



Date: July 15, 2023

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: Notice of the 28th Annual General Meeting of the Company for the Financial Year 2022-23 under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

Pursuant to Regulation 34 of the Listing Regulations, enclosed herewith is the Annual Report of the Company along with the Notice and the Explanatory Statement of the 28th Annual General Meeting scheduled to be held on Tuesday, August 08, 2023, at 3:00 p.m. (IST) through Video Conference/Other Audio-Visual Means (VC/OAVM).

The Annual Report for the Financial Year 2022-23 is being sent through electronic mode to the Members and is also available on the website of the Company at www.sobha.com

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 BHATT
COMPANY SECRETARY & COMPLIANCE OFFICER
MEMBERSHIP NO.: 16651

SOBHA LIMITED



SOBHA

PASSION AT WORK

Building on Our Momentum

Annual Report
2023



A pattern of excellence

Founded in 1995, SOBHA is a leading national real estate brand known for international quality delivered at scale through its unique backward integration model. The company is recognized for on-time delivery of homes while offering the highest standards of excellence and living experiences. SOBHA has completed 128 mn. sft. across 528 projects in 27 cities spanning 14 states as of March 31, 2023.

SOBHA lays a strong emphasis on product quality achieved by adopting new methodologies, technology and sustainability practises while adhering to the highest safety standards. The Company epitomizes 'Passion at work,' ingrained in each Sobhaite across all its locations and operations.

Foreword

SOBHA is renowned for providing homes with international quality standards since its inception. It has established itself as a trusted and preferred brand in the real estate sector known for unmatched reliability and dependability. SOBHA is seen as a leading organization that establishes new industry benchmarks through innovative designs and engineering while embracing modern sustainability practises. As the brand continues to grow and diversify, SOBHA remains steadfast in its dedication to delivering exceptional products and enriching living experiences, driven by a deep-rooted passion for excellence.

SOBHA's success and evolution as a leading national brand lies in its DNA – understanding of the markets and customer needs, together with the strong competence of its people, robust processes, operational discipline and the highest standards of execution. The fully backward integration model continues to be the backbone of SOBHA's commitment to timely delivery of exceptional homes.

SOBHA's expansion into the new residential markets of Trivandrum and Hyderabad this year, clearly reflects its ability to capitalize, scale and execute on the opportunities arising from growing demand while meeting the evolving needs. The high sales velocity and consistent quarterly performance witnessed during the year across most markets reiterate the continuing affinity and preference that customers have for the SOBHA brand.

In addition to SOBHA's strong real estate performance, the Concrete Products, and Glazing and Metals Works divisions did exceptionally well during the year, recording their highest annual revenues since inception, contributing significantly to the Company's performance.

Upholding its promise to deliver exceptional quality, SOBHA employs a robust training and certification program that ensures continuous enhancement of skills and competencies of its teams. Periodic training and recertification are carried out for engineers and technicians through the SOBHA Academy, while other functional teams are provided with regular professional training opportunities.

SOBHA has also been conferred with some of the leading renowned real estate awards. During the year Economic Times awarded SOBHA as one of the best Real Estate Brands in the country, while the Brand X Report from Track2Realty recognized SOBHA at the top spot across six categories. SOBHA was also conferred the BAM's Builder of the Year – Large Category award that it won in 2018 and 2019 as well.

SOBHA's sustainability focus is seen across its operations and projects, with many practises in this area regarded as industry benchmarks. As part of its continuing sustainability commitment, SOBHA has made provisions for EV charging in its projects as there is a growing acceptance of EV vehicles in India.

CSR efforts have been an integral part of SOBHA's compassionate social development. As part of its focus to provide quality education, SOBHA Icon was set up in 2010. SOBHA is thrilled to share that this year, children from SOBHA Icon won scholarships from prestigious institutions and also secured good positions in leading companies across the country.

As SOBHA embarks on new opportunities and challenges alike, the people behind its ongoing success pride themselves for delivering consistent excellence. SOBHA's thirst for delivering nothing but the best is fundamental to its DNA that assures of a brighter future with strong financials.

Riding on the strong performance we have had, we foray into the future by 'building on our momentum,' and continue on our journey of excellence.

Annual Report
2023

Contents

Building on Our Momentum

05 Building on Our Momentum

1

- 20 Chairman's Message
- 22 Board of Directors
- 24 Board Committees
- 24 Corporate Information
- 25 Directors' Report
- 86 Corporate Governance Report
- 111 Share Price Performance

- Markets and Operating Environment 114
- Projects and Work Done in 2022-23 121
- Environment, Health and Safety 124
- Corporate Social Responsibility 127
- Research and Development 132
- Employees 133
- Risk Management Report 135
- Operational and Financial Analysis 140

2

114 Management Report

147 Financial Statements - Standalone

3

- 147 CEO & CFO Certification
- 148 Independent Auditors' Report
- 166 Standalone Financial Statements
- 171 Notes to the Standalone Financial Statements

- Independent Auditors' Report 248
- Consolidated Financial Statements 264
- Notes to Consolidated Financial Statements 269

4

248 Financial Statements - Consolidated


355 Notice of the Annual General Meeting

5

- Glossary 366
- Fiscal 2023 - Quarterly Highlights 367
- 3 years Financial Highlights 368

6

366 Additional Information



SOBHA's growth and success have been truly remarkable over the past year. The Company's commitment to delivering international quality products on time has been unwavering. This has enhanced the trust and confidence of its customers, which is also reflected in our record sales performance with a healthy delivery run rate. With an even stronger resolve, we continue our growth journey by building on the momentum we have achieved.

Building on Our Momentum

Fuelled by unwavering dedication to excellence

The Financial Year 2022-23 has been extraordinary for many reasons. SOBHA registered consistent record sales and improved cash flow each quarter recording a total sale of 5.65 mn. sft. during the year. The luxury segment (> Rs 2 Cr.) contributed to 36% of sales, up from 25% in FY21-22 while the SOBHA Dream Series segment (< Rs 1 Cr.) also continued to see good traction. SOBHA also achieved its highest ever price realisation and delivered 3.96 mn. sft. across the country.

Concrete Products and Glazing and Metal Works divisions recorded their best ever annual revenue numbers with good operational performance during the year.

As a leading industry brand, SOBHA's commitment to customers goes beyond just delivering high-quality products and services. Better material selection, and adopting new building methodologies that help conserve water and energy, remained a focus for the Company. Continuing its commitment to making our planet more sustainable, SOBHA also introduced EV charging points in its projects.

In its quest to better communities, SOBHA's CSR efforts continue to help raise standards of living, improved access to primary healthcare, and provide livelihood to the more deprived segments of our population.

Staying competitive for the years ahead requires resilience. To that end, SOBHA has developed a strong financial and operational model that will ensure consistent performance and sustainable growth.

In its pursuit of raising the standards and benchmarks of quality in the Indian real estate sector, SOBHA continues to remain committed and dedicated to creating value for all its stakeholders by building on the momentum that we have achieved.

SOBHA has delivered projects totalling 128 mn. sft. across 27 cities in 14 states with 35.84 mn. sft. currently under development. Over the last five years SOBHA has had a healthy delivery run rate of 5 mn. sft. annually.



Cultivating pattern of excellence

SOBHA has delivered excellence consistently for over 27 years in real estate – a pattern that we are recognized for. As the most trusted brand known for international quality products and living experiences, SOBHA has a relentless focus on raising standards – in design, construction, building materials and technology used across its projects.

Over the decades, the Company has strengthened its DNA drawing inspiration from the vision of its founder, Mr. PNC Menon, 'Transform the way people perceive 'Quality''. It is a vision that forever fuels the 'Passion at work' that the organisation thrives on. This is reflected in the meticulous planning and execution and adherence to exacting standards, which are part of SOBHA's DNA.

SOBHA, in addition to developing residential and commercial spaces, manufactures a wide range of world class products. These include concrete products such as concrete blocks, pavers, kerb stones, water drainage channels, paving slabs, elite landscape products and Glass Fiber Reinforced Concrete (GFRC) products; aluminium windows, doors and louvers, glass skylights, canopies and partitions, automatic sliding doors,

glass, SS & MS railings, architectural metal works, balustrades, railings, and more; wooden products ranging from doors, windows and panelling to cabinets, cupboards, loose furniture; and custom-built joinery work; wide range of mattresses of Economy, Deluxe, Super Deluxe & Premium quality; home furniture, furnishing products and other home accessories.

At the core, SOBHA is about an unyielding commitment to delivering nothing but the best – it is how we operate, perform and deliver.

The Company has built a strong culture of ownership and customer focus. Our core operating principles rest on complete transparency and promise of the SOBHA brand. Our disciplined approach based on a strong governance model, culture of integrity and compliance with undiluted responsibility ensures a solid foundation of trust and reliability.

The trust and credibility that customers have in SOBHA have only grown several folds over the years, contributing significantly to the Company's business, presence and brand equity.



Sustainability across the board

SOBHA has deeply embedded sustainability practises across its operations and projects, evident in the several measures it has taken since inception. So much so, SOBHA has its own environmental engineering department that is involved in projects from the time they are conceptualized. The team conducts studies from sustenance of water tables and noise pollution levels to groundwater testing, and ensuring feasibility of effective drainage systems.

SOBHA's environmental engineering team also works with IGBC-accredited officials. This helps ensure that projects are designed and executed keeping the latest regulations and standards in mind. The Company has also invested in a dedicated laboratory for water testing to ascertain physicochemical and microbiological parameters that may have a direct impact on human well-being.


The Concrete Products Division uses green materials like ground granulated blast furnace slag and fly ash to reduce carbon footprint and contribute to the preservation of natural resources.

Rainwater harvesting has emerged as one of the most viable options to meet the increasing water requirements of an expanding population.

SOBHA's efforts include harvesting rainwater through collection tanks for roof-based run-offs and recharge pits for land-based run-offs. The land-based run-offs augment depleting groundwater resources and save potable water from municipal supply or groundwater.

