of expenses directly attributable to such income)	337.86	154.04
Profit on exchange difference (net)	2.87	1.74
Profit on sale of fixed assets (net)	7.31	8.64
	348.05	**164.42**

26 Finance income

in ₹ million

	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest income on		
Bank deposits	26.41	32.07
Unwinding of discount on deposits	360.29	299.33
	386.70	**331.40**

27 Cost of raw material and components consumed

in ₹ million

	For the year ended 31 March 2019	For the year ended 31 March 2018
Inventory at the beginning of the year	450.98	388.67
Add: Purchases	2,888.74	2,602.48
Less: Inventory at the end of the year	584.03	450.98
Cost of raw material and components consumed	**2,755.69**	**2,540.17**

28 (Increase)/decrease in inventories

in ₹ million

	For the year ended 31 March 2019	For the year ended 31 March 2018
Inventories at the end of the year		
Building materials	78.35	92.97
Land stock	9,812.50	9,269.46
Work-in-progress	50,863.44	37,019.49
Stock in trade - flats	3,778.83	1,472.35
Finished goods	56.22	43.70
	64,589.33	**47,897.97**
Inventories at the beginning of the year		
Building materials	92.97	126.09
Land stock	9,269.46	9,483.11
Work-in-progress (refer note 48)	58,063.94	38,721.81
Stock in trade - flats	1,472.35	1,480.08
Finished goods	43.70	760.17
	68,942.42	**50,571.26**
Less: Transferred to Capital work-in-progress/tangible assets/ advances	12,409.62	1,876.95
Add: On account of adoption of Ind AS 115	5,000.18	-
Add: Opening inventory acquired on acquisition of subsidiary	112.61	-
	61,645.59	**48,694.31**
(Increase)/decrease	**(2,943.75)**	**796.34**

29 Employee benefits expense

in ₹ million

	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries, wages and bonus	2,140.49	1,793.49
Contribution to provident and other funds	70.78	61.45
Gratuity expense (refer note 36)	30.97	38.28
Compensated absence	36.98	27.09
Staff welfare expenses	79.37	64.54
	2,358.59	**1,984.85**

30 Depreciation and amortization expense

in ₹ million

	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation of property, plant and equipments	581.66	503.34
Amortization of intangible assets	0.70	1.37
Depreciation of investment properties	40.81	39.29
	623.17	**544.00**

31 Other expenses

in ₹ million

	For the year ended 31 March 2019	For the year ended 31 March 2018
License fees and plan approval charges	549.14	209.96
Power and fuel	640.97	570.80
Water charges	36.34	39.53
Freight and forwarding charges	272.02	171.64
Rent (refer note 34)	308.41	266.14
Rates and taxes	283.71	272.13
Insurance	69.24	51.58
Property maintenance expenses	198.47	137.02
Repairs and maintenance		
Plant and machinery	50.67	31.34
Others	54.81	44.02
Advertising and sales promotion	835.40	816.20
Brokerage and discounts	161.78	103.57
Donation	173.50	143.90
Travelling and conveyance	285.11	243.49
Printing and stationery	43.63	36.48
Communication costs	0.21	0.19
Legal and professional fees	244.30	232.73
Directors' commission and sitting fees	6.64	5.74
Payment to auditor (Refer details below)*	7.73	8.33
Allowance for credit loss	25.51	99.66
Bad debts written off	-	4.47
Miscellaneous expenses	520.70	358.93
	4,768.32	**3,847.85**

***Payment to auditor**

	For the year ended 31 March 2019	in ₹ million For the year ended 31 March 2018
As auditor:		
Audit fees [including fees for limited review ₹ 2.83 million (31 March 2018 - ₹ 4.90 million)]	7.83	8.34
In other capacity:		
Other services	0.04	0.02
Reimbursement of expenses	0.51	0.64
	8.38	**9.00**

32 Details of CSR expenditure:

Gross amount required to be spent during the year was ₹ 55.45 million (31 March 2018 - ₹ 59.09 million)

Amount spent during the year ended 31 March 2019:	In cash	Yet to be paid in cash
Construction/acquisition of any asset (in ₹ million)	-	-
On purposes other than above (in ₹ million)	173.97	-
	173.97	**-**
Amount spent during the year ended 31 March 2018:		
Construction/acquisition of any asset (in ₹ million)	-	-
On purposes other than above (in ₹ million)	142.90	-
	142.90	**-**

33 Finance costs

	For the year ended 31 March 2019	in ₹ million For the year ended 31 March 2018
Interest		
- On borrowings	2,164.94	2,257.80
- Others	525.67	253.66
Bank charges	215.11	198.10
	2,905.71	**2,709.56**
Less: Interest inventorised on qualifying assets	(543.51)	(731.96)
Total finance costs	**2,362.20**	**1,977.60**

34 Related party disclosures

a) Name of the related parties and the nature of its relationship with the Group as below:

Joint Venture
Kondhwa Projects LLP

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

Key Management Personnel ('KMP')
Mr. Ravi PNC Menon - Chairman
Mr. J. C. Sharma - Vice Chairman and Managing Director

Additional Key Management Personnel as per Companies Act, 2013 with whom transactions have taken place
Mr. Subhash Bhat - Chief Financial Officer
Mr. Vigneshwar G Bhat - Company Secretary

Other Directors
Mr. Anup Shah
Dr. S K Gupta
Mr. R V S Rao
Dr. Punita Kumar Sinha

Relatives of Key Management Personnel
Mrs. Sudha Menon

Other related parties [Enterprise owned or significantly influenced by key management personnel]
Divyakaushal Properties LLP
Mannur Properties Private Limited
Mannur Real Estate Private Limited
Punkunnam Builders and Developers Private Limited
Puzhakkal Developers Private Limited
SBG Housing Private Limited
Sobha Aviation and Engineering Services Private Limited
Sobha Contracting LLC, Dubai
Sobha Glazing & Metal Works Private Limited
Sobha Interiors Private Limited
Sobha Projects & Trade Private Limited
Sobha Puravankara Aviation Private Limited
Sobha Renaissance Information Technology Private Limited
Sobha Space Private Limited
Sobha Technocity Private Limited
Sri Durga Devi Property Management Private Limited
Sri Kanakadurga Property Developers Private Limited
Sri Kurumba Educational and Charitable Trust
Sri Parvathy Land Developers Private Limited
Technobuild Developers Private Limited
C.V.S.Tech Park Private Limited

b) Details of the transactions with the related parties:

in ₹ million

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
I. Transaction with joint venture		
Amount contributed to partnership current account		
Kondhwa Projects LLP	3.63	1,124.52
II. Transaction with other related parties		
Income from contractual activity		
Sobha Projects & Trade Private Limited	1,021.92	796.63
Income from glazing works		
Sri Kurumba Educational and Charitable Trust	0.54	0.46
Income from interior works		
Sri Kurumba Educational and Charitable Trust	1.46	3.15
Purchase of project items		
Sobha Projects & Trade Private Limited	922.59	151.31
Aircraft hire charges		
Sobha Puravankara Aviation Private Limited	119.63	116.89
CSR expenditure - Donation		
Sri Kurumba Educational and Charitable Trust	122.80	124.20
Payments made on behalf of related party		
Technobuild Developers Private Limited	-	1.54
Sobha Projects & Trade Private Limited	0.10	1.71
Mannur Real Estate Private Limited	-	0.15
Moolamcode Traders Private Limited	0.02	0.05
Pallavur Projects Private Limited	0.01	0.01
Puzhakkal Developers Private Limited	0.09	-
Land advance		
Technobuild Developers Private Limited	556.28	1,014.79
Advance paid towards purchase of goods or services		
Sobha Projects & Trade Private Limited	511.82	71.33
Sobha Puravankara Aviation Private Limited	88.49	58.66
Refund of advance by the related party		
Sobha Projects & Trade Private Limited	26.09	16.61
Technobuild Developers Private Limited	104.77	553.03

in ₹ million

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Rent		
Sobha Interiors Private Limited	16.86	15.96
Sobha Glazing & Metal Works Private Limited	6.62	6.16
III. Transaction with key managerial personnel		
Directors' remuneration		
Mr. J. C. Sharma	70.78	53.72
Mr. Ravi PNC Menon	112.00	91.83
Mr. P. Ramakrishnan	-	4.86
Dividend paid (payment basis)		
Mr. Ravi PNC Menon	0.23	0.08
Mr. J. C. Sharma	0.29	0.10
Salary (including perquisites)		
Mr. Subhash Bhat	11.29	10.93
Mr. Vigneshwar G Bhat	3.87	3.59
Directors' sitting fees and commission		
Mr. Anup Shah	1.86	1.61
Dr. S K Gupta	1.91	1.67
Mr. R V S Rao	1.87	1.63
Dr. Punita Kumar Sinha	1.80	1.58
IV. Transaction with key shareholders		
Dividend paid (payment basis)		
Mr. P. N. C. Menon	84.43	30.56
Mrs. Sobha Menon	249.38	90.87
Mr. P. N. C. Menon and Mrs. Sobha Menon (jointly held shares)	37.02	13.40
Buyback of equity share		
Mr. P. N. C. Menon	-	69.12
Mrs. Sobha Menon	-	306.06
Mr. P. N. C. Menon and Mrs. Sobha Menon (Jointly held shares)	-	30.53

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2019

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

in ₹ million

Particulars	As at 31 March 2019	As at 31 March 2018
I. Balances receivable from and payable to joint ventures		
Investment in partners current account		
Kondhwa Projects LLP	1,128.16	1,124.52
II. Balances receivable from and payable to other related parties		
Land advance		
Technobuild Developers Private Limited	9,176.97	8,731.74
Puzhakkal Developers Private Limited	150.36	150.27
Sri Parvathy Land Developers Private Limited	101.33	101.33
Sri Durga Devi Property Management Private Limited	42.88	42.88
Rent deposit		
Sobha Glazing & Metal Works Private Limited	33.37	27.01
Sobha Interiors Private Limited	84.94	68.19
Advances recoverable in cash or in kind		
Sobha Projects & Trade Private Limited	7.77	426.44
Sobha Puravankara Aviation Private Limited	693.46	663.12
Punkunnam Builders and Developers Private Limited	0.02	0.03
Sobha Aviation and Engineering Services Private Limited	0.01	0.01
Mannur Properties Private Limited	0.02	0.02
Sobha Technocity Private Limited	0.02	0.01
Pallavur Projects Private Limited	0.10	-
Moolamcode Traders Private Limited	0.11	-
Trade receivables		
Sri Kurumba Educational and Charitable Trust	15.98	19.89
Divyakaushal Properties LLP	0.03	2.38
Sobha Projects & Trade Private Limited	635.56	540.51
Trade payables		
SBG Housing Private Limited	2.67	2.67
Sobha Puravankara Aviation Private Limited	463.39	411.29
Sobha Projects & Trade Private Limited	13.11	13.11
Technobuild Developers Private Limited	72.02	96.03
III. Balances receivable from and payable to key managerial personnel		
Non-trade payable		
Mr. J. C. Sharma	59.25	41.75
Mr. Ravi PNC Menon	59.25	43.35

d) Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. The above related party transactions have been approved by the Board of Directors. Outstanding balances at the year-end are unsecured and interest free (except for loans taken mentioned in (d) and investment in debentures of Joint Venture) and settlement occurs in cash. For the year ended 31 March 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2018 - ₹ nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

e) Compensation of key management personnel of the Group

in ₹ million

Particulars	As at 31 March 2019	As at 31 March 2018
Short-term employee benefits	79.44	80.01
Commission to independent directors	6.80	6.00
Other benefits*	118.50	85.07
	204.74	**171.08**

*As the liability for gratuity and leave encashment is provided on actuarial basis for the Group as whole, the amount pertaining to the directors are not included above.

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

f) Also, refer note 17 as regards guarantees received from key management personnel and relative of key management personnel and collateral securities offered by related companies in respect of loans availed by the Group.

35 Segment information

Basis of segmentation

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

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

The CEO monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Accordingly, the Group has identified following as its reportable segment for the purpose of Ind AS 108:

a) Real estate segment;

b) Contractual and manufacturing segment.

Real Estate segment (RE) comprises development, sale, management and operation of all or any part of townships, housing projects, also includes leasing of self owned commercial premises.