As a prerequisite, an effective system of solid waste management is implemented at all SOBHA projects. The aim is to design and follow a comprehensive Integrated Solid Waste Management (ISWM) system in its projects, which is both environmentally and economically sustainable. The integrated solid waste management system operates on the 4R principles – Reduce, Reuse, Recycle and Recover – the basic components of waste.

SOBHA also installs Organic Waste Converters (OWCs) in its projects to convert organic waste such as vegetable waste, meat waste, leaves, fruits, flowers into valuable compost that can be used for organic farming activities. The technology adopted by SOBHA does not involve a heating system, thus saving energy. Incidentally this technology is also approved by the Pollution Control Board.



SOBHA has adopted the Business Responsibility and Sustainability Report (BRSR) for FY 2022-23 to provide enhanced disclosures on its ESG practises and priorities. The BRSR is based on NGRBC principles on the social, environmental and economic responsibilities of business.



Recognizing brand excellence

The recognition that SOBHA receives is a reflection of the collective efforts of every team with undiluted commitment and passion for excellence. They are proof that diligence and hard work do not go unrecognised. And for a year that has witnessed exceptional performance on all accounts, being conferred with distinguished awards only shows that we are acknowledged for delivering on our brand promise.



SOBHA is humbled and grateful for the accolades it has received for corporate, sustainability and CSR - over 220 awards since its inception.

This year too, SOBHA is a proud recipient of some prestigious awards. SOBHA ranked as a top brand for the sixth time in Track2Realty's Brand X Report. In the 10th edition of this report, SOBHA topped across six categories and. These included Top National Brand; Top South Indian Brand; Top Residential Brand; Top Super Luxury Brand; Company with Top CSR across India; and Public Perception - Consumer Confidence Index.

Continuing the successful run of 2018 and 2019, SOBHA won the 'Builder of the Year - Large Category' at the Builders, Architects, and Building Material (BAM Awards) in 2022.

ET Realty conferred SOBHA with the Best Realty Brand - reassuring not just every Sobhaite, but our stakeholders and customers too, that we continue to deliver the best.



Health and safety – critical to success

Wellbeing is of paramount importance to SOBHA, with every employee being responsible and committed to building a strong health and safety culture with the support of a dedicated team. Health and safety practises have evolved over time through numerous improvements, active employee participation, and feedback.

Regular training programmes and safety audits are also conducted across our operations and project sites. This year SOBHA was the runner-up in two categories – Longest Accident-Free Period' and 'Best First Aid' at the Haryana State Safety, Welfare, and Health Awards as part of the

Republic Day Celebrations in January 2023. The National Safety Council-Kerala Chapter also awarded the Marina One Kochi project 'Outstanding Safety Performance' as part of the 52nd Safety Week celebrations in March 2023.

The awards conferred on SOBHA recognise the collective efforts of every team in developing industry-leading practises and processes that have enabled the Company to achieve operational excellence while safeguarding the health and safety of its people.



SOBHA Real Estate

As a leader in real estate, SOBHA has continually set benchmarks and delivered impeccable international quality across its portfolio. Our commitment to quality is unmatched, with designs that are contemporary, yet one of a kind.

Upholding the highest standards in the industry, we strive to exceed customer expectations and maintain a record of excellence in design, construction, and delivery. Our projects have been recognised with numerous awards for their unique style, thematic approach, construction quality, and functional designs. With years of experience in the industry, our team of highly qualified professionals is dedicated to providing superior quality to our customers.

SOBHA has completed **191 real estate developments totaling 70.34 mn. sft. across 7 cities as of March 31st, 2023.**

SOBHA also takes pride in being at the forefront of sustainable development and adopting contemporary technologies. Unique to SOBHA is its own dedicated environmental engineering team that designs all environmental services in-house: water treatment plants, sewage treatment plants, organic waste converters, rainwater harvesting treatment plants, and water bodies.



SOBHA Contractual

SOBHA Contractual provides international-quality services from project conceptualization, planning, and design to engineering and execution for external clients. With a team of experienced professionals, this division offers clients solutions tailored to their requirements and budget.

The portfolio of executed projects ranges from office spaces to convention centres and multiplex theatres, IT/ITES offices, R&D centres, hotels, hostels, and many more. Each project is unique, requiring a skillful combination of architectural design, engineering expertise, and construction management.

Our clients include renowned corporates such as Infosys, Taj Group, Dell, HP, Timken, Biocon, Institute of Public Enterprises (IPE), LuLu, and the Azim Premji Foundation. These projects are not only aesthetically designed but also functional — to meet the needs of clients while also being environmentally friendly and energy efficient. With these developments, we can aim to create vibrant

communities that will serve as hubs for economic growth and social progress.

Trained and certified through the SOBHA Academy, the Contractual team of experts has the remarkable ability to cater to the diverse requirements of customers. SOBHA's self-reliant backward-integration model also allows for better control over quality and delivery, offering the advantage of providing integrated solutions with immense benefits in terms of cost and operational efficiencies.

Continuing its winning streak in large project orders, our Contracts team has won two prestigious **'NWCM - Commercial Development'** and **'HUB 05-Commercial Development'** orders to be developed at Karle Town Center, Bangalore totalling **2.54 mn. sft.**

SOBHA Manufacturing

SOBHA is the only real estate company in India to have complete backward integration with all the in-house competencies from design to delivery, including skilled technicians and a comprehensive manufacturing setup. This allows the Company to have better control over quality and deliveries, which is made possible by having stringent quality standards, processes, skilled manpower, and a strong supply chain.

SOBHA has established four main manufacturing facilities that make use of modern equipment from around the world, with highly skilled and trained technicians working in these factories. Each of these facilities is focused on excellence, with workers receiving regular training and certification to ensure sustained and high levels of quality. These factories are not only self-sustaining but also revenue-generating units that are constantly pushing the boundaries of performance.

SOBHA's **four main factories** in Bangalore are spread over **25 acres** with about **1.13 mn. sft.** of shopfloor footprint.

The Company's commitment to delivering high-quality products and services has earned it a reputation as a trustworthy and reliable partner for customers seeking innovative designs, and world-class execution, with contemporary sustainable practises embedded.



Glazing and Metal Works

The Glazing and Metal Works division of SOBHA is a state-of-the-art facility that ensures top-notch quality products that add to the overall aesthetics and functionality of projects.

SOBHA specialises in making unitized panels, with a current capacity of 360 sq. m. of panels per day and a production rate of 80 panels per day. The factory's capabilities extend to making semi-unitized panels, doors, windows, PEB structures, balustrades, railings, and decorative fencing.

Shop floor employees are trained periodically to ensure standards of quality are maintained. Currently, 50% of employees in the factory have been with SOBHA for over 15 years.

In addition to adhering to standard safety and quality regulations and having an ISO certification, the Glazing and Metal Works Division is increasingly using solar power for its operations as part of a continued focus on good sustainability practises.

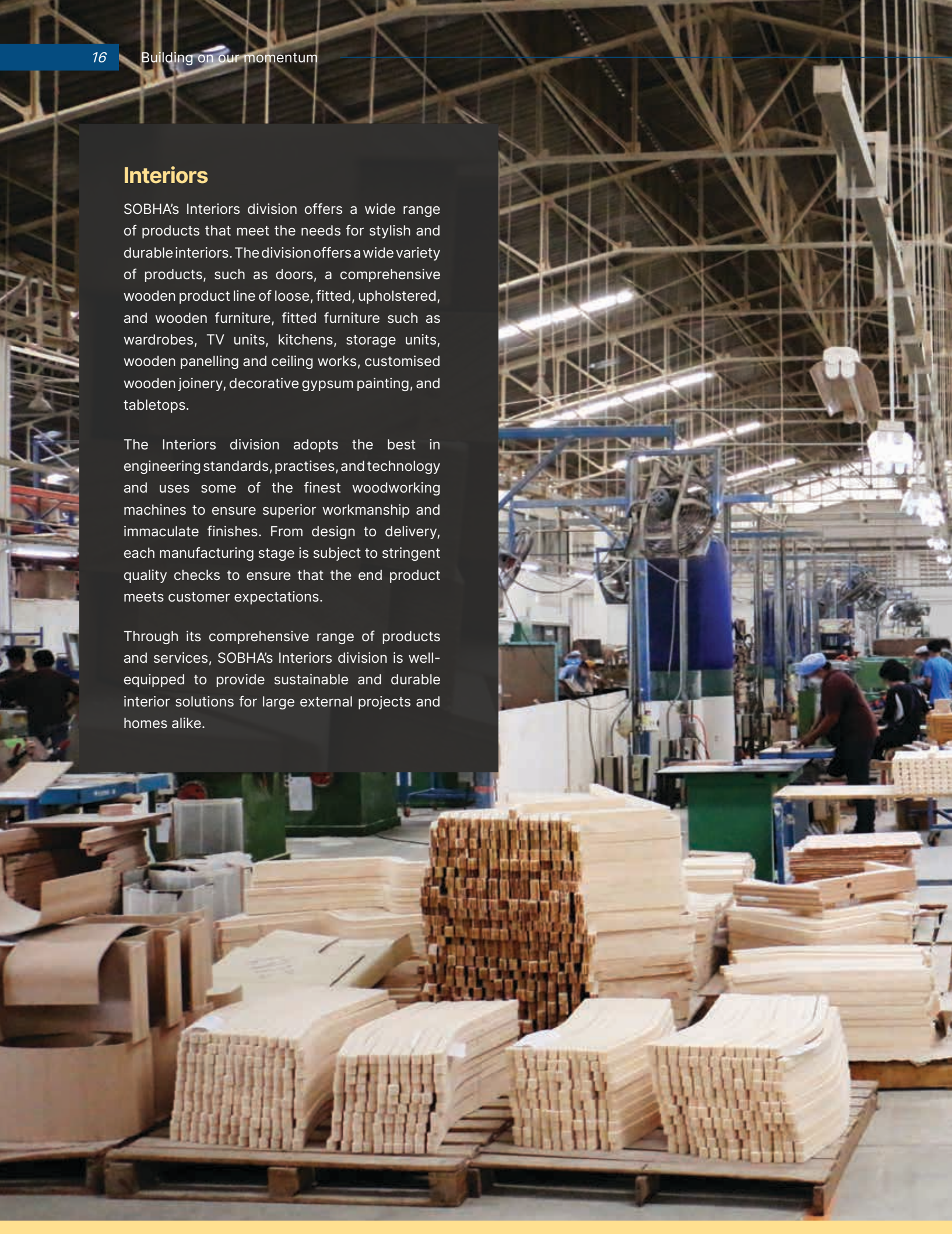
The Glazing and Metal Works Division achieved its highest ever revenues in FY 2022-23, a new record since its inception.


Interiors

SOBHA's Interiors division offers a wide range of products that meet the needs for stylish and durable interiors. The division offers a wide variety of products, such as doors, a comprehensive wooden product line of loose, fitted, upholstered, and wooden furniture, fitted furniture such as wardrobes, TV units, kitchens, storage units, wooden panelling and ceiling works, customised wooden joinery, decorative gypsum painting, and tabletops.

The Interiors division adopts the best in engineering standards, practises, and technology and uses some of the finest woodworking machines to ensure superior workmanship and immaculate finishes. From design to delivery, each manufacturing stage is subject to stringent quality checks to ensure that the end product meets customer expectations.

Through its comprehensive range of products and services, SOBHA's Interiors division is well-equipped to provide sustainable and durable interior solutions for large external projects and homes alike.





Concrete Products

SOBHA's concrete products manufacturing unit is an advanced facility with highly skilled technicians who work on the latest machinery, best-in-class processes, and quality materials to produce a wide range of quality products.

Multiple shop floors produce a variety of products, including pavers, kerbs, solid and hollow blocks, GFRG (Glass Fiber Reinforced Concrete) products, and precast concrete products. All raw materials are sourced only from trusted and reputed partners and undergo rigorous testing in the well-equipped laboratory to ensure that they meet the highest standards of quality.

Through its focus on innovation and quality, SOBHA's concrete products division is setting new standards in the industry. The use of advanced technology and strict quality control measures enable the division to produce products that are not only durable and long-lasting but also visually pleasing.

SOBHA's Concrete Products division had a remarkably successful year, achieving the highest annual revenue numbers since its establishment.

Mattresses

SOBHA Restoplus brand of spring mattresses was launched in 2007, keeping in mind the need for comfortable, durable, hygienic, scientifically designed and aesthetically superior mattresses. The product range includes thirty-six plus mattress combinations, including sleep and bath accessories. Mattresses come in a variety of designs and features, from pocketed, bonnell, re-bonded and foam to rolled, coir and pure latex mattresses.

To ensure consistent and high quality, an extremely stringent process is followed - starting from testing of incoming material, quality checks during the processing stage, and final checks of finished goods. A 'sleep laboratory' has been set up to ensure high quality and reliability of designs and materials used, including final product quality.

The mattress facility incorporates the latest manufacturing processes and specialized equipment imported from European countries and America. A skilled workforce is regularly trained to ensure better productivity and consistent product quality.

The Company places a high emphasis on employee health and safety while striving to improve overall wellbeing. Additionally, the factory is increasingly using solar energy to power its operations, as part of SOBHA's commitment to sustainability.

Restoplus celebrated **15 years of delivering** restful sleep to millions of customers in October 2022. Launched in 2007, the Division has a 286-strong dealership network, and is a member of the International Sleep Product Association.



metercube

metercube is SOBHA's one-stop solution for home buyers, allowing them the flexibility to elegantly furnish and decorate their homes through a wide range of interior packages available online. metercube's interior packages offer semi-finished options with kitchens and wardrobes, as well as fully furnished homes for living, bedrooms, and more.

metercube's full-fledged in-house design and engineering, interior design, strategic sourcing, manufacturing, and warehouse operations ensure the quality and timely delivery of all goods and services offered.

Customers can experience the full range of metercube's offerings at their flagship store located at 1 SOBHA Mall, St. Marks Road, Bangalore. Overall, metercube is a one-stop solution for home buyers, offering a range of products and services under one roof with a convenient and seamless buying experience.



Building on Our Momentum

Expanding geographical presence, record-breaking performance, and commitment to excellence and sustainability



Dear shareholders and friends of SOBHA,

I am pleased to share with you the positive developments and achievements of SOBHA over the past year, as we continue to build on the momentum we have gained. It has been a year of remarkable growth, challenges, and invaluable learning experiences. I am immensely proud to say that we have emerged stronger, capitalising on our momentum and positioning ourselves for even greater success in the future.

Throughout the year, we have strategically taken steps to strengthen our brand and expand our presence across the country. We have made our residential debut in two new cities, Thiruvananthapuram and Hyderabad, which has further increased our geographic footprint.

FY 22–23 has been an exceptional year for SOBHA, with each quarter being a record-breaking performance. Our sales team, with the tremendous support of our marketing team, has outperformed on all fronts. We achieved a 15% growth in sales square footage area, reaching 5.65 mn.sft. The sales value also grew by 34.3% to Rs. 51.98 billion, and we saw an improved average price realisation of 16.7% compared to the previous year.

Our flagship market, Bangalore, continued to demonstrate strength with an impressive growth rate of 16.8%, contributing 69.3% to the total sold. We also achieved significant growth in our NCR market, which grew by 14%. Additionally, GIFT City, Kerala, and Tamil Nadu showcased steady growth throughout the year. I am particularly proud to announce the completion of over five million square feet in SOBHA Dream Acres, Bangalore, our first pre-cast project in Bangalore. This remarkable achievement represents a significant milestone for us, as we have successfully delivered an emerging technology in India on a large scale. Leveraging our backward integrated design and construction capabilities, we swiftly adapted this technology to meet local requirements while upholding the highest standards of quality. This accomplishment showcases our commitment to innovation, efficient execution, and delivering exceptional results to our valued customers.

A recent report indicates a significant rise of over 150% in the sale of luxury residential properties in India during the last quarter of FY 22–23. This trend presents ample opportunities for us to deliver our best to discerning customers who continue to place their trust in the SOBHA brand.

I am delighted to inform you that we have achieved the highest-ever net debt reduction in our history. Our net debt has been reduced by Rs. 6.97 billion,

resulting in a net-debt equity ratio of 0.66. This achievement was made possible due to a significant increase in our cashflow, which improved by 32.6% to reach Rs. 52.82 billion, a new record. Real estate collections also increased significantly by 35.7%, and contracts and manufacturing achieved growth of 20.6%.

Our Concrete Products and the Glazing and Metal Works Division recorded healthy performances, achieving record sales turnovers. Specifically, our Concrete Products Division recorded its highest quarterly and monthly billing and collections, which have made a substantial contribution to our overall business.

SOBHA's commitment to excellence, sustainable projects, and Corporate Social Responsibility (CSR) efforts has been consistently recognised. This year, we received three significant brand awards. The Economic Times Realty Conclave acknowledged SOBHA as one of the top real estate brands in the country. In the Brand X Track2Realty 2022 report, we secured the first position across six categories, further validating our industry leadership. Additionally, we were honoured with the Builders, Architects, and Building Material (BAM) award for Builder of the Year in the large category, an accolade we have also proudly received in 2018 and 2019. These prestigious awards endorse the strength of the SOBHA brand, affirming our commitment to delivering contemporary designs, meticulous detailing, and world-class construction quality. However, beyond the recognition and awards, our true drive stems from our unwavering dedication to providing customers with exceptional, international quality and living experiences.

SOBHA is dedicated to making a positive impact through our CSR initiatives, focusing on education, healthcare, women's empowerment, support for the elderly, and various environmental initiatives. We are committed to compassionate social development and continuously deepen our efforts in these areas.

Sustainability is a core focus for us at SOBHA. We have implemented contemporary and effective practises in our operations and projects that strongly reflect our commitment to sustainability. Some examples include rainwater harvesting, the use of organic waste converters, designs that maximise natural lighting and ventilation, basements designed to minimise the use of exhaust fans, LED lights in common areas, and more. Moving forward, our goal is to include EV charging points as a standard feature in all our forthcoming launches.

SOBHA's journey is made possible by our immensely talented team, who consistently work their magic. I extend my gratitude to every Sobhaite for making every SOBHA dream come true. I would also like to thank our Board for their unwavering support and guidance and express my appreciation to our customers for their confidence and trust in the SOBHA brand.

Wishing you and your families a secure and prosperous future.

Ravi PNC Menon



Chairman
Sobha Ltd.

BOARD OF DIRECTORS



Sitting from left to right

MS. SRIVATHSALA K N

Independent Director

MR. ANUP S SHAH

Independent Director

MR. RAVI PNC MENON

Chairman

MR. RAMAN MANGALORKAR

Independent Director

Standing from left to right

MR. R V S RAO

Independent Director

MR. JAGADISH NANGINENI

Managing Director

MR. RAVI PNC MENON
CHAIRMAN

Mr. Ravi PNC Menon is the Chairman of the Company. He holds a degree in Bachelor of Science in Civil Engineering from Purdue University, USA. He has 19 years of experience in the field of construction and real estate development. Till 31st March, 2023, as an Executive Director, he was responsible for developing the strategic vision of the Company, establishing the organisations' goals and objectives and directing the Company towards their fulfilment. He played a key role in the successful integration of pre-cast technology into our construction methodology. He plays an influential and prominent role in augmenting the product delivery levels of the Company, attaining of superior standards of quality, new product launches and customer relationship management.

He has resigned from the position of Executive Director w.e.f. close of 31st March, 2023 and continues as Non-executive Non-Independent Director and Chairman effective 01st April, 2023. As a Non-executive Chairman he continues to support as a mentor and guides the Senior Management in

the areas of business strategy, quality assurance, technology advancement, design and engineering, sales and marketing, product delivery, project execution, risk mitigation, process and information technology and customer satisfaction.