The operation of the Contractual and Manufacturing segment (CM) comprises development of commercial premises and other related activities, also includes manufacturing activities related to interiors, glazing and metal works and concrete products.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Also, the Group's financing (including finance costs and finance income) and income taxes are managed on a overall basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The following tables present revenue and profit information for the Group's operating segments for the year ended 31 March 2019 and 31 March 2018 respectively:

Business segments

in ₹ million

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Segment revenue		
Real estate	22,652.85	20,006.09
Contractual and manufacturing	12,908.30	9,203.98
Total segment revenue	**35,561.15**	**29,210.07**
Inter segment revenues	(1,140.49)	(1,340.07)
Net revenue from operations	**34,420.66**	**27,870.00**
Segment result		
Real estate	5,679.83	5,178.69
Contractual and manufacturing	2,226.48	1,293.84
Total segment results	**7,906.31**	**6,472.53**
Finance costs	(2,362.20)	(1,977.60)
Other unallocable expenditure	(1,796.66)	(1,819.36)
Other income (including finance income)	734.75	495.83
Profit before taxation	**4,482.20**	**3,171.39**
Income taxes	(1,512.27)	(1,002.70)
Profit after taxation	**2,969.93**	**2,168.69**

The following table presents assets and liabilities information for the Group's operating segments as at 31 March 2019 and 31 March 2018 respectively:-

in ₹ million

Particulars	As at 31 March 2019	As at 31 March 2018
Segment assets		
Real estate	91,324.00	79,579.57
Contractual and manufacturing	6,999.05	4,351.05
Total segment assets	**98,323.05**	**83,930.62**
Unallocated assets	9,074.23	6,317.53
Total assets	**1,07,397.28**	**90,248.15**

in ₹ million

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Segment liabilities		
Real estate	50,552.01	31,666.60
Contractual and manufacturing	6,602.86	3,710.99
Total segment liabilities	**57,154.87**	**35,377.59**
Unallocated liabilities	27,951.31	27,171.25
Total liabilities	**85,106.18**	**62,548.84**
Capital employed		
Real estate	40,771.99	47,912.97
Contractual and manufacturing	396.19	640.06
Unallocated capital employed	(18,877.08)	(20,853.72)
Total capital employed	**22,291.10**	**27,699.31**

Finance income and costs, and fair value gains and losses on financial assets pertaining to individual segments are allocated to respective segments.

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

in ₹ million

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Capital expenditure		
Real estate	335.60	83.67
Contractual and manufacturing	295.27	55.15
Unallocated capital expenditure	681.77	583.30
Total capital expenditure	**1,312.64**	**722.12**

Capital expenditure consists of additions of property, plant and equipment, intangible assets and capital work-in-progress.

Information of revenue and non-current operating assets based on location cannot be furnished since there are no revenue generated from business activities outside India and there are no non-current operating assets held by the Group outside India.

Reconciliations to amounts reflected in the financial statements

(i) Reconciliation of assets

in ₹ million

Particulars	As at 31 March 2019	As at 31 March 2018
Segment assets	**98,323.05**	**83,930.62**
Investment (refer note 9)	1,128.16	1,124.84
Prepaid expenses (refer note 12)	343.07	297.44
Balances with statutory/government authorities (refer note 12)	1,610.53	1,265.71
Interest accrued on investments (refer note 12)	-	1.42
Current tax assets (net) (refer note 21)	87.33	53.97
Cash and bank balances (refer note 13 and 14)	1,771.45	1,193.91
Non-current bank balances (refer note 11)	16.15	160.88
Other unallocable assets	4,117.17	2,219.36
Total assets	**1,07,396.90**	**90,248.15**

(ii) Reconciliation of liabilities

in ₹ million

Particulars	As at 31 March 2019	As at 31 March 2018
Segment liabilities	**57,154.87**	**35,377.59**
Borrowings (refer note 18)	24,426.82	23,087.65
Provisions (refer note 20)	271.18	306.33
Deferred tax liabilities (refer note 21)	934.89	2,521.17
Liabilities for current tax (net) (refer note 21)	467.68	361.81
Withholding taxes payable (refer note 23)	52.76	41.98
Others payable (refer note 23)	104.93	69.37
Other unallocable liabilities	1,518.20	782.95
Total liabilities	**84,931.33**	**62,548.85**

36 Employment benefit plans

in ₹ million

Particulars	As at 31 March 2019	As at 31 March 2018
Net benefit liability-gratuity	**194.21**	**136.84**
Non-current	121.01	85.47
Current	73.20	51.37

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

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

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

in ₹ million

	31 March 2019	31 March 2018
Reconciliation of present value defined benefit obligation		
Obligation at the beginning of the year	167.02	137.14
Service cost	18.87	29.31
Interest cost	12.53	9.28
Benefits settled	(13.68)	(13.21)
Actuarial (gain)/loss (through OCI)	11.60	4.50
Obligation at the end of the year	**196.34**	**167.02**
Reconciliation of present value of planned assets		
Plan assets at the beginning of the year, at fair value	1.41	0.30
Interest income	0.11	0.02
Actuarial gain/(loss) (through OCI)	(0.01)	0.10
Contributions paid into the plan	14.30	14.20
Benefits settled	(13.68)	(13.21)
Plan assets at the end of the year, at fair value	**2.13**	**1.41**

in ₹ million

	31 March 2019	31 March 2018
Present value of defined benefit obligation at the end of the year	196.34	167.02
Less: Fair value of plan assets at the end of the year	2.13	1.41
Net liability recognised in the balance sheet	**194.21**	**165.61**
Expenses recognised in statement of profit and loss		
Service cost	18.87	29.31
Interest cost (net)	12.42	9.26
Gratuity cost	31.29	38.57
Capitalised to property plant and equipments	(0.32)	(0.29)
Net gratuity cost	**30.97**	**38.28**
Re-measurement gains/(losses) in OCI		
Actuarial gain /(loss) due to financial assumption changes	(3.35)	5.07
Actuarial gain /(loss) due to experience adjustments	(8.24)	(9.57)
Return on plan assets greater (less) than discount rate	(0.01)	0.10
Deferred tax charge	4.06	-
Total expenses routed through OCI	**(7.54)**	**(4.40)**

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

	31 March 2019	31 March 2018
Investment in insurance fund	100%	100%

Acturial assumptions

Particulars	31 March 2019	31 March 2018
Discount rate	7.07%	7.50%
Future salary growth	5.00%	5.00%
Employee turnover	15.00%	15.00%
Estimated rate of return on plan assets	7.50%	7.50%

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

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

in ₹ million

Particulars	31 March 2019	31 March 2018
Effect of + 1% change in rate of discounting	(7.61)	(6.42)
Effect of - 1% change in rate of discounting	8.34	7.03
Effect of + 1% change in rate of salary growth	7.56	7.14
Effect of - 1% change in rate of salary growth	(7.09)	(6.62)
Effect of + 1% change in rate of employee turnover	0.64	0.60
Effect of - 1% change in rate of employee turnover	(0.73)	(0.69)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on projected benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to the projected benefit plan in future years:

in ₹ million

Particulars	31 March 2019	31 March 2018
Within the next 12 months	36.05	32.24
Between 2 and 5 years	101.11	86.65
Between 5 and 10 years	79.65	68.13
Total expected payments	**216.81**	**187.02**

37 Earnings per share ['EPS']

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	31 March 2019	31 March 2018
Profit after tax attributable to shareholders (amount in ₹ million)	2,969.93	2,168.70
Weighted average number of equity shares of ₹10 each outstanding during the period used in calculating basic and diluted EPS	94,845,853	95,625,224
Earnings per share - Basic and diluted (amount in ₹)	31.33	22.68

The Group has applied the modified retrospective approach to its real estate residential contracts that were not completed as of 1 April 2018 and has given impact of adoption of Ind AS 115 by debiting to retained earnings as at the said date. On account of this, the basic and diluted EPS for the year ended 31 March 2019 is ₹ 31.33 instead of ₹ 26.48 per share.

38 Leases

Operating lease - Group as lessor

The Group has entered into commercial property leases on its property,plant and equipiments. These operating leases have variable terms ranging from 12 months to 36 months upto eleven years. All leases include a clause to enable upward revision of the lease rental on periodical basis and includes variable rent determined based on percentage of sales of lessee.

The Group has recognised ₹ 142.63 million (31 March 2018 - ₹ 138.59 million) during the year towards lease rental income.

Minimum lease payments receivable in respect of these leases for non-cancellable period are as follows:

in ₹ million

Particulars	31 March 2019	31 March 2018
Within one year	35.25	41.33
After one year but not more than five years	42.89	73.17
	78.14	**114.50**

Operating lease - Group as lessee

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

The Group has paid ₹ 308.41 million (31 March 2018 - ₹ 266.14 million) during the year towards minimum lease payments.

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

in ₹ million

Particulars	31 March 2019	31 March 2018
Within one year	84.81	78.95
After one year but not more than five years	166.54	165.91
More than five years	110.06	130.92
	361.41	**383.05**

39 Contingent liabilities and commitments

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

in ₹ million

Particulars	31 March 2019	31 March 2018
i Guarantees given by the Group	3,391.96	2,282.11
ii Income tax matters in dispute	279.33	210.44
iii Sales tax matters in dispute	633.97	529.84
iv Service tax matters in dispute	615.51	558.61
v Excise duty matters in dispute	7.27	11.66
	4,928.04	**3,592.65**

The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position. The Group does not expect any reimbursements in respect of the above contingent liabilities

During the year, the Group received a provisional attachment notice, attaching one of the Group's Joint Development Agreement partner's land, on which the Group has completed construction and sold the units. The Group has consulted with independent legal counsel and duly responded to the relevant Authorities.

The Group has also received certain queries from SEBI during the year, with respect to few of the Group's transactions, to which the Group and the statutory auditors have duly responded. The Group is yet to receive any follow on comments from SEBI.

Based on legal consultation, the Group does not expect the outcome of these proceedings to have any adverse effect on its financial position.

b. Commitments

(a) The estimated amount of contracts, net of advances remaining to be executed on capital account is ₹ 62.14 million (31 March 2018 - ₹ 83.78 million).

(b) At 31 March 2019, the Group has given ₹ 18,439.71 million (31 March 2018 - ₹ 17,654.75 million) as advances for purchase of land. Under the agreements executed with the land owners, the Group is required to make further payments under the agreements based on the terms/milestones stipulated under the agreement.

(c) The Group has entered into joint development agreements with owners of land for its construction and development. Under the agreements, the Group is required to pay deposits to the owners of the land and share in area/revenue from such development in exchange of undivided share in land as stipulated under the agreements. As of 31 March 2019, the Group has paid ₹ 5,704.46 million (31 March 2018 - ₹ 5,067.44 million) as refundable deposit (undiscounted) against the joint development agreements.

(d) The Company has entered into an aircraft usage agreement with a party wherein the Company along with certain other parties has committed minimum usage of aircraft. During the year ended 31 March 2019, the company incurred ₹ 119.63 million (31 March 2018 - ₹ 116.89 million) towards aircraft usage as per the agreement.

c. Other litigations

(a) Claims have been levied on the Group by Bruhat Bengaluru Mahanagara Palike ('BBMP') towards certain statutory charges which includes betterment charges, ground rent charges, etc. on certain real estate projects undertaken by the Group, the impact of which is not quantifiable. These claims are pending with various courts and are scheduled for hearings. Based on internal assessment, the management is confident that the matter would be decided in its favour, accordingly no provisions has made in this regard.

(b) The Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business, including certain litigation for lands acquired by it for construction purposes, either through joint development agreements or through outright purchases, the impact of which is not quantifiable. These cases are pending with various courts and are scheduled for hearings. After considering the circumstances and legal advice received, management believes that these cases will not adversely effect its financial statements.

Service tax matters in dispute includes demands raised for joint development agreements, the tax impact of which for future years is not ascertainable. The Group has evaluated such arrangements for tax compliance and based on experts opinion, the management is of the view that the tax positions are appropriate.

40 Construction contracts

in ₹ million

Particulars	31 March 2019	31 March 2018
Contract revenue recognised as revenue for the year ended	29,713.88	22,261.82
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to for all the contracts in progress	48,102.66	49,294.36
The amount of customer advances outstanding for contracts in progress for which revenue has been recognised	7,150.81	4,156.76
The amount of work-in-progress and value of inventories	11,852.38	20,908.58
The amount of retentions due from customers for contracts in progress	182.54	213.76

41 Derivative instruments and unhedged foreign currency exposure

in ₹ million

Particulars	31 March 2019	31 March 2018
Foreign currency exposure that are not hedged by derivative instruments or otherwise:		
Trade payables	6.45	14.79

42 Based on the information available with the Group, there are no suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as at 31 March 2019.