MR. JAGADISH NANGINENI
MANAGING DIRECTOR

Mr. Jagadish Nangineni is the Managing Director of the Company. He has over 21 years of experience in the field of real estate, technology, consulting and has been associated with SOBHA since November 2009. He is entrusted with the overall responsibility of managing the affairs of the Company and achieving the targets of the Company. He plays an instrumental role in leading the growth of the Company in all operational businesses and related functions. Mr. Jagadish Nangineni 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.

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 51 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 the Indian Institute of Bankers and a life member of the All India Management Association.

MR. ANUP S SHAH
INDEPENDENT DIRECTOR

Mr. Anup S 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 39 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, arbitration and alternative dispute resolutions.

MS. SRIVATHSALA K N
INDEPENDENT DIRECTOR

Ms. Srivathsala K N is an Independent Director of the Company. She is an entrepreneur, strategic business advisor, financial planner, active angel investor, start-up expert and a mentor. She is the founder of four organisations - Fintrans Investment Advisors, Wintrans Consultancy, Eleasee and Vandyam Prasada Foods. She is a mentor at Prahlad Kakkar's Institute of Branding and Entrepreneurship and IIT Bombay and Kharagpur. She guides students on financial planning and entrepreneurship. Besides this, she has conducted several training and awareness programmes on entrepreneurship and financial literacy for corporates, public and students. Ms. Srivathsala K N is a certified financial planner and an accounting technician from the Institute of Chartered Accountant of India. She holds a Master's degree in Commerce from the Bangalore University.

MR. RAMAN MANGALORKAR
INDEPENDENT DIRECTOR

Mr. Raman Mangalorkar is an Independent Director of the Company. He is an entrepreneur and currently running a health-tech startup in the life extension and age reversal space. He has worked as Chief Executive Officer (CEO) of Jubilant Agri and Consumer Products Limited and as the Managing Director of Highstreet Capital in the Private Equity space. He worked with A.T. Kearney as the Head of the Consumer and Retail Practice for Asia Pacific on a variety of projects around the world including in the USA, UK, Switzerland, Japan, Korea and South America. Before this, he focused on the Corporate Finance and Treasury functions with Federal Mogul in Detroit. Mr. Raman Mangalorkar has more than thirty years' experience of industry, consulting and private equity and worked across the globe on a wide range of strategic, operational and organization issues. His areas of expertise includes formulating business strategies, transforming supply chains and managing large scale program implementations especially in the Retail and Consumer industries. Mr. Raman Mangalorkar completed his Masters in Business Administration from Indiana University (Kelley School of Business) with specializations in Finance and MIS. He also has a Master's in commerce from Bangalore University.

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

Mr. Raman Mangalorkar (Chairman)
Mr. R V S Rao
Mr. Jagadish Nangineni
Ms. Srivathsala K N

STAKEHOLDERS RELATIONSHIP COMMITTEE

Ms. Srivathsala K N (Chairman)
Mr. Ravi PNC Menon
Mr. Raman Mangalorkar
Mr. Jagadish Nangineni

NOMINATION, REMUNERATION AND GOVERNANCE COMMITTEE

Mr. Anup S Shah (Chairman)
Mr. R V S Rao
Mr. Ravi PNC Menon
Mr. Raman Mangalorkar

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. Anup S Shah (Chairman)
Ms. Srivathsala K N
Mr. Jagadish Nangineni

SHARE TRANSFER COMMITTEE

Mr. Jagadish Nangineni (Chairman)
Mr. Ravi PNC Menon
Ms. Srivathsala K N

RISK MANAGEMENT COMMITTEE

Mr. Anup S Shah (Chairman)
Mr. Ravi PNC Menon
Mr. Jagadish Nangineni
Mr. Yogesh Bansal

REGISTERED AND CORPORATE OFFICE

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

CORPORATE INFORMATION

COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Vighneshwar G Bhat

CHIEF FINANCIAL OFFICER

Mr. Yogesh Bansal

STATUTORY AUDITORS

M/s. Walker Chandio & Co LLP
Chartered Accountants
5th Floor, 65/2, Block A, Bagmane Tribid,
Bagmane Tech Park, C V Raman Nagar,
Bengaluru-560093.

BANKERS AND FINANCIAL INSTITUTIONS

Aditya Birla Finance Limited
Aditya Birla Housing Finance Limited
Arka Fincap Limited
Axis Bank
Bajaj Housing Finance Limited
Bank of Baroda
Bank of India
Catholic Syrian Bank
Canara Bank
DBS Bank India Limited
DCB Bank Limited
Deutsche Bank
Dhana Lakshmi Bank
HDFC Bank
HDFC Limited
ICICI Bank
IDBI Bank
Indian Bank
IndusInd Bank
Karnataka Bank
Karur Vysya Bank
Kotak Mahindra Bank Limited
Kotak Mahindra Investments Limited
Punjab National Bank
RBL Bank Limited
South Indian Bank
Standard Chartered Bank
State Bank of India
Tata Capital Financial Services Limited
Union Bank of India

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 28th Annual Report on the business and operations of the Company together with the audited results for the financial year ended March 31, 2023.

FINANCIAL HIGHLIGHTS		(₹ In million)			
Particulars	Standalone		Consolidated		
	2022-23	2021-22*	2022-23	2021-22*	
Total Revenue	34,258.65	26,352.24	34,024.33	26,452.27	
Operating Expenditure	29,879.04	20,369.65	29,405.97	20,284.50	
Earnings before Interest, Depreciation and Amortisation	4,379.61	5,982.59	4,618.36	6,167.77	
Depreciation and Amortisation	638.71	678.16	678.37	718.27	
Finance Cost	2,423.80	2,993.70	2,490.24	3,083.25	
Profit Before Tax	1,317.10	2,310.73	1,449.75	2,366.25	
Tax Expenses	364.21	619.25	407.70	634.35	
Profit after Tax	952.89	1,691.48	1,042.05	1,731.90	

*Pursuant to Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, the financial statements for the previous reporting periods were restated.

BUSINESS AND OPERATIONS

A. BUSINESS OVERVIEW

SOBHA primarily operates across the following business verticals:

- Real Estate – Development of residential and commercial properties under SOBHA brand name.
- Contractual – EPC (Engineering, procurement and construction) contracts catering to external institutional clients.
- Manufacturing – Construction sector related production capabilities like Concrete, Glazing, Interiors etc., supporting in-house projects as well servicing external clients.

A summary of completed and ongoing projects as on March 31, 2023 has been provided in the Management Discussion and Analysis Report titled 'Management Report' which forms a part of the Annual Report.

B. FINANCIAL OVERVIEW

Standalone

During financial year 2022-23, the Company had on a standalone basis, earned total revenues of ₹34,258.65 million as compared to ₹26,352.24 million in the previous year, an increase of 30% y-o-y. The Profit before Tax during the year was ₹1,317.10 million as against ₹2,310.73 million in the previous year, decreased by 43.03% and Profit after Tax during the year was ₹952.89 million as against ₹1,691.48 million in the previous year, that is, decreased by 43.67%.

Consolidated

The consolidated revenues of the Company during the financial year 2022-23 were ₹34,024.33 million, an increase of 28.62% from the previous year. The Profit before Tax decreased by 38.73% and Profit after

Tax (after considering minority interest) decreased by 39.83% as compared to the financial year 2021-22.

Transfer to Reserves

Your Directors propose to transfer ₹95.29 million of the current profits to the General Reserve.

Dividend

The Company aims to follow a consistent dividend pay-out while striving to achieve a trade-off between deployment of internal accruals for growth and the payment of 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 ₹ 3.00 per equity share of ₹ 10 each.

The Dividend Distribution Policy is available on the Company's website at <https://www.sobha.com/wp-content/uploads/2020/10/153630151720180907.pdf>

C. OPERATIONAL OVERVIEW

Completed Projects

During the year under review, the Company executed and handed over 5.78 million square feet real estate projects and 0.62 million square feet of contractual projects resulting in an aggregate development of 6.40 million square feet.

The Company has completed construction of 128 million square feet of area since its inception.

Ongoing Projects

The Company currently has real estate projects aggregating 30.60 million square feet of developable area. It has 5.24 million square feet of ongoing contractual projects which are in various stages of construction.

The Company has a geographic footprint 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 the National Stock Exchange of India Limited and BSE Limited.

B. CHANGES IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

As on date, the Company has six direct subsidiaries and five step-down subsidiaries. The Company also has an economic interest in a partnership firm which has 6 subsidiaries. During the year under review, there is no change in Subsidiaries, Joint Ventures and Associates of the Company.

BOARD OF DIRECTORS AND ITS COMMITTEES

A. COMPOSITION OF THE BOARD OF DIRECTORS

As on March 31, 2023, the Board of Directors of the Company comprised 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

Mr. Jagadish Nangineni, was appointed as an Additional Director in the capacity of Whole-time Director designated as Managing Director effective April 01, 2022. His appointment was approved by the

shareholders by passing resolutions through postal ballot on June 09, 2022. Mr. Raman Mangalorkar, was appointed as an Additional Director in the capacity of Non-executive Independent Director effective April 01, 2022. His appointment was approved by the shareholders by passing a resolution through postal ballot on June 09, 2022.

Mr. Ravi PNC Menon, resigned from the position of Whole-time (Executive) Director effective close of March 31, 2023 and would continue as Non-Executive Director and Chairman of the Company with effect from April 01, 2023.

C. MEETINGS

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

1. May 20, 2022
2. August 09, 2022
3. November 14, 2022
4. February 07, 2023
5. March 06, 2023

In accordance with the provisions of the Companies Act, 2013, a separate meeting of the Independent Directors of the Company was held on March 31, 2023.

D. RE-APPOINTMENT OF DIRECTORS RETIRING BY ROTATION

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Jagadish Nangineni, Director and Managing Director (DIN: 01871780) 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, has recommended the re-appointment of Mr. Jagadish Nangineni, Director designated as Managing Director, retiring by rotation.

The Notice convening the Annual General Meeting includes the proposal for re-appointment of Mr. Jagadish Nangineni as a Director of the Company. A brief resume of Mr. Jagadish Nangineni has been provided

as an Annexure to the Notice convening the Annual General Meeting. Specific information about the nature of Mr. Jagadish Nangineni's expertise in specific functional areas and the names of the companies in which he holds directorship and membership/chairmanship of the Board Committees has 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 - the Audit Committee, Stakeholders' 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 maximizing 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, pursuant to Section 134(5) of the Companies Act, 2013, your Directors hereby confirm, 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 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 composition of the Audit Committee as on March 31, 2023 was:

1. Mr. Raman Mangalorkar (Independent Director) – Chairman
2. Mr. Jagadish Nangineni (Managing Director) – Member
3. Mr. R V S Rao (Independent Director) - Member
4. Ms. Srivathsala K N (Independent Director) - Member

The Audit Committee was reconstituted at the Board meeting held on November 14, 2022. Mr. RVS Rao ceased to be Chairman of the Audit Committee w.e.f. November 14, 2022 and continued as member of the Committee. Mr. Raman Mangalorkar was appointed as a Member of Audit Committee w.e.f. April 01, 2022 and was appointed as Chairman of the Audit Committee w.e.f. November 14, 2022.

The terms of reference, the powers, roles 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 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 Seventh Annual General Meeting held on August 10, 2022 the members appointed M/s. Walker Chandiook & Co LLP, Chartered Accountants (Firm Registration No. 001076N/N500013) as Statutory Auditors of the Company in place of BSR & Co. LLP, retiring statutory auditors, for a period of 5 years from the conclusion of 27th Annual General Meeting till the conclusion of the 32nd Annual General Meeting.

The Statutory Auditors expressed an unmodified opinion in the audit reports with respect to audited financial statements for the financial year ended March 31, 2023. There are no qualifications or adverse remarks in the Statutory Auditors' Report which require any explanation from the Board of Directors.

C. SECRETARIAL AUDIT

Secretarial Audit of the Company for the year ended March 31, 2023 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 2021-22 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.

The Board of Directors, based on the recommendation of the Audit Committee,

have appointed M/s. Srinivas and Co, Cost Accountants (Firm Registration No: 000278) as the Cost Auditors of the Company for the financial year 2022-23. In terms of Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors for financial year 2022-23 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 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 Internal 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 and 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 Team 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. Walker Chandiook & 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, committee or by an independent external agency and review its implementation and compliance. Nomination and Remuneration Policy is reproduced in **Annexure B** to this report. The Nomination and Remuneration Policy is also available on the Company's website at <https://www.sobha.com/wp-content/uploads/2022/03/amended-Nomination-and-Remuneration-Policy.pdf>.

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 such risks. The Board of Directors of the Company has 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.

There was no offence or fraud that needs to be reported by the Statutory Auditors as per Section 143 (12) of the Companies Act, 2013.

C. CORPORATE SOCIAL RESPONSIBILITY POLICY

Over the past decades, the Company has been actively engaged in delivering maximum value to the society. The Company lays significant emphasis on the economic, social empowerment and sustainable development of the communities around which it operates. The Company believes that its achievements do not refer only to its growth but also spread to society. Accordingly, the Company through Sri Kurumba Educational & Charitable Trust, a public charitable trust,

has adopted three village panchayats - Vadakkencherry, Kizhakkencherry and Kannambra in Palakkad district of Kerala, each consisting of two villages, to improve the lifestyle of the people at the grassroots 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/wp-content/uploads/2023/06/CSR-Policy.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 established a vigil mechanism to promote ethical behaviour in all its business activities. It has in place a mechanism for employees and directors to report any genuine grievances, illegal and 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 whistle blower against victimization or discriminatory practices. The policy is available on the Company's website at <https://www.sobha.com/wp-content/uploads/2020/10/153630159420180907.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

There were no outstanding debentures as on March 31, 2023.

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 THE INVESTOR EDUCATION AND PROTECTION FUND

In compliance with Section 124 of the Companies Act, 2013, the dividends pertaining to financial year 2014-15 which were lying unclaimed with the Company were transferred to the Investor Education and Protection Fund during financial year 2022-23. The details of unclaimed dividends transferred to the Investor Education and Protection Fund has been detailed in the Corporate Governance Report which forms a part of the Annual Report.

As required under Section 124 of the Companies Act, 2013 and the Rules made thereunder, 3,087 equity shares, in respect of which dividend had not been claimed by the shareholders for seven consecutive years or more, were transferred to the Investor Education and Protection Fund during the year under review. The details of the shares and shareholders are available on the Company's website.

D. SIGNIFICANT OR MATERIAL ORDERS PASSED BY REGULATORS/COURTS

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

E. HUMAN RESOURCES

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

As on March 31, 2023, the Company had an organizational strength of 3,406 employees.

Details about the employees are provided in a separate section in 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 the 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 financial year 2022-23, the Company was conferred with various awards and recognitions, the details of which are given in a separate section in 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 of the Listing Regulations, a declaration signed by the Managing Director affirming compliance with the Code of Conduct by the Directors and senior management personnel of the Company for financial year 2022-23 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 have been complied with pursuant to the Companies Act, 2013 and the rules made thereunder.

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 in the Annual Report.

L. ANNUAL RETURNS

In accordance with the Companies Act, 2013, the annual returns in the prescribed format are available under the link <https://www.sobha.com/wp-content/uploads/2023/07/2022-2023-Annual-Return-MGT-7.pdf>

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 are 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 financial year 2022-23 are detailed in the Notes to Accounts of the Financial Statements.

Further, during the year under review, there were no contracts or arrangements entered with related parties referred to the criteria mentioned 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.

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 E** to this report.

P. REMUNERATION DETAILS OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND EMPLOYEES

Details of remunerations of Directors, Key Managerial Personnel and the statement of employees in receipt of remuneration exceeding the limits prescribed under Section 134 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in **Annexure F** 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 is given as an annexure to the Consolidated Financial Statements.

R. MATERIAL CHANGES AND COMMITMENTS

In terms of Section 134(3) (l) of the

Companies Act, 2013, except as disclosed elsewhere in this report, no material changes and commitments which could effect the companies financial position have occurred.

S. BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

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

T. 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 of 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 organization. We thank the Government of India, the state governments and other government agencies for their assistance and cooperation and look forward to their continued support in the future. Finally, the Board would like to express its gratitude to the members for their continued trust, cooperation and support.

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

Place : Bangalore
Date : May 29, 2023

Sd/-
Ravi PNC Menon
Chairman

Sd/-
Jagadish Nangineni
Managing Director

ANNEXURE A

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

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.

Place : Bengaluru
Date : May 29, 2023

Sd/-
Nagendra D. Rao
Practising Company Secretary
Membership No. FCS - 5553
Certificate of Practice - 7731
Peer Reviewed Unit
Peer Review Certificate No.: 672/2020
UDIN: F005553E000403225

FORM NO. MR-3**SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023**

[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 Company’s 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, 2023** 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 the Company for the financial year ended on **31st March, 2023** 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) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2021 [**Not Applicable to the Listed Entity during the financial year under review**]
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2021 [**Not Applicable as the Listed Entity has not raised any funds by issue of listed debentures during the financial year under review**];
 - (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, 2021 [**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**];
- (vi) The Laws as are applicable specifically to the Company are as under:
- a) Real Estate (Regulation & Development) Act, 2016;
 - b) Transfer of Property Act, 1882;
 - c) Indian Easements Act, 1882;
 - d) Registration Act, 1908;
 - e) The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996;
 - f) Indian Stamp Act, 1899 and
 - g) Karnataka Stamp Act, 1957.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (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:

1. The settlement application filed in respect of the show cause notice dated 24th September, 2021 issued by Securities and Exchange Board of India (SEBI), was accepted by them. SEBI has asked that the settlement amount be paid by the Other Noticees, excluding the Company, which has been duly paid by the other noticees on 30th July, 2022. Accordingly, adjudication proceedings initiated against the Company and other noticees were disposed off.
2. The Company had entered into a joint development arrangement with certain Landowners in Gurugram, Haryana, in earlier years. In respect of this transaction, the Enforcement Directorate ('ED') after due investigation has filed a complaint with Adjudicating Authority -PML, alleging certain irregularities in the manner of allotment and pricing of certain plots under this project or payment of applicable fees and charges by the Company or the landowners, with respect to the terms and conditions mentioned in the development policy of Haryana Development and Regulation of Urban Areas Act (HDRUAA), 1975 and the bilateral agreement between the land owners and Directorate of Town and Country Planning, Haryana (DTCP) resulting in provisional attachment of land parcels with value of Rupees 2,016 million held by Technobuild Developers Private Limited (TDPL) over which the Company has absolute rights through a Memorandum of Understanding entered with TDPL and its affiliates.

During the year, the Company is in receipt of Show Cause Notice from Adjudicating Authority and the Company has duly filed detailed responses to allegations made in Show Cause Notice.

The Company, based on its overall assessment and independent legal opinion obtained, believes that

these transactions have been carried out in accordance with all the applicable laws and regulations and the said bilateral agreement.

3. In the earlier year, the Company, in process of renewal of Fire Department clearance for one of the project, was found to be defective. On becoming aware of this fact, the Company immediately took remedial steps and obtained renewed approvals, which were then re-submitted with the local body for regularization. However, the local body has cancelled the Occupancy Certificate, against which the Company has filed an appeal with Karnataka Appellate Tribunal challenging the cancellation of Occupancy Certificate. The Karnataka Appellate Tribunal has stayed the cancellation order of local body. The Company is working with the local body for restoration of the Occupancy Certificate and the Company believes that the said matter has no material impact on the Company.
4. The Company, while modifying a charge, instead of filing modification of Charge, has inadvertently filed satisfaction of Charge. Upon realizing the error, which was unintentional and inadvertent, the Company has filed application in the specified form before the Ministry of Corporate Affairs, for rectification of omission. The matter is in progress and outcome is awaited.