43 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.

in ₹ million

Particulars	31 March 2019	31 March 2018
Opening capital work in progress	**1,344.93**	**792.84**
Add: Expenses incurred during the year		
Purchase of project materials	261.11	178.82
Subcontractor and other charges	154.27	55.34
Salaries, wages and bonus	15.50	12.72
Rent	22.60	15.46
Others	101.96	289.75
Sub-total	**555.44**	**552.09**
Closing capital work in progress	**1,900.37**	**1,344.93**

Sobha Limited
Notes to the consolidated financial statements for the year ended 31 March 2019

44 Fair value measurements

a. The carrying value of financial instruments by categories is as follows:

in ₹ million

Particulars	As at 31 March 2019			As at 31 March 2018		
	At cost	Fair value through profit or loss	At amortised cost	At cost	Fair value through profit or loss	At amortised cost
Financial assets						
Investments (refer note 9)	1,128.16	0.10	0.08	1,124.52	0.10	0.22
Trade receivables (refer note 10)	-	-	3,355.44	-	-	3,406.52
Cash and bank balances (refer note 13 and 14)	-	-	1,771.45	-	-	1,193.91
Other financials assets (refer note 11)	-	-	5,877.10	-	-	8,696.32
Total	**1,128.16**	**0.10**	**11,004.07**	**1,124.52**	**0.10**	**13,296.97**
Financial liabilities						
Borrowings (refer note 18)	-	-	24,426.82	-	-	23,087.65
Trade payables (refer note 22)	-	-	11,327.65	-	-	7,204.98
Other financial liabilities (refer note 19)	-	-	6,476.74	-	-	4,454.51
Total	**-**	**-**	**42,231.21**	**-**	**-**	**34,747.14**

b. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities

in ₹ million

Particulars	As at 31 March 2019				As at 31 March 2018			
	Carrying amount	Fair value			Carrying amount	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial assets								
Investments carried at fair value through profit and loss	0.10	-	-	0.10	0.10	-	-	0.10
Investments at amortized cost	0.08	-	-	0.08	0.22	-	-	0.22
	0.18	**-**	**-**	**0.18**	**0.32**	**-**	**-**	**0.32**
Assets for which fair value are disclosed								
Investment properties	2,028.98	-	-	2,805.00	1,960.82	-	-	2,805.00
	2,028.98	**-**	**-**	**2,805.00**	**1,960.82**	**-**	**-**	**2,805.00**

Notes:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

There have been no transfers between the levels during the period.

Financial instruments carried at amortised cost such as instruments, trade receivables, cash and other financial assets, borrowings, trade payables and other financial liabilities are considered to be same as their fair values, due to their short term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

c. The Group has classified its operating assets and liabilities relating to real estate business as current based on an operating cycle of upto 5 years. Below are the details of real estate assets and liabilities expected to be recovered or settled after the operating cycle from the reporting period.

in ₹ million

	31 March 2019		31 March 2018	
	Current	Non-current	Current	Non-current
Inventories (refer note 8)	2,681.77	62,491.60	2,764.67	45,584.29
Refundable deposit towards joint development agreement (refer note 11)	1,408.99	3,748.27	812.08	3,664.60
Land advances (refer note 12)	5,567.80	12,871.90	372.98	17,281.78
Unbilled revenue (refer note 11)	396.81	-	3,748.33	-
Borrowings (refer note 18)	13,700.71	10,726.11	10,923.28	12,164.37
Advance from customers (refer note 23)	18,321.25	23,569.83	1,379.50	9,880.31
Liability under JDA (net of unbilled revenue) (refer note 23)	-	-	29.84	13,211.39

45 Financial risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to finance and support the Group's operations. The Group's principal financial assets include instruments, trade and other receivables, cash and bank balances, land advances and refundable deposits that derive directly from its operations. The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a risk management committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The risk management committee provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

A. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and other price risk, such as equity price risk and commodity/real estate risk. Financial instruments affected by market risk include borrowings and refundable deposits.

The sensitivity analysis in the following sections relate to the position as at 31 March 2019 and 31 March 2018. The sensitivity analyses have been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rates of the debt.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions.

The below assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2019 and 31 March 2018.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group does not enter into any interest rate swaps.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

in ₹ million

	Increase/ decrease in interest rate	Effect on profit before tax *
31 March 2019		
INR	+1%	(261.57)
INR	-1%	261.57
31 March 2018		
INR	+1%	(234.51)
INR	-1%	234.51

* determined on gross basis i.e. with out considering inventorisation of such borrowing cost.

B. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including refundable joint development deposits, security deposits, loans to employees and other financial instruments.

Trade receivables

(a) Receivables resulting from sale of properties: Customer credit risk is managed by requiring customers to pay advances before transfer of ownership, therefore, substantially eliminating the Group's credit risk in this respect.

(b) Receivables resulting from leasing of properties: Group has established credit limits for customers and monitors their balances on an on-going basis. Credit appraisal is performed by the management before lease agreements are entered into with customers. The risk is also mitigated due to customers placing significant amount of security deposits for lease and fit-out rentals.

(c) Receivables resulting from other than sale of properties and leasing of properties : Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. The impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security.

The Group's credit period generally ranges from 30-60 days.

(d) Revenue from one customer individually accounted for more than 10% of the Group's revenue for the year ended 31 March 2019 and 31 March 2018. No single customer individually accounted for more than 10% of the trade receivable balance of the Group as at 31 March 2019 and 31 March 2018.

Movement in allowance for credit losses

Particulars	31 March 2019	31 March 2018
Opening Balance	121.99	22.33
Amounts written off	(12.43)	4.47
Net remeasurement of loss allowance	25.51	95.19
Closing Balance	**135.07**	**121.99**

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 March 2019 and 31 March 2018 is the carrying amounts.

C. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

in ₹ million

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
31 March 2019						
Borrowings (refer note 18)	5,346.64	2,847.95	5,615.59	10,239.64	377.00	24,426.82
Trade payables (refer note 22)	-	8,069.48	2,620.38	637.79	-	11,327.65
Other financial liabilities (refer note 19)	87.85	1,637.90	2,792.16	1,958.83	-	6,476.74
	5,434.49	**12,555.33**	**11,028.13**	**12,836.26**	**377.00**	**42,231.21**

in ₹ million

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
31 March 2018						
Borrowings (refer note 18)	3,001.71	2,371.61	8,326.67	9,088.00	299.67	23,087.66
Trade payables (refer note 22)	-	3,873.63	1,815.63	1,515.73	-	7,204.99
Other financial liabilities (refer note 19)	34.91	966.42	1,002.37	2,449.29	1.52	4,454.51
	3,036.62	**7,211.66**	**11,144.67**	**13,053.02**	**301.19**	**34,747.16**

46 Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing borrowings, trade payables and other financial liabilities (excluding liability under JDA), less cash and bank balances.

in ₹ million

	As at 31 March 2019	As at 31 March 2018
Borrowings (long-term and short-term, including current maturities of long term borrowings) (Note 18 and 19)	26,038.86	23,312.65
Trade payables (Note 22)	11,327.65	7,204.98
Other financial liabilities (current and non-current, excluding current maturities of long term borrowings) (Note 19)	4,864.70	4,229.51
Other liabilities (excluding liability under JDA) (Note 23)	42,048.77	11,371.16
Less: Cash and bank balances (Note 13 and 14)	(1,771.45)	(1,193.91)
Net debt	**82,508.53**	**44,924.39**
Equity share capital (Note 15)	948.46	948.46
Other equity (Note 16)	21,342.64	26,750.85
Total capital	**22,291.10**	**27,699.31**
Capital and net debt	**1,04,799.63**	**72,623.70**
Gearing ratio	78.73%	61.86%

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2019 and 31 March 2018.

47 Additional information pursuant to para 2 of general instructions for the preparation of the Consolidated Financial Statements for year ended 31 March 2019 and 31 March 2018.

31 March 2019

Name of the entity	Net assets		Share in profit or loss		Share in OCI		Share in total comprehensive income	
	% of consolidated net assets	₹ million	% of consolidated profit or loss	₹ million	% of consolidated OCI	₹ million	% of consolidated total comprehensive income	₹ million
Parent								
Sobha Limited	82.57%	20,773.75	97.26%	2,865.24	100.00%	(7.54)	97.25%	2,857.70
Subsidiaries								
Indian								
Sobha City ['Partnership firm']	5.72%	1,439.88	-0.30%	(8.91)	0.00%	-	-0.30%	(8.91)
Vayaloor Properties Private Limited	0.01%	2.06	0.00%	0.00	0.00%	-	0.00%	0.00
Vayaloor Builders Private Limited	0.01%	3.41	0.00%	0.01	0.00%	-	0.00%	0.01
Vayaloor Developers Private Limited	0.01%	3.31	0.00%	0.01	0.00%	-	0.00%	0.01
Vayaloor Real Estate Private Limited	0.01%	3.42	0.00%	0.01	0.00%	-	0.00%	0.01
Vayaloor Realtors Private Limited	0.00%	0.70	0.00%	(0.00)	0.00%	-	0.00%	(0.00)
Valasai Vettikadu Realtors Private Limited	0.01%	1.47	0.00%	0.00	0.00%	-	0.00%	0.00
Sobha Developers (Pune) Limited	8.52%	2,143.07	1.13%	33.41	0.00%	-	1.14%	33.41
Sobha Assets Private Limited	0.01%	(0.04)	0.00%	(0.04)	0.00%	-	0.00%	(0.04)
Sobha Highrise Ventures Private Limited	2.67%	672.60	1.54%	45.47	0.00%	-	1.55%	45.47
Sobha Contracting Pvt Ltd	0.01%	(0.63)	-0.02%	(0.14)	0.00%	-	0.00%	(0.14)
Sobha Nandambakkam Developers Limited	0.15%	36.92	0.03%	0.84	0.00%	-	0.02%	0.84
Sobha Tambaram Developers Limited	0.32%	80.41	0.35%	10.18	0.00%	-	0.35%	10.18
Kilai Builders Pvt Ltd	0.00%	(0.38)	0.00%	(0.10)	0.00%	-	0.00%	(0.10)
Joint ventures (Investment as per the equity method)								
Kondhwa Projects LLP	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Sub total	**100.00%**	**25,159.96**	**100.00%**	**2,945.98**	**100.00%**	**(7.54)**	**100.00%**	**2,938.44**
Adjustments arising out of consolidation		(2,868.78)		23.94		-		23.94
Total		**22,291.17**		**2,969.92**		**(7.54)**		**2,962.38**

Sobha Limited
Notes to the consolidated financial statements for the year ended 31 March 2019

31 March 2018

Name of the entity	Net assets		Share in profit or loss		Share in OCI		Share in total comprehensive income	
	% of consolidated net assets	₹ million	% of consolidated profit or loss	₹ million	% of consolidated OCI	₹ million	% of consolidated total comprehensive income	₹ million
Parent								
Sobha Limited	86.14%	26,171.43	85.43%	1,939.92	100.00%	(4.40)	85.40%	1,935.52
Subsidiaries								
Indian								
Sobha City ['Partnership firm']	4.14%	1,258.31	5.58%	126.65	0.00%	-	5.59%	126.65
Vayaloor Properties Private Limited	0.01%	2.05	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
Vayaloor Builders Private Limited	0.01%	3.40	0.00%	0.01	0.00%	-	0.00%	0.01
Vayaloor Developers Private Limited	0.01%	3.30	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
Vayaloor Real Estate Private Limited	0.01%	3.41	0.00%	(0.03)	0.00%	-	0.00%	(0.03)
Vayaloor Realtors Private Limited	0.00%	0.71	0.00%	(0.02)	0.00%	-	0.00%	(0.02)
Valasai Vettikadu Realtors Private Limited	0.00%	1.47	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
Sobha Developers (Pune) Limited	7.05%	2,143.12	4.90%	111.28	0.00%	-	4.91%	111.28
Sobha Assets Private Limited	0.01%	0.00	0.00%	(0.04)	0.00%	-	0.00%	(0.04)
Sobha Highrise Ventures Private Limited	2.21%	672.69	3.64%	82.71	0.00%	-	3.65%	82.71
Sobha Contracting Pvt Ltd	0.01%	(0.48)	-0.02%	(0.28)	0.00%	-	-0.01%	(0.28)
Sobha Nandambakkam Developers Limited	0.16%	48.42	0.03%	0.65	0.00%	-	0.02%	0.65
Sobha Tambaram Developers Limited	0.24%	74.07	0.44%	9.89	0.00%	-	0.44%	9.89
Joint ventures (Investment as per the equity method)								
Kondhwa Projects LLP	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Sub total	**100.00%**	**30,381.90**	**100.00%**	**2,270.71**	**100.00%**	**(4.40)**	**100.00%**	**2,266.31**
Adjustments arising out of consolidation		(2,682.61)		(102.02)		-		(102.02)
Total		**27,699.29**		**2,168.69**		**(4.40)**		**2,164.29**

48 The Group has applied the modified retrospective approach to its real estate residential contracts that were not completed as of 1 April 2018 and has given impact of adoption of Ind AS 115 by debiting to retained earnings as at the said date by ₹ 7,570 million (net of tax). Accordingly the comparatives have not been restated and hence, the current year figures are not comparable to the previous year figures for the below mentioned accounts:

On account of adoption of Ind AS 115, the following accounts have an impact on their opening balance as at 1 April 2018

Particulars	in ₹ million
I. Surplus in the statement of profit and loss	
As at 31 March 2018	13,866.23
Revenue on account of adoption of Ind AS 115	(32,680.01)
Cost on account of adoption of Ind AS 115	21,044.45
Deferred tax asset recognised on loss made on account of Ind AS 115	4,065.35
As at 1 April 2018 (refer Note B below)	**6,296.02**
II. Inventories - Work in progress	
As at 31 March 2018	37,019.49
Cost on account of adoption of Ind AS 115	21,044.45
As at 1 April 2018 (refer Note A below)	**58,063.94**
III. Advance from customers	
As at 31 March 2018	11,259.81
On account of adoption of Ind AS 115 (*)	31,447.31
As at 1 April 2018	**42,707.12**

(*) includes ₹ 2,514.72 towards adjustment for significant financing component

Note A

Out of the opening balance of ₹ 21,044.45, the Company recognised cost of ₹ 10,217,98 during the year ended 31 March 2019

Note B

Out of the opening balance of ₹ 32,680.01, the Company recognised revenue of ₹ 16,152.91 during the year ended 31 March 2019.