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

Except to the extent of 1 (One) Board Meeting held on March 6, 2023 convened by shorter notice, (which has been attended by all the Directors including Independent Directors) adequate notice has been given to all directors to schedule the other 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 at the Annual General Meeting held on August 10, 2022 which is 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 private placement basis.

I further report that, as per the information and explanation provided by the company, the company is in compliance with the requirement of Structured Digital Database under SEBI (Prohibition of Insider Trading) Regulations, 2015.

Place : Bengaluru
Date : May 29, 2023

Sd/-
Nagendra D. Rao
Practising Company Secretary
Membership No. FCS – 5553
Certificate of Practice – 7731
Peer Reviewed Unit
Peer Review Certificate No.: 672/2020
UDIN: F005553E000403225

ANNEXURE B

NOMINATION AND REMUNERATION POLICY

The Board of Directors of Sobha Limited have constituted the Nomination, Remuneration and Governance Committee in accordance with the provisions of the Companies Act, 2013 and Listing Agreement entered into with the Stock Exchanges.

I. TERMS OF REFERENCE OF THE COMMITTEE:

1. To identify, review, assess, recommend and lead the process for appointments of Executive, Non-Executive and Independent Directors to the Board and Committees thereof and to regularly review the structure, size and composition, balance of skills, knowledge and experience of the Board and Board Committees and make recommendations to the Board or, where appropriate, the relevant committee with regard to any adjustments that are deemed necessary.
2. To formulate criteria for evaluation of Independent Directors and the Board.
3. To evaluate the performance of the Chairman and other members of the Board on an annual basis and to monitor and evaluate the performance and effectiveness of the Board and Board Committees and the contribution of each director to the Company. The Committee shall also seek the views of executive directors on the performance of non-executive directors.
4. To devise a policy on Board diversity.
5. 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.
6. To make recommendations to the Board on the following matters:
 - Re-appointment of any executive and non-executive director at the conclusion of their specified term of office.
 - Re-election by members of any director who are liable to retire by rotation as per the Company's Articles of Association.
 - Any matters relating to the continuation in office of any director at any time.
7. To formulate a policy relating to the remuneration of directors, key managerial personnel and other employees.
8. 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.
9. To receive reports, investigate, discuss and make recommendations in respect of breaches or suspected breaches of the Company's Code of Conduct.
10. 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 applicable to employees and Directors.
11. To perform such functions as may be detailed in the Listing Regulations, Companies Act, 2013 and the relevant Rules made there under.

II. DEFINITIONS:

1. Key Managerial Personnel:

Key Managerial Personnel has the same meaning as ascribed to it under the Companies Act, 2013 as may be amended from time to time.

2. Senior Management:

Senior Management has the same meaning as ascribed to it under the Code of Conduct of the Company as may be amended from time to time.

III. POLICY ON APPOINTMENT AND REMOVAL OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT:

A. ELIGIBILITY OR CRITERIA FOR APPOINTMENT:

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

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

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

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

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

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

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

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

B. TERM OF OFFICE:

Whole-time Director:

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

Independent Director(s):

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

Key Managerial Personnel and Senior Management:

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

C. REMOVAL OF DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT OF THE COMPANY:

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

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

IV. 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.

V. 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, wherever required.

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

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

Basic Salary:

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

Accommodation or House Rent Allowance:

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

Performance Incentives:

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

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

Perquisites and Other Allowances:

Each Whole-time Director, Key Managerial Personnel and Senior Management personnel shall be entitled to such perquisites, allowances, benefits, facilities

and amenities as per the Human Resource policy of the Company in force or as may be approved by the Board from time to time.

D. Remuneration of Independent Directors:

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

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

E. Limits on Remuneration:

- i. The overall remuneration paid by the Company to the Directors including Independent Directors shall not exceed 11% of the net profits of the Company for that financial year.
- ii. The remuneration paid by the Company to all its whole-time directors shall not exceed 10% of the net profits of the Company for that financial year.
- iii. The remuneration paid by the Company to its Independent Directors (excluding sitting fees) shall not exceed 1% of the net profits of the Company for that financial year.
- iv. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Directors, Managing Directors, any non-executive director including Independent 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 Company shall obtain the prior approval of the Shareholders by passing Special Resolution.
- 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 health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of 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 including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
- 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 art and handicrafts;
- VI. Measures for the benefit of armed forces veterans, war widows and their dependents, [Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF)veterans and their dependents including widows];
- 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 Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
- IX. Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government;
- X. Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy(DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO);Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).
- XI. Rural development projects.

- XII. Slum area development.
- XIII. Disaster management, including relief, rehabilitation and reconstruction activities.
- XIV. 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.

2. COMPOSITION OF CSR COMMITTEE FOR THE YEAR ENDED MARCH 31, 2023.

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

Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year.	Number of meetings of CSR the committee attended during the year.
Mr. Anup S Shah	(Chairman) Non-executive Independent Director	4	3
Ms. Srivathsala K N	(Member) Non-executive Independent Director	4	4
Mr. Jagadish Nangineni	(Member) Executive – Managing Director	4	4

3. The details of Corporate Social Responsibility Policy, Composition of CSR Committee and CSR Projects approved by the Board are disclosed on the website of the company.

The web-links are as follows:

- CSR Policy and Projects: <https://www.sobha.com/wp-content/uploads/2023/06/CSR-Policy.pdf>
- Composition of CSR Committee: <https://www.sobha.com/wp-content/uploads/2022/11/Composition-of-Committees.pdf>

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable – Not Applicable, however, Company has voluntarily conducted Impact Assessment.
5. (a) Average net profit of the Company as per sub-section (5) of section 135: **₹2,666.19 million.**
- (b) Two percent of average net profit of the Company as per sub-section (5) of section 135: **₹53.32 million.**
- (c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years: **Nil.**
- (d) Amount required to be set-off for the financial year, if any: **Nil.**
- (e) Total CSR obligation for the financial year [(b)+(c)-(d)]: **₹53.32 million.**
6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): **₹194.68 million.**
- (b) Amount spent in Administrative Overheads: **₹3.72 million.**
- (c) Amount spent on Impact Assessment, if applicable: **₹1.10 million.**
- (d) Total amount spent for the Financial Year [(a)+(b)+(c)]: **₹199.50 million.**

(e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year (₹ in million)	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per subsection (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to subsection (5) of section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹199.50	-	-	-	-	-

(f) Excess amount for set-off, if any: **Nil.**

Sl. No.	Particular	Amount (₹ in million)
(i)	Two percent of average net profit of the Company as per sub-section (5) of section 135	53.32
(ii)	Total amount spent for the Financial Year	199.50
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	-
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	-

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under subsection (6) of section 135 (in Rs.)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in Rs.)	Amount Spent in The Financial Year (in Rs)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any	Amount remaining to be spent in succeeding Financial Years (in Rs)	Deficiency, if any
FY-1	-	-	-	-	-	-
FY-2	-	-	-	-	-	-
FY-3	-	-	-	-	-	-

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Yes ✓

No

If yes, enter the number of Capital assets created/acquired.

32

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/Authority/beneficiary of the registered owner		
				CSR Registration Number	Name	Registered address
LED Monitor Acer 18.5inch	678684	12/11/2022	6,608	CSR00003295	Sri Kurumba Educational And Charitable Trust	Anugraha 30/40, Sreepuram, Punkunnam, Thrissur - 680002, Kerala
Grass cutting machine	678684	25/06/2022	11,500	CSR00003295	Sri Kurumba Educational And Charitable Trust	Anugraha 30/40, Sreepuram, Punkunnam, Thrissur - 680002, Kerala

Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/Authority/beneficiary of the registered owner		
				CSR Registration Number	Name	Registered address
Pump Set	678684	10/05/2022	11,400	CSR00003295	Sri Kurumba Educational And Charitable Trust	Anugraha 30/40, Sreepuram, Punkunnam, Thrissur - 680002, Kerala
Sound System	678684	18/11/2022	172,500	CSR00003295	Sri Kurumba Educational And Charitable Trust	Anugraha 30/40, Sreepuram, Punkunnam, Thrissur - 680002, Kerala
Water Heater	678684	28/04/2022	8,900	CSR00003295	Sri Kurumba Educational And Charitable Trust	Anugraha 30/40, Sreepuram, Punkunnam, Thrissur - 680002, Kerala
Office chair	678684	30/04/2022	24,100	CSR00003295	Sri Kurumba Educational And Charitable Trust	Anugraha 30/40, Sreepuram, Punkunnam, Thrissur - 680002, Kerala
Interactive Flat Panel	678684	22/09/2022	298,000	CSR00003295	Sri Kurumba Educational And Charitable Trust	Anugraha 30/40, Sreepuram, Punkunnam, Thrissur - 680002, Kerala
Printer	678684	01/07/2022	9,800	CSR00003295	Sri Kurumba Educational And Charitable Trust	Anugraha 30/40, Sreepuram, Punkunnam, Thrissur - 680002, Kerala
Projector	678684	17/12/2022	88,000	CSR00003295	Sri Kurumba Educational And Charitable Trust	Anugraha 30/40, Sreepuram, Punkunnam, Thrissur - 680002, Kerala
CCTV Camera	678683	07/01/2023	97,853	CSR00003295	Sri Kurumba Educational And Charitable Trust	Anugraha 30/40, Sreepuram, Punkunnam, Thrissur - 680002, Kerala
LED TV (32" Impex)	678683	26/09/2022	39,995	CSR00003295	Sri Kurumba Educational And Charitable Trust	Anugraha 30/40, Sreepuram, Punkunnam, Thrissur - 680002, Kerala
Office chair	678683	05/04/2022	15,500	CSR00003295	Sri Kurumba Educational And Charitable Trust	Anugraha 30/40, Sreepuram, Punkunnam, Thrissur - 680002, Kerala
Steel Alamara	678683	10/03/2023	5,750	CSR00003295	Sri Kurumba Educational And Charitable Trust	Anugraha 30/40, Sreepuram, Punkunnam, Thrissur - 680002, Kerala
Grass cutting machine	678683	24/03/2023	26,000	CSR00003295	Sri Kurumba Educational And Charitable Trust	Anugraha 30/40, Sreepuram, Punkunnam, Thrissur - 680002, Kerala
EPBS System	678683	31/03/2023	320,960	CSR00003295	Sri Kurumba Educational And Charitable Trust	Anugraha 30/40, Sreepuram, Punkunnam, Thrissur - 680002, Kerala
Air Conditioner	678683	19/09/2022	49,200	CSR00003295	Sri Kurumba Educational And Charitable Trust	Anugraha 30/40, Sreepuram, Punkunnam, Thrissur - 680002, Kerala
CCTV Camera	678683	27/03/2023	83,784	CSR00003295	Sri Kurumba Educational And Charitable Trust	Anugraha 30/40, Sreepuram, Punkunnam, Thrissur - 680002, Kerala
Projector	678683	24/01/2023	42,480	CSR00003295	Sri Kurumba Educational And Charitable Trust	Anugraha 30/40, Sreepuram, Punkunnam, Thrissur - 680002, Kerala
Security cabin gate	678683	31/07/2022	120,438	CSR00003295	Sri Kurumba Educational And Charitable Trust	Anugraha 30/40, Sreepuram, Punkunnam, Thrissur - 680002, Kerala

Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/Authority/beneficiary of the registered owner		
				CSR Registration Number	Name	Registered address
STP Motor	678683	02/12/2022	63,000	CSR00003295	Sri Kurumba Educational And Charitable Trust	Anugraha 30/40, Sreepuram, Punkunnam, Thrissur – 680002, Kerala
STP-Sludge Bag FilterSystem	678683	31/12/2022	226,560	CSR00003295	Sri Kurumba Educational And Charitable Trust	Anugraha 30/40, Sreepuram, Punkunnam, Thrissur – 680002, Kerala
Hardware	678683	13/04/2022	23,558	CSR00003295	Sri Kurumba Educational And Charitable Trust	Anugraha 30/40, Sreepuram, Punkunnam, Thrissur – 680002, Kerala
Fire Hydrant System	678683	28/02/2023	936,900	CSR00003295	Sri Kurumba Educational And Charitable Trust	Anugraha 30/40, Sreepuram, Punkunnam, Thrissur – 680002, Kerala
Laptop	678683	11/06/2022	72,000	CSR00003295	Sri Kurumba Educational And Charitable Trust	Anugraha 30/40, Sreepuram, Punkunnam, Thrissur – 680002, Kerala
Computer	678683	19/07/2022	42,126	CSR00003295	Sri Kurumba Educational And Charitable Trust	Anugraha 30/40, Sreepuram, Punkunnam, Thrissur – 680002, Kerala
Monitor	678683	25/08/2022	7,906	CSR00003295	Sri Kurumba Educational And Charitable Trust	Anugraha 30/40, Sreepuram, Punkunnam, Thrissur – 680002, Kerala
Computer	678683	17/09/2022	25,754	CSR00003295	Sri Kurumba Educational And Charitable Trust	Anugraha 30/40, Sreepuram, Punkunnam, Thrissur – 680002, Kerala
Computer	678683	09/02/2023	26,778	CSR00003295	Sri Kurumba Educational And Charitable Trust	Anugraha 30/40, Sreepuram, Punkunnam, Thrissur – 680002, Kerala
Computer	678683	13/02/2023	53,600	CSR00003295	Sri Kurumba Educational And Charitable Trust	Anugraha 30/40, Sreepuram, Punkunnam, Thrissur – 680002, Kerala
Mobile Phone	678683	21/02/2023	28,999	CSR00003295	Sri Kurumba Educational And Charitable Trust	Anugraha 30/40, Sreepuram, Punkunnam, Thrissur – 680002, Kerala
Office furniture (Chair-2,Table-1,Fol.cot-2)	678683	18/03/2023	16,000	CSR00003295	Sri Kurumba Educational And Charitable Trust	Anugraha 30/40, Sreepuram, Punkunnam, Thrissur – 680002, Kerala
Printer	678683	10/02/2023	79,800	CSR00003295	Sri Kurumba Educational And Charitable Trust	Anugraha 30/40, Sreepuram, Punkunnam, Thrissur – 680002, Kerala

9. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per subsection (5) of section 135- **NA**

For Sobha Limited

Place : Bangalore
Date : May 29, 2023

Sd/-
Mr. Anup S Shah
Chairman of CSR Committee

Sd/-
Mr. Jagadish Nangineni
Member, CSR Committee

ANNEXURE D

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

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

I have examined the compliance of the conditions of Corporate Governance by Sobha Limited (‘the Company’) for the year ended on March 31, 2023, as stipulated under Regulations 17 to 27, clauses (a) to (m) and (t) of sub- regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”).

The compliance of the conditions of Corporate Governance is the responsibility of the management of the Company. My examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me and the representations made by the Directors and the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2023.

I further state that such compliance 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.

Place : Bengaluru
Date : May 29, 2023

Sd/-
Nagendra D. Rao
Practising Company Secretary
Membership No. FCS – 5553
Certificate of Practice – 7731
Peer Reviewed Unit
Peer Review Certificate No.: 672/2020
UDIN: F005553E000403225

ANNEXURE E

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

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

A. CONSERVATION OF ENERGY

I. STEPS TAKEN OR IMPACT ON CONSERVATION OF ENERGY

The Company has adopted the following energy conservation measures:

- a. Use of energy efficient lamps, control gears, ballast VFDs highly efficient motors and PV cells.
- b. Use of 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 wherever essential.
- 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 minimize 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 corporate office, 90% of the power is supplied by a solar power plant.
- c. Sobha Glazing factory provided with 225 KW and Sobha Interior factory provided with 750 KW roof top solar power plant in view of utilizing alternate source of energy.
- d. More than 2.36 million units of solar power utilized across the SOBHA facilities resulted in 2,000 tons of carbon footprint savings.
- e. 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. Capital investment on energy conservation equipment cannot be quantified.

B. TECHNOLOGY ABSORPTION

I. EFFORTS MADE TOWARDS TECHNOLOGY ABSORPTION

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

1. Introduction of laser plummets for accurate marking.

2. Introduction of “Scaff board” for safety of workforce who work at heights.
3. Software for BBS to generate fast and accurate bar bending schedules.
4. “Grab & Trolley” for block shifting.
5. “Debris Crusher” for crushing & recycling the debris generated at the site.
6. Instead of cast – 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.
8. To optimize the manpower cost and for better productivity, we were experimented with some special simple tools such as wire stripper, portable drilling machine, which resulted in excellent results.
9. Introduction of EV Charging points at some of the projects.

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

II. IMPORTED TECHNOLOGY

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

III. EXPENDITURE INCURRED ON RESEARCH AND DEVELOPMENT

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

1. Basement flooring – Upgradation from Epoxy to PU flooring.
2. Basement expansion joint.
3. Refabrication of aluminium formwork materials.
4. Alternate Vendors for the materials.
5. Alternate system for the False ceiling in toilets.
6. Chamber covers for external area.
7. Benefits derived as a result of the above R&D.

Benefits derived as a result of the above R&D

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

Future plan of action

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

Expenditure on R&D

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Total expenditure in foreign exchange: ₹59.17 million.

Total income in foreign exchange: ₹0.12 million.

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

Place : Bangalore
Date : May 29, 2023

Sd/-
Ravi PNC Menon
Chairman

Sd/-
Jagadish Nangineni
Managing Director

ANNEXURE F

REMUNERATION DETAILS OF DIRECTORS AND EMPLOYEES

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

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

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	217.34	2.74	The revenues increased by 30%, the Profit before Tax and Profit after Tax have decreased by 43.03% and 43.67% respectively on a standalone basis.
2	Mr. Jagadish Nangineni	Managing Director	74.47	NA	On a consolidated basis, the revenues were increased by 28.62%, the Profit before Tax decreased by 38.73% and Profit after Tax by 39.83% as compared to the previous financial year 2021-22.
3	Mr. R V S Rao	Independent Director	4.90	12.37	Not applicable.
4	Mr. Anup Shah	Independent Director	4.81	13.83	
5	Ms. Srivathsala KN	Independent Director	5.03	16.67	
6	Mr. Raman Mangalorkar	Independent Director	4.86	NA	
7	Mr. Yogesh Bansal	Chief Financial Officer	15.16	20.44	
8	Mr. Vighneshwar G Bhat	Company Secretary & Compliance Officer	11.64	10.47	

* Mr. Ravi PNC Menon resigned from the position of Whole-time Director and Key Managerial Personnel of the Company with effect from close of 31st March, 2023 and re-designated as a Non-executive Director and Chairman w.e.f. 01st April, 2023.

- ii. The median remuneration of employees during the financial year was ₹444,566/- (Rupees Four Lakhs Forty-Four Thousand Five Hundred Sixty-Six only)
- iii. The percentage increase in the median remuneration of employees in the financial year 2022-23 was 6.17%.
- iv. The number of permanent employees on the rolls of the Company as on March 31, 2023 was 3,406 plus 16 consultants.
- v. The average increase in median remuneration during the financial year 2022-23 was 6.17%. During the same period, the revenues has increased by 30%, the Profit before Tax and Profit after Tax have decreased by 43.03% and 43.67% respectively on a standalone basis. On a consolidated basis, the revenues were higher by 28.62%, the Profit before Tax by 38.73% and Profit after Tax by 39.83% respectively as compared to the previous financial year 2021-22.
- vi. Average percentile increase in the salaries of employees other than the managerial personnel

during 2022-23 was 9.39%. The percentile increase in managerial remuneration during the same period was 6.17%. The percentile increase in managerial remuneration was on account of the fixed and variable component of remuneration payable to the managerial personnel as per the terms and conditions of their appointment.