As per our report of even date attached

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

Supreet Sachdev
Partner
Membership No.: 205385

Place: Bengaluru, India
Date: 17 May 2019

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

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Place: Bengaluru, India
Date: 17 May 2019

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

Particulars	Sobha Developers (Pune) Limited	Sobha Highrise Ventures Private Limited	Sobha Assets Private Limited	Sobha Tambaram Developers Limited	Sobha Nandambakkam Developers Limited	Sobha Contracting Private Limited*	Kilai Builders Private Limited**
Reporting Period	2018-19	2018-19	2018-19	2018-19	2018-19	2018-19	2018-19
Reporting Currency	INR in Million	INR in Million	INR in Million	INR in Million	INR in Million	INR in Million	INR in Million
Share Capital	0.53	206.00	0.10	0.50	0.50	0.10	0.500
Reserve and Surplus	2,142.55	542.95	(0.14)	79.91	36.42	(0.73)	(0.878)
Total Assets	2,187.16	954.12	82.79	118.19	98.88	511.09	173.78
Total Liabilities	44.09	205.17	82.83	37.77	61.96	511.72	174.155
Investments	9.22	-	-	-	-	-	-
Turnover	370.31	393.84	-	23.74	2.28	-	-
Profit before Taxation	51.28	64.69	(0.04)	13.30	0.71	(0.14)	(0.095)
Provision for Taxation	17.87	24.52	-	3.12	(0.13)	-	-
Profit after Taxation	33.41	40.16	(0.04)	10.18	0.84	(0.14)	(0.095)
Proposed Dividend	-	-	-	-	-	-	-
% Share Holding	100%	100%	100%	100%	100%	100%*	100%*

*Sobha Contracting Private Limited is a wholly owned subsidiary of Sobha Highrise Ventures Private Limited. Hence a stepdown subsidiary of Sobha Limited.

**Kilai Builders Private Limited is a wholly owned subsidiary of Sobha Developers (Pune) Limited. Hence a stepdown subsidiary of Sobha Limited.

1. Names of subsidiaries which are yet to commence business: None.
2. Names of subsidiaries which have been liquidated or sold during the year: None.

Part "B": Associates and Joint Ventures

CVS Tech Park Private Limited, an associate of Sobha Limited was incorporated on 5th March 2018.

Particulars	CVS Tech Park Private Limited
Reporting Period	2018-19
Reporting Currency	INR in Million
Share Capital	0.10
Reserve and Surplus	(0.01)
Total Assets	0.08
Total Liabilities	(0.01)
Investments	-
Turnover	-
Profit before Taxation	(0.01)
Provision for Taxation	-
Profit after Taxation	(0.01)
Proposed Dividend	-
% Share Holding	100%

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

Ravi PNC Menon
Chairman

J.C Sharma
Vice Chairman and Managing Director

Subhash Bhat
Chief Financial Officer

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Place: Bengaluru, India
Date: May 17, 2019

Notice of Annual General Meeting

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the Members of Sobha Limited will be held on Friday, the 9th day of August 2019 at Taj MG Road, Bengaluru, 41/3, Mahatma Gandhi Road, Bengaluru 560 001, Karnataka at 3.30 P.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt:

   (a) The standalone financial statements of the Company which includes the Audited Balance Sheet as at March 31, 2019, 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.

   (b) The consolidated financial statements of the Company which includes the Audited Balance Sheet as at March 31, 2019, the Statement of Profit and Loss for the financial year ended as on that date and the Cash Flow Statement together with report of the Statutory Auditors thereon.

2. To declare Dividend on equity shares.

3. To appoint a Director in place of Mr. Jagdish Chandra Sharma (DIN: 01191608), who retires by rotation and being eligible has offered himself for re-appointment.

SPECIAL BUSINESS:

4. Ratification of remuneration payable to Cost Auditors:

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

   "RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, including any amendment or re-enactment thereof and any other law for the time being in force, the approval of the members of the Company be and is hereby accorded for the payment of remuneration not exceeding ₹ 175,000 (Rupees One lakh and seventy five thousand only) plus reimbursement of out of pocket expenses and taxes as may be applicable from time to time to M/s. Srinivas & Co., Cost Accountants (Firm Registration No: 000278), the Cost Auditors of the Company for the financial year 2018-19.

   RESOLVED FURTHER THAT any of the Directors or the Company Secretary and Compliance Officer of the Company be and are hereby severally authorised to do all such acts, deeds, things, matters and to execute all such documents as may be required to give effect to this resolution."

5. Reappointment of Mr. Jagdish Chandra Sharma (DIN: 01191608), as Vice Chairman and Managing Director:

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

   "RESOLVED THAT pursuant to Sections 196, 197, 198 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other applicable enactments, as amended from time to time, including any statutory modification(s) or re-enactment(s) thereof, approval of the members of the Company be and is hereby accorded for re-appointment of Mr. Jagdish Chandra Sharma (DIN: 01191608) as Vice Chairman and Managing Director 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 this Notice, which shall be effective from April 01, 2019, 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. Appointment of Mr. Seetharam Thettalil Parameswaran Pillai (DIN: 08391622) as a Director:

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

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions if any, of the Companies Act, 2013 and the rules made thereunder, including any statutory modification(s) or re-enactment thereof for the time being in force and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Seetharam Thettalil Parameswaran Pillai (DIN: 08391622), who was appointed as an Additional Director with effect from 1st April, 2019 on the Board of the Company in terms of Section 161 of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company.

   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. Appointment of Mr. Seetharam Thettalil Parameswaran Pillai (DIN: 08391622) as Whole-time Director of the Company:

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

   "RESOLVED THAT pursuant to Sections 2(94), 196, 197, 198 and 203 read with Schedule V 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, approval of the members be and is hereby accorded to appoint Mr. Seetharam Thettalil Parameswaran Pillai (DIN: 08391622), as a Whole-time Director of the Company for a period of 3 years, with effect from 1st April, 2019, on the terms and conditions including 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 this Notice, 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."

8. Appointment of Mr. Jagadish Nangineni (DIN: 01871780) as a Director:

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

   "RESOLVED THAT pursuant to Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, including any statutory modification(s) or re-enactment thereof for the time being in force and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Jagadish Nangineni (DIN: 01871780) who was appointed as an Additional Director with effect from 8th July, 2019 on the Board of the Company in terms of Section 161 of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company.

   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."

9. Appointment of Mr. Jagadish Nangineni (DIN: 01871780) as Deputy Managing Director of the Company:

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

   "RESOLVED THAT pursuant to Sections 2(94), 196, 197, 198 and 203 read with Schedule V 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, the approval of the members be and is hereby accorded to appoint Mr. Jagadish Nangineni (DIN: 01871780), as Whole-time Director designated as Deputy Managing Director of the Company for a period of 5 years, with effect from 8th July, 2019 on the terms and conditions including 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 this Notice, 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."

10. Approval of Remuneration of Mr. Ravi PNC Menon (DIN: 02070036), Chairman of the Company:

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

    "RESOLVED THAT pursuant to Regulation 17(6)(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the resolution passed at the Annual General Meeting held on 3rd August, 2016, approval of the members be and is hereby accorded for payment of remuneration to Mr. Ravi PNC Menon (DIN: 02070036), Chairman of the Company, by way of salary, perquisites and allowances, performance incentive, etc. in excess of the limits mentioned under the aforementioned Listing Regulation and under applicable provisions of the Companies Act, 2013, as detailed in the Statement pursuant to Section 102(1) of the Companies Act, 2013 annexed to this Notice, with authority to the Board of Directors to revise the terms and conditions of 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."

11. Re-appointment of Mr. Ramachandra Venkatasubba Rao (DIN: 00061599) as a Non-Executive Independent Director of the Company:

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

    "RESOLVED THAT pursuant to Sections 149, 150, 152 read with schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014, including any statutory modification(s) or re-enactment thereof for the time being in force and Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr Ramachandra Venkatasubba Rao (DIN: 00061599), who has attained the age of 75 years and who holds office up to the conclusion of the Twenty Fourth Annual General Meeting as a Non-Executive Independent Director, be and is hereby re-appointed as a Non-Executive Independent Director of the Company for a period of second term of 5 (five) consecutive years commencing from 9th August, 2019.

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 and take all such steps as may be necessary, proper and expedient to give effect to this resolution."

12. Re-appointment of Mr. Anup Sanmukh Shah (DIN: 00317300) as a Non-Executive Independent Director of the Company:

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

    "RESOLVED THAT pursuant to Sections 149, 150, 152 read with schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014, including any statutory modification(s) or re-enactment thereof for the time being in force and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Anup Sanmukh Shah (DIN: 00317300) who holds office up to the conclusion of the Twenty Fourth Annual General Meeting as a Non-Executive Independent Director, be and is hereby re-appointed as a Non-Executive Independent Director of the Company for a period of second term of 5 (five) consecutive years commencing from 9th August, 2019.

    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 and take all such steps as may be necessary, proper and expedient to give effect to this resolution."

13. Appointment of Mr. Sumeet Jagdish Puri (DIN: 01971801) as a Non-Executive Independent Director of the Company:

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

    "RESOLVED THAT pursuant to Sections 149, 150, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014, including any statutory modification(s) or re-enactment thereof for the time being in force and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Sumeet Jagdish Puri (DIN: 01971801), who was appointed as an Additional Director in the capacity of Non-Executive Independent Director with effect from 8th July, 2019 be and is hereby appointed as a Non-Executive Independent Director of the Company for a term of five years commencing from 8th July, 2019.

    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 and take all such steps as may be necessary, proper and expedient to give effect to this resolution."

14. Issue of Non-Convertible Debentures on private placement basis:

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

    "RESOLVED THAT pursuant to Sections 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, SEBI (Issue and Listing of Debt Securities) Regulations, 2008, the guidelines issued by the Securities and Exchange Board of India (SEBI), the Listing Agreement entered into by the Company with stock exchanges and subject to the approval, permissions and sanctions of the lenders of the Company, SEBI, Stock Exchanges, Reserve Bank of India (RBI), Government of India and other concerned authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of the aforementioned authorities while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company, the approval of the members 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, including but not limited to other debt securities, in one or more series or tranches, aggregating up to ₹7,00,00,00,000 (Rupees Seven Hundred Crores Only), on a private placement basis, on such terms and conditions as the Board of Directors may, from time to time, determine and consider proper and beneficial to the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the members hereby authorise the Board of Directors to do all such acts, deeds, matters and things, settle all question, difficulties or doubts that may arise in regard to the issue or allotment of such Debentures, utilisation of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board of Directors may in its absolute discretion deem fit without being required to seek any further consent or approval of the members 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."

15. Remuneration to Non-Executive Directors:

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

"RESOLVED THAT pursuant to Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made thereunder or any amendment or re-enactment thereof, if any and subject to such permissions, sanctions of appropriate authorities as may be required, approval of the members be and is hereby accorded for the payment of annual remuneration to one or more of the Non-Executive Directors of the Company other than the Managing/Whole-time Director(s), for a period of five years from the financial year commencing from April 01, 2019, of a sum not exceeding 1% of the net profits of the Company, for each of the said financial years, calculated in accordance with the provisions of Section 198 of the Companies Act, 2013, in addition to the fee payable to them for attending the meetings of the Board of Directors of the Company or any Committee(s) thereof or reimbursement of expenses, if any, to be paid and distributed amongst the Non-Executive Directors as aforesaid in such amounts or proportions and in such manner as the Board of Directors may, from time to time, determine and in default of such determination equally.

RESOLVED FURTHER THAT for the purpose of giving effect to the foregoing resolution, the Board of Directors and Company Secretary and Compliance Officer of the Company be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper, desirable and to settle any question, difficulty or doubt that may arise in this regard without being required to seek any further consent or approval of the members of the Company or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

By Order of the Board of Directors

For Sobha Limited

Vighneshwar G Bhat
Company Secretary &
Compliance Officer

Place: Bangalore
Date : July 8, 2019

NOTES:

Voting

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE, ON A POLL, INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE TIME FIXED FOR THE MEETING. A PROXY FORM IS ENCLOSED FOR THIS PURPOSE.**

   A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN AGGREGATE NOT MORE THAN TEN PER CENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN 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 seeking appointment/ re-appointment 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 Fourth Annual General Meeting and the Annual Report 2019 will be available on the Company's website www.sobha.com. The Notice of Annual General Meeting shall also be available on the website of NSDL viz. www.evoting.nsdl.com.

7. 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 August 6, 2019 at 9.00 AM and ends on August 8, 2019 at 5.00 PM. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by a shareholder, it cannot be changed subsequently.**

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 dematerialised form, as on the cut-off date, that is, Friday, August 2, 2019 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:

A. For shareholders receiving e-mail communication from NSDL

Step 1

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-voting and you can proceed to Step 2 i.e. cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	**Your User ID is:**
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company. For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

   a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

   c) Retrieval of 'initial password':

      (i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. The .pdf file contains your 'User ID' and your 'initial password'.

      (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:

   a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

   c) If you are still unable to get the password by the aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/ folio number, your PAN, your name and your registered address.

7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.

8. Now, you will have to click on “Login” button.

9. After you click on the “Login” button, Home page of e-Voting will open.

Step 2

1. After successful login as mentioned in Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.

3. Select “EVEN” of Sobha Limited.

4. Now you are ready for e-Voting as the Voting page opens.

5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.

6. Upon confirmation, the message “Vote cast successfully” will be displayed.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

B. For shareholders’ receiving physical copy of the Notice of 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.

General Guidelines:

1. **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 an attested specimen signature of the duly authorised signatory(ies) who are authorized to vote, to the Scrutinizer through E-mail nagendradrao@gmail.com with a copy marked to evoting@nsdl.co.in.**

2. **For shareholders’ who have become members of the Company after the despatch of the Notice of the Annual General Meeting:**

   Members who have acquired the shares of the Company after the despatch of the Notice of Annual General Meeting and whose names appear in the Register of Members of the Company or in the Register of Beneficial owners maintained by the depositories as on the cut-off date i.e. Friday, August 2, 2019 will be eligible to cast their vote through remote e-voting.

   Such members may obtain the Login ID and Password by sending a request to any of the following e-mail ids:

   1. To NSDL at evoting@nsdl.co.in
   2. To the Registrar and Share Transfer Agents at evoting@linkintime.co.in
   3. To the Company at investors@sobha.com

   However, if a member is already registered with NSDL for remote e-voting, then he/she can use his/her existing User ID and Password for casting your vote. If he/she do not remember his/her password, he/she can reset his/her password by using the ‘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 requested to follow the steps mentioned above to cast their vote.

13. Shareholders can update their mobile numbers and e-mail IDs in the user profile details of the folio which may be used for sending communication(s) regarding the NSDL e-voting system in the future.

14. In case of any queries, shareholders may refer to the Frequently Asked Questions (FAQs) and remote e-voting user manual for shareholders

available in the 'Downloads' section of www.evoting.nsdl.com or call on the toll free no.: 1800-222-990. Shareholders may also contact the Company or its Registrar and Transfer Agents for any assistance in this regard.

15. 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.

16. All documents referred to in the accompanying Notice and Statement annexed thereto shall be open for inspection at the Registered Office of the Company during normal business hours on any working day till the date of the Annual General Meeting.

DIVIDEND

17. The Register of Members and the Share Transfer Books of the Company shall remain closed on Friday, 26th July, 2019.

18. 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 September 13, 2019.

19. 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 shall be sent to the remaining members.

INVESTOR CLAIMS

20. Members who have not yet encashed their dividend warrants for earlier years are requested to write to the Secretarial Department at the Registered and Corporate Office of the Company or send an e-mail to: investors@sobha.com to claim the dividend. Details of unclaimed dividend as on 31.03.2019 are available in the 'Investors Section' of the website of the Company www.sobha.com.

    During the financial year 2019-20, the Company will be required to transfer to the Investor Education and Protection Fund, the dividend declared in the Annual General Meeting of the Company held on 30th June, 2012 and which is lying unclaimed with the Company for a period of seven years from the date of transfer to the Unpaid Dividend Account.

21. Allottees who have not yet claimed the equity shares allotted to them during the Initial Public Offer (IPO) of the Company are requested to make their claim to the Secretarial Department at the Registered and Corporate Office of the Company or send an e-mail to investors@sobha.com. Details of unclaimed equity shares are available in the 'investors section' of the website of the Company www.sobha.com.

INVESTOR SERVICING

22. Members holding shares in physical mode are requested to lodge/notify communication for change of address, transfer deeds, bank details, ECS details, wherever applicable, mandates (if any), with M/s Link Intime India Private Limited, the Registrar and Share Transfer Agents of the Company, having their office at C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai – 400083.

    Members holding shares in electronic form are requested to lodge the above details with their Depository Participants and not with the Company or the Registrar and Share Transfer Agents of the Company as the Company is bound to use only the data provided by the depositories while making the payment of dividend.

23. All Investor Queries/Complaints/Grievances may be addressed to the Secretarial Department at the Registered and Corporate Office of the Company or by sending an e-mail to investors@sobha.com.

Members can also write to M/s. Link Intime India Private Limited, the Registrar and Share Transfer Agents of the Company, having their office at C-101, 247, LBS Marg, Vikhroli (West), Mumbai - 400 083 or send an e-mail to rnt.helpdesk@linkintime.co.in.

OTHERS

24. The route map for the venue of the Annual General Meeting forms part of this Notice and is published elsewhere in the Annual Report of the Company.

25. Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 directs listed companies to send soft copies of the annual report to those shareholders who have registered their e-mail addresses. 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 e-mail IDs with their Depository Participants where shares are held in dematerialised mode and where the shares are held in physical form to update the same in the records of the Company in order to facilitate electronic servicing of Annual Reports and other documents.

EXPLANATORY STATEMENT ANNEXED TO NOTICE

[PURSUANT TO THE PROVISIONS OF SECTION 102(1) OF THE COMPANIES ACT, 2013]

Item No. 4

In terms of Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014 as may be amended from time to time, the Company is required to get its cost records audited.

The Board of Directors, based on the recommendation of the Audit Committee, have appointed M/s. Srinivas & Co, Cost Accountants (Firm Registration No: 000278) as the Cost Auditors of the Company for the financial year 2018-19. Further, the Board of Directors, on the recommendations of the Audit Committee, have approved the payment of remuneration not exceeding ₹ 175,000 (Rupees One lakh and seventy five thousand only) plus out of pocket expenses and taxes as may be applicable from time to time to the Cost Auditors for undertaking the cost audit of the Company for the financial year 2018-19.

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, approval of the members is sought for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2019.

None of the Directors or Key Managerial Personnel or their relatives are in any way interested or concerned, financially or otherwise in this Resolution except to the extent of their shareholding in the Company.

The Board of Directors recommends the Ordinary Resolution set out in Item No. 4 for approval by the Members.

Item No. 5

Mr. Jagdish Chandra Sharma (DIN: 01191608) was re-appointed as Vice Chairman and Managing Director of the Company vide Special resolution passed in the Nineteenth Annual General Meeting held on July 11, 2014.

Mr. Sharma, 61 years, 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 37 years of experience in diversified industries such as automobiles, textiles and steel. He has been associated with SOBHA since June 2001. With 18 years of cumulative experience in the Company, he has been a member of the Board of Directors since the year 2003. Mr. J.C. Sharma is entrusted with the overall responsibility of managing the affairs of the Company especially finance, purchase, legal and land acquisition, administration and also responsible for achieving the targets of the Company. He plays an instrumental role in spearheading the growth mantle of the Company.

Mr. Sharma is a member of the Audit Committee, Stakeholders Relationship Committee, Risk Management Committee, Corporate Social Responsibility Committee and Share Transfer Committee of the Company.

Based on the recommendation of the Nomination, Remuneration and Governance Committee and in view of the contributions made by him, it is proposed to re-appoint Mr. Sharma as a Vice Chairman and Managing Director of the Company for a further period of five years commencing from April 01, 2019 on the remuneration set-out below:

A. Basic salary: ₹ 4,66,667 (Rupees Four Lakhs Sixty Six Thousand Six Hundred Sixty Seven only) 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 ₹ 10,00,000 (Rupees Ten 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 Mediclaim Insurance.

If re-appointed, Mr. Sharma will hold office for a term of 5 years, which will end at the close of the financial year 2023 - 24. Mr. Sharma satisfies the conditions set out in Section 196(3) and Part 1 of Schedule V of the Companies Act, 2013. Mr. Sharma has given his consent to act as Vice Chairman and Managing Director of the Company. Further as per the declarations received by the Company, he is not disqualified under Section 164 of the Companies Act, 2013.

Mr. Sharma holds 22,378 equity shares of ₹ 10 each in the Company as on 8th July, 2019. He is not related to any of the Directors of the Company. The directorships held by Mr. Sharma are within the limits prescribed under Section 165 of the Companies Act, 2013 and the Listing Regulations. The draft letter of appointment containing the terms and conditions of appointment of Mr. Sharma as a Whole-time Director designated as Vice Chairman and Managing Director of the Company is available for inspection by members at the Registered Office of the Company on any working day during working hours. Mr. Sharma is interested in the passing of this resolution by virtue of his directorship and to the extent of his 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 disclosures relating to Mr. J C Sharma, as required under the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 and Secretarial Standards issued by the Institute of Company Secretaries of India, is set out as an Annexure to this Notice.

The above may also be treated as an abstract of the terms of contract of re-appointment of Mr. Sharma as Vice Chairman and Managing Director 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 recommends the Special Resolution set out in Item No. 5 for approval by the members.

Item No. 6 and 7

On the basis of recommendation of Nomination, Remuneration and Governance Committee, the Board of Directors at its Meeting held on 26th March, 2019 appointed Mr. Seetharam Thettalil Parameswaran Pillai (DIN: 08391622), as an Additional Director of the Company pursuant to Section 161(1) of the Companies Act, 2013 and designated as Whole-time Director with effect from 1st April, 2019. Mr. Seetharam holds office up to the date of the ensuing Annual General Meeting, and is eligible to be appointed as a Director of the Company.

Mr. T.P. Seetharam received MA degree in English Literature from Madras Christian College. He joined the Indian Foreign Service in 1980. After a distinguished service of 36 years as a career diplomat, he retired as Ambassador of India to UAE in August, 2016. He was also High Commissioner of India to Mauritius, Additional Secretary in Ministry of External Affairs, New Delhi dealing with Western Europe & European Union, Director General of India-Taipei Association (Taiwan), Program Director in Indian Council for Cultural Relations and served in various capacities at Indian diplomatic missions in Hong Kong, Lusaka (Zambia), Windhoek (Namibia), Beijing (China), Phnom Penh (Cambodia), Johannesburg and Cape Town (South Africa) and Bangkok (Thailand). He served as Minister Counsellor in the Indian Permanent Mission to the Conference on Disarmament in Geneva (Switzerland). He was Press Secretary to H.E. Mr. K.R. Narayanan, President of India. He was also Permanent Representative of India to International Renewable Energy Agency (IRENA) in Abu Dhabi. Mr. Seetharam shall oversee the Corporate Social Responsibility activities of the Company.

Pursuant to the provisions of Sections 149, 152, 196, 203 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014, it is proposed to appoint Mr. Seetharam Thettalil Parameswaran Pillai (DIN: 08391622) as the Director of the Company. Further, pursuant to Sections 197 and 198 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, basis the recommendation of the Nomination, Remuneration and Governance Committee, it is proposed to appoint Mr. Seetharam Thettalil Parameswaran Pillai as Whole-time Director of the Company for a period of 3 years on the following terms and conditions:

A. Basic salary: ₹ 3,90,000 (Rupees Three Lakhs Ninety Thousand only) per month with authority to the Board of Directors to revise the basic salary from time to time taking into account the performance, subject to a ceiling of ₹ 500,000 (Rupees Five Lakhs only) per month.

B. Accommodation: House Rent allowance of ₹ 48,000 (Rupees Forty Eight Thousand Only) per month, which shall be revised by the Board from time to time.

C. Other Allowances: ₹ 2,25,380 (Rupees Two Lakh Twenty Five Thousand Three Hundred and Eighty Only) per month, which shall be revised by the Board from time to time.

D. Perquisites: He shall be entitled to perquisites, allowances, benefits, facilities and amenities (collectively called Perquisites) as per the policy of the Company.

E. 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.

   ii. Telephone

   iii. Company's contribution to Provident Fund

   iv. Payment of gratuity and other retirement benefits

   v. Encashment of leave

   vi. Personal Accident and Mediclaim Insurance

Mr. Seetharam has consented to act as a Director of the Company and has confirmed that he is not disqualified from being appointed as Director under Section 164 of the Companies Act, 2013. He does not hold any shares in the Company. The directorships held by Mr. T.P. Seetharam are within the limits prescribed under Section 165 of the Companies Act, 2013.

The disclosures relating to Mr. Seetharam, as required under the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 and Secretarial Standards issued by the Institute of Company Secretaries of India, is set out as an Annexure to this Notice.

Except Mr. T P Seetharam, 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 appointment of Mr. Seetharam as Whole-time Director of the Company and a memorandum as to the nature of concern and interest of the Directors in the said appointment, as required under Section 190 of the Act.

Considering the rich experience and vast knowledge in diverse areas, the Board recommends the Ordinary Resolution/Special Resolution set out in Item No. 6 and 7 respectively, in the Notice for approval by the members.

Item No. 8 and 9:

On the basis of recommendation of Nomination, Remuneration and Governance Committee, the Board of Directors at its Meeting held on 8th July, 2019 appointed Mr. Jagadish Nangineni (DIN: 01871780), as an Additional Director of the Company pursuant to Section 161(1) of the Companies Act, 2013 and designated as Deputy Managing Director with effect from 8th July, 2019. Mr. Jagadish holds office up to the date of the ensuing Annual General Meeting, and is eligible to be appointed as a Director of the Company.

Mr. Jagadish has 17 years of experience in the field of real estate, technology, consulting and has been associated with Sobha since November 2009. As Regional Head – NCR Region, Sobha, he has been involved in all facets of Sobha's business and has established Company's presence in NCR. Prior to working in Sobha, he has worked with A.T. Kearney as a Management Consultant and with Highstreet Capital. Mr. Jagadish holds MBA from the Indian Institute of Management, Calcutta and has done Bachelor of Technology (B.Tech) in Civil Engineering from Indian Institute of Technology, Bombay.

Pursuant to the provisions of Sections 149, 152, 196, 203 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014, it is proposed to appoint Mr. Jagadish Nangineni (DIN: 01871780) as the Director of the Company. Further, pursuant to Sections 197 and 198 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, basis the recommendation of the Nomination, Remuneration and Governance Committee, it is proposed to appoint Mr. Jagadish Nangineni as Whole-time Director designated as Deputy Managing Director of the Company for a period of 5 years on the following terms and conditions:

A. Basic salary: ₹ 3,70,000 (Rupees Three Lakhs Seventy Thousand only) per month with authority to the Board of Directors to revise the basic salary from time to time taking into account the performance, subject to a ceiling of ₹ 6,00,000 (Rupees Six Lakhs only) per month.

B. Accommodation: House Rent allowance of ₹ 1,48,000 (Rupees One Lakh Forty Eight Thousand Only) per month, which shall be revised by the Board from time to time.

C. Other Allowances: ₹ 2,14,307 (Rupees Two Lakh Fourteen Thousand Three Hundred and Seven Only) per month, which shall be revised by the Board from time to time.

D. Perquisites: He shall be entitled to perquisites, allowances, benefits, facilities and amenities (collectively called Perquisites) as per the policy of the Company.

E. Performance Incentives: As determined by the Board of Directors 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.

ii. Telephone

iii. Company's contribution to Provident Fund

iv. Payment of gratuity and other retirement benefits

v. Encashment of leave

vi. Personal Accident and Mediclaim Insurance

Mr. Jagadish has consented to act as a Director of the Company and has confirmed that he is not disqualified from being appointed as Director under Section 164 of the Companies Act, 2013. He does not hold any shares in the Company. The directorships held by Mr. Jagadish are within the limits prescribed under Section 165 of the Companies Act, 2013.

The disclosures relating to Mr. Jagadish, as required under the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 and Secretarial Standards issued by the Institute of Company Secretaries of India, is set out as an Annexure to this Notice.

Except Mr. Jagadish, 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 appointment of Mr. Jagadish as Deputy Managing Director of the Company and a memorandum as to the nature of concern and interest of the Directors in the said appointment, as required under Section 190 of the Act.

Considering the rich experience and vast knowledge in diverse areas, the Board recommends the Ordinary Resolution/ Special Resolution as set out in Item No. 8 and 9 respectively in the Notice for approval by the members.

Item No. 10

Pursuant to Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and further to the resolution passed by the members of the Company at the Annual General Meeting held on 3rd August, 2016, approving the appointment of Mr. Ravi PNC Menon (DIN: 02070036) as Whole-time Director designated as Chairman for a period of five years and his remuneration by way of salary, perquisites and allowances, performance incentive etc., effective from 1st April, 2016, approval of the members is requested for payment of remuneration to Mr. Menon in excess of the limits mentioned in the aforesaid regulation i.e. ₹ 5 crores or 2.5% of the net profit of the Company, whichever is higher, under the Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It may be noted that the current remuneration structure of Mr. Menon is as under:

A. Basic salary: ₹ 26,25,000 (Rupees Twenty Six Lakhs Twenty Five Thousand only) 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 ₹ 30,00,000 (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

iii. Company's contribution to Provident Fund

iv. Payment of gratuity and other retirement benefits

v. Encashment of leave

vi. Personal Accident and Mediclaim Insurance.

To the extent of his shareholding in the Company and being Chairman of the Company, except Mr. Menon, None of the other Directors or Key Managerial Personnel or their relatives are in any way interested or concerned, financially or otherwise in this resolution.

The Board recommends the Special Resolution set out in Item No. 10 for approval by the members.

Item No. 11

Mr. Ramachandra Venkatasubba Rao (DIN: 00061599) was appointed as a Non-Executive Independent Director at the Annual General Meeting held on 11th July, 2014 for a period of five consecutive years and will be ceased to be an Independent Director at the end of the ensuing Annual General Meeting. On the the recommendation of Nomination, Remuneration and Governance Committee and in view of his knowledge, expertise and in particular the contributions made by him, the Board of Directors at its Meeting held on 8th July, 2019 approved the re-appointment of Mr. Ramachandra Venkatasubba Rao as a Non-Executive Independent Director of the Company for a further period of 5 (five) consecutive years commencing from 9th August, 2019. In terms of Sections 152 of the Companies Act, 2013, Mr. R.V.S. Rao is not liable to retire by rotation.

Mr. R.V.S. Rao 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 47 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. Rao has given his consent to act as a Non-Executive Independent Director of the Company and has furnished necessary declarations to the Board of Directors that he meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further as per the declarations received by the Company, he is not disqualified under Section 164 of the Companies Act, 2013). In terms of Regulation 25(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, he has confirmed that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties with an objective independent judgement and without any external influence.

Mr. R.V.S. Rao is the Chairman of the Audit Committee of the Company. He is a member of the Nomination, Remuneration and Governance Committee of the Company. His knowledge of legal and finance domain combined with his rich experience, has assisted in the improvement of the operations of the Company.

As per the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2018, notified on 9th May 2018 and effective from 1st April 2019, approval of the Members by way of a special resolution is required for continuation of directorship of non-executive directors of the Company who have attained the age of 75 years. Therefore, pursuant to Regulations 17(1A) of the aforementioned regulation, the approval of members is required.

The draft letter of appointment containing the terms and conditions of the appointment of Mr. R.V.S. Rao as a Non-Executive Independent Director is available for inspection by members at the Registered Office of the Company on any working day during working hours.

The disclosures relating to Mr. R.V.S. Rao, as required under the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 and Secretarial

Standards issued by the Institute of Company Secretaries of India, is set out as an Annexure to the Notice.

Mr. R.V.S. Rao holds 15,000 equity shares of ₹10 each in the Company. He is not related to any of the Directors of the Company. The directorships held by Mr. R.V.S. Rao are within the limits prescribed under Section 165 of the Companies Act, 2013.

Except Mr. R.V.S. Rao, None of the other Directors or Key Managerial Personnel or their relatives are in any way interested or concerned, financially or otherwise in this Resolution.

The Board of Directors, based on the recommendation of the Nomination, Remuneration and Governance Committee, recommends the Special Resolution set out in Item No. 11 for approval by the members.

Item No. 12

Mr. Anup Sanmukh Shah was appointed as a Non-Executive Independent Director at the Annual General Meeting held on 11th July, 2014 for a period of five consecutive years and will be ceased to be Director at the end of the ensuing Annual General Meeting. On the basis of the recommendation of Nomination, Remuneration and Governance Committee and in view of his knowledge, expertise and in particular the contributions made by him, the Board of Directors at its Meeting held on 8th July, 2019 approved the re-appointment of Mr Anup Sanmukh Shah (DIN: 00317300) as a Non-Executive Independent Director of the Company for a period of second term/tenure of 5 (five) consecutive years commencing from 9th August, 2019. In terms of Sections 152 of the Companies Act, 2013, Mr. Shah is not liable to retire by rotation.

Mr. Anup Shah has a bachelor's degree in commerce from HR College, Mumbai and a degree in law from Government Law College, Mumbai. He has over 35 years of experience in the field of law, specifically real estate law. Since founding his own firm in 1993, he has advised developers, builders and foreign and domestic investors in structuring real estate transactions, leases, development agreements and joint ventures. He specialises in commercial and property documentation, corporate and commercial litigation, property related issues, land laws and arbitration and alternative dispute resolutions. He is the Founder Partner of Anup S Shah Law Firm in Bangalore.

He is the Chairman of the Nomination, Remuneration and Governance Committee, Risk Management Committee and Corporate Social Responsibility Committee of the Company. He is a member of Audit Committee of the Company. Mr. Shah's inputs and observations have resulted in more effective strategic decision making, particularly in the area of land procurement, joint development agreements, joint ventures and collaborations.

Mr. Shah has given his consent to act as a Non-Executive Independent Director of the Company and has furnished necessary declarations to the Board of Directors that he meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, as per the declarations received by the Company, he is not disqualified under Section 164 of the Companies Act, 2013. In terms of Regulation 25(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, he has confirmed that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties with an objective independent judgement and without any external influence.

The draft letter of appointment containing the terms and conditions of the appointment of Mr. Shah as a Non-Executive Independent Director is available for inspection by members at the Registered Office of the Company on any working day during working hours.

Mr. Shah holds 4,300 equity shares of ₹ 10 each in the Company. He is not related to any of the Directors of the Company. The directorships held by Mr. Shah are within the limits prescribed under Section 165 of the Companies Act, 2013.

The disclosures relating to Mr. Shah, as required under the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 and Secretarial Standards issued by the Institute of Company Secretaries of India, is set out as an Annexure to this Notice.

Except Mr. Shah, None of the other Directors or Key Managerial Personnel or their relatives are in any way interested or concerned, financially or otherwise in this Resolution.

The Board of Directors, based on the recommendation of the Nomination, Remuneration and Governance Committee, recommends the Special Resolution set out in Item No. 12 for approval by the members.

Item No. 13:

On the basis of recommendation of Nomination, Remuneration and Governance Committee, the Board of Directors at its Meeting held on 8th July, 2019 appointed Mr. Sumeet Jagdish Puri (DIN: 01971801), as an Additional Director of the Company pursuant to Section 161(1) of the Companies Act, 2013 in the capacity of Non-Executive Independent Director with effect from 8th July, 2019. Mr. Puri holds office up to the date of the ensuing Annual General Meeting, and is eligible to be appointed as a Director of the Company.

Mr. Sumeet Jagdish Puri has worked as Managing Director at Deutsche Bank, Managing Director at Morgan Stanley and Managing Director at Merrill Lynch for over 23 years, in the area of Global Investment Banking and is currently the Managing Director of Samaya Capital Advisors, Hong Kong.

He has handled some of the world's largest IPO's, viz.

- Alibaba: World's Largest IPO: US$ 25 billion.
- Agricultural Bank of China: World's Second Largest IPO: US$ 22 billion.
- Industrial and Commercial Bank of China: World's Third Largest IPO: US$ 22 billion.
- AIA: World's Fourth Largest IPO: US$ 21 billion.

He is an Advisor to Stock Exchange of Hong Kong, Bain Capital, Carlyle Group, Tiger Funds, etc for their capital raising and investments. He was also an Advisor to Piramal Enterprises for Asia's largest mandatory structured transaction, LoneStar Funds for the launch of one of India's largest NBFC platforms, etc.

In terms of Sections 152 of the Companies Act, 2013, Mr. Puri is not liable to retire by rotation.

Mr. Puri has given his consent to act as a Non-Executive Independent Director of the Company and has furnished necessary declarations to the Board of Directors that he meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, as per the declarations received by the Company, he is not disqualified under Section 164 of the Companies Act, 2013. In terms of Regulation 25(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, he has confirmed that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties with an objective independent judgement and without any external influence.

The draft letter of appointment containing the terms and conditions of the appointment of Mr. Puri as a Non-Executive Independent Director is available for inspection by members at the Registered Office of the Company on any working day during working hours.

Mr. Puri does not hold any equity shares in the Company. He is not related to any of the Directors of the Company. The directorships held by Mr. Puri are within the limits prescribed under Section 165 of the Companies Act, 2013.

The disclosures relating to Mr. Puri, as required under the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 and Secretarial Standards issued by the Institute of Company Secretaries of India, is set out as an Annexure to this Notice.

Except Mr. Sumeet Jagdish Puri, none of the other Directors or Key Managerial Personnel or their relatives are in any way interested or concerned, financially or otherwise in this Resolution.

The Board of Directors based on the recommendation of the Nomination, Remuneration and Governance Committee recommends the Ordinary Resolution set out in Item No. 13 for approval by the members.

Item No. 14:

The Company in order to execute various projects, both residential and contractual, has to borrow money from banks and other financial institutions as a means of finance. The Company has currently availed project-specific or general purpose borrowings from various banks and financial institutions to finance the execution of the projects of the Company.

The Board of Directors envisages a continued need for the funding requirements of the Company to be met through various components, i.e. equity, project loans, general purpose corporate loans, borrowings from financial institutions, debentures etc. A mix of these instruments will result in optimum utilisation of funds at an optimum cost and help meet the various business requirements of the Company. The Board is therefore, contemplating the feasibility of borrowing money through further issue of Non-Convertible Debentures.

In terms of Rule 14 of The Companies (Prospectus and Allotment of Securities) Rules, 2014, the issue of Non-Convertible Debentures on a private placement basis requires prior approval of the members of the Company by way of a Special Resolution and such an approval shall be valid for all the offers or invitation for such Debentures during the year.

Accordingly, approval of the members is being sought to enable the Board of Directors to offer or invite subscriptions for non-convertible debentures aggregating up to ₹ 700,00,00,000 (Rupees Seven Hundred Crores Only) as may be required and such approval shall be valid for a year.

None of the Directors or the Key Managerial Personnel or their relatives are in any way interested or concerned, financially or otherwise, in this Resolution except to the extent of their shareholding in the Company.

The Board recommends the Special Resolution set-out in Item 14 of the Notice for approval by the members.

Item No. 15:

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

Section 197 of the Companies Act, 2013 provides that the remuneration payable to Directors who are neither Managing Directors nor Whole-time Directors shall not exceed:

(A) 1% per cent of the net profits of the Company, if there is a managing or whole-time director or manager;

(B) 3% per cent of the net profits in any other case.

In accordance with Section 197 of the Companies Act, 2013, the members of the Company at the Annual General Meeting held on June 11, 2014, approved the payment of remuneration by way of commission to Non-Executive Directors, at a rate not exceeding 1% per annum of the net profits of the Company for a period of five years commencing from April 01, 2014. The said approval is valid till 31st March, 2019.

The Board of Directors at its meeting held on 17th May, 2019 has approved and recommended to the shareholders, the proposal of payment of commission not exceeding 1% of the net profit of the Company to the Non-Executive Directors for a further period of five years commencing from April 01, 2019 (to be divided amongst them in such proportion as may be determined by the Board of Directors from time to time and in default of such determination equally). The aforesaid remuneration to Non-Executive Directors shall be in addition to the sitting fees payable to them for attending meetings of the Board and Committees thereof.

All the Non-Executive Independent Directors of the Company are interested in this resolution by virtue of their directorship, to the extent of their shareholding if any, and the payment that they receive by way of remuneration as a percentage of profits. 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 Board recommends the Ordinary Resolution set-out in Item 15 of the Notice for approval by the members.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING ELECTION/RE-ELECTION AT THE ANNUAL GENERAL MEETING PURSUANT TO SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS), REGULATIONS 2015 AND SECRETARIAL STANDARDS ON GENERAL MEETINGS:

Name of Director	Mr. Jagdish Chandra Sharma	Mr. Seetharam Thettalil Parameswaran Pillai	Mr. Jagadish Nangineni
Age	61 years	62 years	40 years
Date of First Appointment	April 01, 2003	April 01,2019	July 8, 2019
Qualifications	B.Com(Honours), ACA, ACS	MA degree in English Literature from Madras Christian College and Indian Foreign Service.	He holds MBA from the Indian Institute of Management, Calcutta and has done Bachelor of Technology (B.Tech) in Civil Engineering from Indian Institute of Technology, Bombay.
Experience	Over 37 years cumulative experience inclusive of 18 years in the Company. With more than two decades of experience in general management and in-depth knowledge of business, tax, accounting and regulatory issues, he has successfully concluded complex commercial transactions on behalf of the Company, thereby leading the Company to attain the desired scale, size and profitability.	He served the Indian Foreign Service for 36 years and as a career diplomat, he retired as Ambassador of India to UAE in August, 2016. He was also High Commissioner of India to Mauritius, Additional Secretary in Ministry of External Affairs, New Delhi dealing with Western Europe & European Union, Director General of India-Taipei Association (Taiwan), Program Director in Indian Council for Cultural Relations.	Over 17 years of experience in the field of real estate, technology, consulting and has been associated with Sobha since November 2009.
No. of Board Meetings attended during the financial year 2018-19	5	Not Applicable	Not Applicable
Expertise in specific functional areas	Over 37 years of experience in diversified industries such as real estate, automobiles, textiles and steel. Mr. Sharma is entrusted with the responsibility of managing the overall affairs of the Company and is responsible for achieving the goals of the Company. He plays an active role in overall growth of the Company.	He served in various capacities at Indian diplomatic missions in Hong Kong, Lusaka (Zambia), Windhoek (Namibia), Beijing (China), Phnom Penh (Cambodia), Johannesburg and Cape Town (South Africa) and Bangkok (Thailand). He has vast experience in General Administration and good knowledge of industry.	He has over 17 years of experience in diversified field of real estate, technology and consulting. Mr. Jagadish is the Regional Head of Delhi NCR Region and is handling the business operations in that region. He has established Company's presence in NCR.

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 July 11, 2014 and as may be approved at the ensuing Annual General Meeting. The remuneration paid for the financial year 2018-19 is disclosed in the Corporate Governance Report that forms a part of the Annual Report.	Remuneration paid and payable is in accordance with the approval of the Board of Directors and subject to the approval of shareholders as per the proposal placed before the shareholders.	Remuneration paid and payable will be subject to the approval of the shareholders as per the proposal placed before the shareholders at the Annual General Meeting scheduled on August 9, 2019.
Directorship and membership of Committees of the Board held in other listed companies	None	None	None
Directorships held in other public limited companies	Sobha Developers (Pune) Limited, Sobha Assets Private Limited and Sobha Highrise Ventures Private Limited [Subsidiaries of Sobha Limited, a public company-deemed public companies]	None	None
Relationship with other Directors and Key Managerial Personnel	None	None	None
Number of shares held as on July 8, 2019	22,378 Equity Shares of ₹ 10 each 9,456 Equity Shares of ₹ 10 each held by relatives	NIL	NIL
Terms and conditions of appointment	The terms and conditions of appointment shall be governed by the approval of shareholders as set out in the Notice of the Annual General Meeting.	The terms and conditions of appointment shall be governed by the resolution as set out in the notice of this Annual General Meeting.	The terms and conditions of appointment shall be governed by the approval of shareholders as set out in the Notice of the Annual General Meeting.

Name of Director	**Mr. Ramachandra Venkatasubba Rao**	**Mr Anup Sanmukh Shah**	**Mr. Sumeet Jagdish Puri**
Age	75 years	62 years	47 years
Date of First Appointment	June 28, 2006	June 28, 2006	July 8, 2019
Qualifications	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 holds a bachelor's degree in commerce from HR College, Mumbai and a degree in law from Government Law College, Mumbai.	He holds Master of Business Administration (MBA) degree from S.P. Jain Institute of Management & Research, Mumbai and a Bachelor's degree from Sydenham Institute of Management Studies, Research and Entrepreneurship.

Experience and Expertise	He has over 47 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.	He has over 35 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. His inputs and observations have resulted in more effective strategic decision making, particularly in the area of land procurement, joint development agreements, joint ventures and collaborations.	He has worked as Managing Director at Deutsche Bank, Managing Director at Morgan Stanley and Managing Director at Merrill Lynch for over 23 years, in the area of Global Investment Banking and is currently the Managing Director of Samaya Capital Advisors, Hong Kong. He has expertise in the fields of financial restructuring, investment banking, fund raising, handling large IPO's and advisory services. His Advisory Services icludes advise to Stock Exchange of Hong Kong, Bain Capital, Carlyle Group, Tiger Funds, etc for their capital raising and investments. He was also an Advisor to Piramal Enterprises for Asia's largest mandatory structured transaction, LoneStar Funds for the launch of one of India's largest NBFC platforms, etc.
No. of Board Meetings attended during the financial year 2018-19	5	4	Not Applicable
Details of remuneration	Remuneration paid and payable is in accordance with the approval of shareholders granted vide resolution passed in the Annual General Meeting held on 11th July, 2014 and as may be decided at the ensuing Annual General Meeting.	Remuneration paid and payable is in accordance with the approval of shareholders granted vide resolution passed in the Annual General Meeting held on 11th July, 2014 and as may be decided at the ensuing Annual General Meeting.	Remuneration paid and payable will be subject to the approval of the shareholders as per the proposal placed before the shareholders at the ensuing Annual General Meeting scheduled to be held on August 9, 2019.
Directorship and membership of Committees of the Board held in other listed companies	Director in Puravankara Limited and Member of Audit Committee and Compensation Committee of Puravankara Limited.	None	None
Directorships held in other public limited companies	1. Puravankara Limited 2. Sobha Developers (Pune) Limited 3. Provident Housing Limited	1. Bhoruka Power Corporation Limited 2. Sobha Developers (Pune) Limited	Hill Properties Limited
Committee positions held in other companies	None	1. Nomination and Remuneration Committee - Bhoruka Power Corporation Limited 2. Corporate Social Responsibility Committee - Sobha Developers (Pune) Limited	None

Relationship with other Directors and Key Managerial Personnel	None	None	None
Number of shares held as on July 8, 2019	15,000 Equity Shares of ₹ 10 each	4,300 Equity Shares of ₹ 10 each.	NIL
Terms and conditions of appointment	The terms and conditions of appointment shall be as per the approval of shareholders granted vide ordinary resolution passed in the Annual General Meeting held on 11th July, 2014 and as may be approved by the shareholders at the ensuing Annual General Meeting.	The terms and conditions of appointment shall be as per the approval of shareholders granted vide ordinary resolution passed in the Annual General Meeting held on 11th July, 2014 and as may be approved by the shareholders at the ensuing Annual General Meeting.	The terms and conditions of appointment shall be governed by the resolution as set out in the notice of this Annual General Meeting.

PROXY FORM

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

SOBHA LIMITED

CIN: L45201KA1995PLC018475

Registered Office: 'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR),Devarabisanahalli, Bellandur Post, Bangalore – 560 103

Name of Member(s)	
Registered Address	
Email Id	
Folio No / Client ID	
DP ID	

I/We, being the member (s) of ……………………………….. shares of the above named Company, hereby appoint:

1. Name……………………………………………………….Address……………………………………………

   ………

   Email ID…………………………………………………………Signature……………………………………

or failing him

2. Name……………………………………………………….Address……………………………………………

   ………

   Email ID…………………………………………………………Signature……………………………………

or failing him

3. Name……………………………………………………….Address……………………………………………

   ………

   Email ID…………………………………………………………Signature……………………………………

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Fourth Annual General Meeting of the Company, to be held on Friday, the 9th day of August 2019 at Taj MG Road, Bengaluru, 41/3, Mahatma Gandhi Road, Bengaluru 560 001, Karnataka, India at 3.30 PM and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No:

1. To receive, consider and adopt the standalone and consolidated Audited financial statements of the Company for the financial year ended March 31, 2019.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Jagdish Chandra Sharma (DIN: 01191608), who retires by rotation and being eligible has offered himself for reappointment.
4. Ratification of remuneration payable to M/s Srinivas and Co, Cost Accountants (Firm Registration No: 000278), the Cost Auditors of the Company.
5. Reappointment of Mr. Jagdish Chandra Sharma (having DIN: 01191608), as Vice Chairman and Managing Director.
6. Appointment of Mr. Seetharam Thettalil Parameswaran Pillai (having DIN: 08391622) as a Director.
7. Appointment of Mr. Seetharam Thettalil Parameswaran Pillai (having DIN: 08391622) as Whole-time Director of the Company.
8. Appointment of Mr. Jagadish Nangineni (DIN: 01871780) as a Director.
9. Appointment of Mr. Jagadish Nangineni (DIN: 01871780) as Deputy Managing Director of the Company.
10. Approval of Remuneration of Mr Ravi PNC Menon (DIN: 02070036), Chairman of the Company.
11. Re-appointment of Mr Ramachandra Venkatasubba Rao (DIN: 00061599) as a Non-Executive Independent Director of the Company.
12. Re-appointment of Mr Anup Sanmukh Shah (DIN: 00317300) as a Non-Executive Independent Director of the Company.
13. Appointment of Mr. Sumeet Jagdish Puri (DIN: 01971801) as a Non-Executive Independent Director of the Company.
14. Issue of Non-Convertible Debentures on a Private Placement basis.
15. Remuneration to Non-Executive Directors.

Signed this ……………............… day of …………………………. 2019.

Signature of Shareholder		Affix Revenue Stamp
Signature of Proxy holder(s)		

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

SOBHA LIMITED

CIN: L45201KA1995PLC018475
Registered and Corporate Office: 'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore – 560 103

Attendance Slip

Registered Folio / DP ID & Client ID	
Name and address of the Shareholder	

1. I hereby record my presence at the **Twenty Fourth Annual General Meeting** of the Company held on Friday, the 9th day of August 2019 at 3.30 PM at Taj MG Road, Bengaluru, 41/3, Mahatma Gandhi Road, Bengaluru 560 001, Karnataka, India.
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 Fourth Annual General Meeting dated July 8, 2019. The E-Voting period starts on Tuesday, 6th August, 2019 at 9.00 AM and ends on Thursday 8th August, 2019 at 5.00 PM. The e-voting module shall be disabled by NSDL for voting thereafter.

Glossary

ADR
American Depository Receipts

BBS
Bar Bending Schedule

BSE
BSE Limited

CAGR
Compounded Annual Growth Rate

CDSL
Central Depository Services (India) Limited

CEO
Chief Executive Officer

CFO
Chief Financial Officer

CIN
Corporate Identification Number

CPD
Concretes Product Division

CREDAI
Confederation of Real Estate Developers Association of India

CRM
Customer Relationship Management

CSR
Corporate Social Responsibility

Demat
Dematerialised Account

DG
Diesel Generator

DIN
Director Identification Number

EBITDA
Earnings before Interest, Depreciation and Amortisation

ECS
Electronic Clearing System

EHS
Environment, Healt & Safety

EPS
Earnings Per Share

ERP
Enterprise Resource Planning

EVEN
E-Voting Event Number

FII
Foreign Institutional Investors

FSI
Floor Space Index

GDP
Gross Domestic Product

GDR
Global Depository Receipts

HUF
Hindu Undivided Family

HVAC
Heating, Ventilating and Air Conditioning

ICRA
ICRA Limited [Formerly Investment Information and Credit Rating Agency of India Limited]

IEPF
Investor Education and Protection Fund

IPO
Initial Public Offer

ISIN
International Securities Identification Number

ISO
International Organization for Standardization

IT / ITES
Information Technology / Information Technology Enabled Services

JD / JV
Joint Development / Joint Venure

KMP
Key Managerial Personnel

LED
Light-emitting diode

Listing Regulations
SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

MCA
Ministry of Corporate Affairs, New Delhi

MD&A
Management Discussion & Analysis

MEP
Mechanical, Electrical and Plumbing

NCR
National Capital Region

NEAPS
NSE Electronic Application Processing System

NECS
National Electronic Clearing System

NEFT
National Electronic Fund Transfer

NRI
Non Resident Indian

NSDL
National Securities Depository Limited

NSE
National Stock Exchange of India Limited

OHSAS
Occupational Health Safety Assessment Series

PAT
Profit after Tax

PBDIT
Profit before Depreciation, Interest and Tax

PBIT
Profit before Interest and Tax

PBT
Profit before Tax

PV Cells
Photovoltaic Cells

QST
Quality, Safety and Technology

R&D
Research and Development

R&T Agents
Registrar and Share Transfer Agents

RBI
Reserve Bank of India

RERA
Real Estate (Regulation and Development) Act, 2016

ROCE
Return on Capital Employed

ROE
Return on Equity

RTGS
Real Time Gross Settlement

SBA
Super Built-up Area

SCORES
SEBI Complaint Redress System

SEBI
Securities and Exchange Board of India

VFD
Variable Frequency Drive

WTD
Whole-time Director

Y-O-Y
Year-on-Year

Fiscal 2019 Highlights

Q1 - 2019	• Revenues of ₹ 6,101 million with a PBT of ₹ 740 million and PAT of ₹ 534 million • Collections of ₹ 7,371 million • Average cost of debt as end of Q1-19 stood at 9.31% • Sold 0.96 million square feet of area total valued at ₹ 7,624 million (Sobha Share value of ₹ 6,118 million) • Completed 3.66 million square feet of Real Estate projects and 0.28 million square feet of contractual projects, totalling 3.94 million square feet of developable area during Q1-19. • Launched a plotted development project in Mysore - "Sobha Meadows"- measuring total saleable area of 0.13 million square feet.
Q2 - 2019	• Revenues of ₹ 6,762 million with a PBT of ₹ 891 million and PAT of ₹ 602 million • Collections of ₹ 7,572 million • Average cost of debt as end of Q2-19 stood at 9.30% • Sold 1.03 million square feet of area, total valued at ₹ 7,408 million (Sobha Share of ₹ 6,166 million) • Completed 0.54 million square feet of contractual projects during Q2-19. • Launched a Residential project in Bangalore – "Sobha Lake Garden"- measuring total saleable area of 0.89 million square feet.
Q3 - 2019	• Revenues of ₹ 8,077 million with a PBT of ₹ 1,096 million and PAT of ₹ 695 million • Collections of ₹ 8,188 million • Average cost of debt as end of Q3-19 stood at 9.57% • Sold 0.91 million square feet of area, total valued at ₹ 6,988 million (Sobha Share of ₹ 6,002 million) • Completed 3.83 million square feet of Real Estate projects and 0.25 million square feet of contractual projects, totalling 4.08 million square feet of developable area during Q3-19. • Launched two residential projects in Bangalore – "Sobha Dream Garden"-measuring total saleable area of 1.76 million square feet and "Sobha Raj Villas" measuring total sale-able area of 0.36 million square feet. Launched a residential project in Kochi – "Sobha Isle" measuring total saleable area of 0.89 million square feet.
Q4 - 2019	• Revenues of ₹ 14,216 million with a PBT of ₹ 1,756 million and PAT of ₹ 1,132 million • Collections of ₹ 9,229 million • Average cost of debt as end of Q4-19 stood at 9.72% • Sold 1.13 million square feet of area total valued at ₹ 9,205 million (Sobha Share of ₹ 7,115 million) • Completed 2.25 million square feet of Real Estate projects and 0.24 million square feet of contractual projects, totalling 2.49 million square feet of developable area during Q4-19. • Entered Gujarat (GIFT City) with launch of "SOBHA Dream Heritage" –Affordable housing project, with saleable area of 0.52 million square feet. • Launched a residential project in Bangalore, "SOBHA Royal Pavilion", a super luxury project, with saleable area of 2.23 million square feet. • In Chennai, launched "SOBHA Palacia"–a super luxury project with saleable area of 0.60 million square feet.

3 Years financial highlights (Consolidated financials)

Particulars	2018-19	2017-18	2016-17
Financial Performance			
Total Income	35,155.41	28,365.81	22,847.52
Profit before depreciation, interest and tax (PBDIT)	7,467.56	5,692.99	4,712.68
Depreciation	623.16	544.00	638.23
Profit before interest and tax (PBIT)	6,844.40	5,148.99	4,074.45
Interest	2,362.20	1,977.60	1,496.70
Profit before tax (PBT)	4,482.20	3,171.40	2,577.75
Profit after tax (PAT)	2,962.38	2,164.30	1,608.86
Dividend			
Equity (paid/proposed)	663.92	663.92	240.76
Rate of dividend	70%	70%	25%
Financial position			
Shareholder's funds	22,291.08	27,699.31	26,444.78
Borrowed fund	26,038.86	23,312.65	22,219.49
Total	**48,329.94**	**51,011.96**	**48,664.27**
Net fixed assets	6,774.07	6,102.85	5,951.98
Investments	1,128.24	1,124.84	0.18
Net current and non current assets	39,492.74	46,305.44	44,995.56
Deferred tax assets/ (liability)	934.89	(2,521.17)	(2,283.45)
Total	**48,329.94**	**51,011.96**	**48,664.27**
Ratios			
EBIDTA Margin	21.24%	20.07%	20.63%
Pre-Tax Margin	13%	11%	11%
Post Tax Margin	8%	8%	7%
Interest coverage ratio	2.90	2.60	2.72
Net debt to EBIDTA (times)	3.25	3.86	4.36
Fixed assets to turnover ratio	19%	22%	26%
Debtors turnover ratio (Net Debtors)	-108%	-14%	-9%
Debtors turnover ratio (Gross Debtors)	11%	25%	30%
Return on Equity (ROE)	12%	8%	6%
Return on Capital Employed (ROCE)*	14%	10%	8%
Earnings per share(EPS)	31.33	22.68	16.59
Book Value	235.02	292.05	274.59
Debt/Equity Ratio	1.09	0.79	0.78
Price Earning Ratio	16.49	22.40	20.70
Price/book value	2.20	1.74	1.25

*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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Financial Calendar

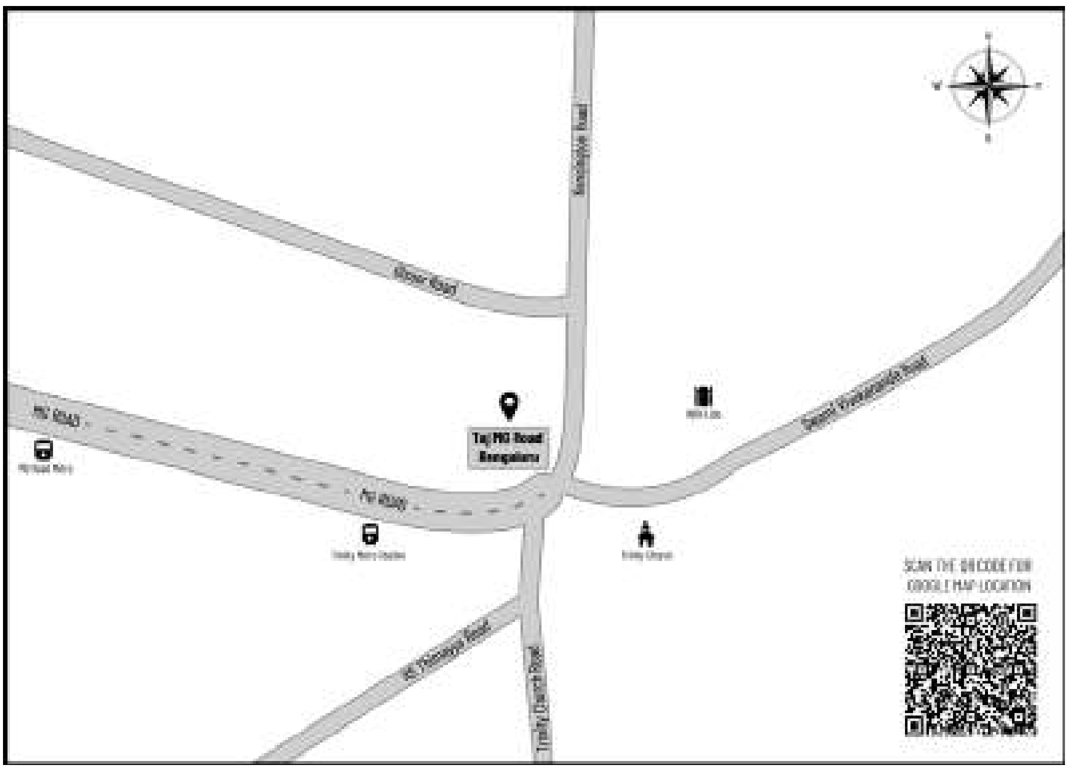
[tentative and subject to change]

Board Meetings:

- For quarter ending June 30, 2019 – on or before August 14, 2019.
- For quarter ending September 30, 2019 – on or before November 14, 2019.
- For quarter ending December 31, 2019 – on or before February 14, 2020.
- For the year ending March 31, 2020 –on or before May 30, 2020.

Annual General Meeting:

- For the year ending March 31, 2020 on or before August 31, 2020



Twenty Fourth Annual General Meeting of the Members of Sobha Limited is scheduled on Friday, the 9th day of August 2019 at 3:30 PM.

Venue: Taj MG Road, Bengaluru, 41/3, Mahatma Gandhi Road, Bengaluru 560 001, Karnataka, India.