- vii. The key parameters for any variable component of remuneration availed by the directors: The Whole-time Directors are entitled to receive a fixed salary comprising of basic salary, allowances and perquisites. They are also eligible for performance incentives up to a specified percentage or amount as the case may be. The break-up of the remuneration is provided in the Corporate Governance Report forming part of the Annual Report.
- viii. There was no employee whose remuneration was in excess of the remuneration of the highest paid director during the financial year.
- ix. The remuneration is as per the Nomination and Remuneration Policy formulated by the Nomination, Remuneration and Governance Committee and approved by the Board of Directors of the Company.

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

Sl. No	Name	Age	Designation	Nature of Employment (Contractual or otherwise)	Gross Remuneration	Qualification	Experience (Years)	Date of commencement of Employment	Previous Employment held
(A) Employed throughout the financial year									
1	Mr. Ravi PNC Menon	42	Chairman	Permanent Employee	96,623,939	B.S.C.E	19	08.06.2004	Not Applicable
2	Mr. Jagadish Nangineni	44	Managing Director	Permanent Employee	33,106,963	B Tech Civil, PGDM	21	12.11.2009	Greenbox Realty & Highstreet Capital, Bangalore
3	Mr. Sumeet Suresh Chunkhare	42	Executive Vice President	Permanent Employee	19,158,043	B. Com, PGDM	17	26.11.2019	Atlas Machinery
4	Mr. Gaurav Bhatia	50	Chief Sales Officer	Permanent Employee	27,913,479	B.Sc, MMM	26	05.01.2017	Square Yards
5	Mr. Sanjith P	40	Vice President	Permanent Employee	13,007,170	B.Sc, MBA	18	22.08.2005	-
6	Mr. Vitas Vazhappilly Lazar	41	Senior General Manager	Permanent Employee	11,920,817	BSc., MBA	17	21.02.2011	HDFC Bank
7	Mr. Amrit Mishra	41	Vice President	Permanent Employee	14,321,216	BA, PGDM	22	09.08.2021	Edelweiss Real Estate Advisory
(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), (B) or (C) on the following basis:
For (A) if the aggregate remuneration drawn by him during the year was not less than ₹10,200,000 per annum.
For (B) if the aggregate remuneration drawn by him during the part of the year was not less than ₹850,000 per month.
For (C), if the aggregate remuneration drawn by him during the year or part of the year was in excess of the remuneration drawn by the Managing Director or Whole-time Director and holds by himself or along with his spouse and dependent children, not less than 2% of the equity shares of the Company.
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 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 29, 2023

Sd/-
Ravi PNC Menon
Chairman

Sd/-
Jagadish Nangineni
Managing Director

ANNEXURE G

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

I Detail of the Listed Entity

1. Corporate Identity Number : L45201KA1995PLC018475
2. Name of the Company : Sobha Limited
3. Year of incorporation : 07/08/1995
4. Registered office Address : Sobha, Sarjapur – Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore – 560 103.
5. Corporate office Address : Sobha, Sarjapur – Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore – 560 103.
6. Email ID : investors@sobha.com
7. Telephone : +91 80 49320000, +91 80 49320444
8. Website : www.sobha.com
9. Financial Year Reported : 2022-23
10. Name of the Stock Exchange(s) where shares are listed : National Stock Exchange of India Limited and BSE Limited
11. Paid Up Capital : ₹948,458,530
12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report : Vighneshwar G Bhat
Contact No. +91 80 49320000
E-mail ID - investors@sobha.com
13. Reporting boundary : Disclosure under this report is made on a Standalone basis

II Product/services

14. Details of business activities (accounting for 90% of the turnover):

S.No	Description of Main Activity	Description of business activity	% of turnover of the entity
1.	Construction	Construction of Residential projects	70.65
2.		Construction of Commercial projects	0.96
3.		Execution of Contractual projects (custom–designed turnkey projects)	13.82
4.	Manufacturing	Building completion and finishing services - Manufacturing activities related to: (i) Interiors, (ii) Glazing and Metal Works and (iii) Concrete products and Mattress division	12.44

15. Details of product/services sold by the Company (accounting for 90% of the turnover):

S.No	Description of Main Activity	Description of business activity	% of turnover of the entity
1.	Construction	Construction of Residential projects	70.65
2.		Construction of Commercial projects	0.96
3.		Execution of Contractual projects (custom–designed turnkey projects)	13.82
4.	Manufacturing	Building completion and finishing services - Manufacturing activities related to: (i) Interiors, (ii) Glazing and Metal Works and (iii) Concrete products and Mattress division	12.44

III Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of Projects/plants	Number of offices	Total
National	Projects: 50	Regional Offices: 12 (The Company's headquarter is in Bangalore and its regional offices are at Gurgaon, Chennai, Coimbatore, Thrissur, Pune, Cochin, Trivandrum, Hosur, Calicut, Hyderabad and GIFT City (Gujarat))	62
	Factories: Interior 2 Glazing and Metals Works: 3 Concrete Products Division: 2 Mattress Division: 1	Nil	8
International	Nil	2	2

17. Markets served by the Company

a. Number of Locations:

Locations	Number
National (No. of States)	14 (Karnataka, Maharashtra, Kerala, Tamil Nadu, Gujarat, Haryana, Telangana, Himachal Pradesh, Madhya Pradesh, Orissa, Rajasthan, Uttar Pradesh, Uttarakhand, West Bengal)
International (No. of Countries)	Nil

b. What is contribution of exports as a percentage of the total turnover of the entity ?

Nil

c. A brief on type of customers

Included among our diverse range of clientele are residential and retail customers, as well as institutional and commercial customers.

IV Employees

18. Details as at the end of the financial year

a. **Employees and Workers (including differently-abled):**

S.No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
Employees						
1.	Permanent (D)	3,406	2,984	88	422	12
2.	Other than Permanent (E)	16	16	100	-	-
3.	Total employees (D + E)	3,422	3,000	88	422	12
Workers						
4.	Permanent (F)	-	-	-	-	-
5.	Other than Permanent (G)	22,853	22,345	98	508	2
6.	Total workers (F + G)	22,853	22,345	98	508	2

b. Differently-abled Employees and Workers:

S.No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
Differently abled employees						
1.	Permanent (D)	05	02	40	03	60
2.	Other than Permanent (E)	-	-	-	-	-
3.	Total differently abled employees (D + E)	05	02	40	03	60
Differently abled workers						
4.	Permanent (F)	NIL	NIL	NIL	NIL	NIL
5.	Other than permanent (G)	NIL	NIL	NIL	NIL	NIL
6.	Total: differently abled workers (F + G)	NIL	NIL	NIL	NIL	NIL

19. Participation/Inclusion/Representation of women:

Category	Total	No. and percentage of females	
		No. (B)	% (B/A)
	(A)		
Board of Directors	6	1	16.67
Key Managerial Personnel*	4	-	-

Note: Key Managerial Personnel includes Managing Director and Chairman, which form part of Board of Directors.

20. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years):

	FY 2022-2023 (Turnover rate in current FY)			FY 2021-2022 (Turnover rate in previous FY)			FY 2020-2021 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	36%	42%	38%	39%	49%	41%	29%	37%	30%
Permanent Workers	NA	NA	NA	NA	NA	NA	NA	NA	NA

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. Names of holding subsidiary/associate companies/joint ventures:

S.No.	Name of the holding/subsidiary/associate companies/joint ventures (A)	Indicate whether holding/Subsidiary/Associate/Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	Sobha Developers (Pune) Limited	Subsidiary	100%	Yes
2.	Sobha Highrise Ventures Private Limited	Subsidiary	100%	Yes
3.	Sobha Assets Private Limited	Subsidiary	100%	No
4.	Sobha Tambaram Developers Limited	Subsidiary	100%	No
5.	Sobha Nandambakkam Developers Limited	Subsidiary	100%	No
6.	Sobha Construction Products Private Limited	Subsidiary	100%	No
7.	Sobha Contracting Private Limited*	Stepdown Subsidiary	100%	No
8.	Kilai Builders Private Limited**	Stepdown Subsidiary	100%	No
9.	Sobha Interiors Private Limited**	Stepdown Subsidiary	100%	No
10.	Kuthavakkam Builders Private Limited**	Stepdown Subsidiary	100%	No
11.	Kuthavakkam Realtors Private Limited**	Stepdown Subsidiary	100%	No

12.	Sobha City	Partnership Firm wherein Sobha has 100% economic interest	100%	No
13.	Valasai Vettikadu Realtors Private Limited***	Stepdown Subsidiary	100%	No
14.	Vayaloor Properties Private Limited***	Stepdown Subsidiary	100%	No
15.	Vayaloor Realtors Private Limited***	Stepdown Subsidiary	100%	No
16.	Vayaloor Real Estate Private Limited***	Stepdown Subsidiary	100%	No
17.	Vayaloor Developers Private Limited***	Stepdown Subsidiary	100%	No
18.	Vayaloor Builders Private Limited***	Stepdown Subsidiary	100%	No
19.	CVS Tech Park Private Limited	Associate	49%	No

* 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, Sobha Interiors Private Limited, Kuthavakkam Builders Private Limited and Kuthavakkam Realtors Private Limited are wholly owned subsidiary of Sobha Developers (Pune) Limited. Hence, a stepdown subsidiary of Sobha Limited.

*** Sobha City Firm Holding 100% equity shares of the Valasai Vettikadu Realtors Private Limited, Vayaloor Properties Private Limited, Vayaloor Realtors Private Limited, Vayaloor Real Estate Private Limited, Vayaloor Developers Private Limited and Vayaloor Builders Private Limited.

22 . CSR Details

- (i) Whether CSR is applicable as per Section 135 of Companies Act, 2013: Yes
- (ii) Turnover (in ₹): 34,258.65 million
- (iii) Net worth (in ₹): 23,410.68 million

23. Transparency and Disclosure Compliances

Complaints/Grievances on any of the principles (Principles 1 to 9) under National Guidelines on Responsible Business Conduct:

Stakeholder Group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide web-link for grievance redress policy)	FY 2023 Current Financial Year			FY 2022 Previous Financial Year		
		Number of Complaints filed during the year	Complaints pending resolution at close of the year	Remarks	Number of Complaints filed during the year	Complaints pending resolution at close of the year	Remarks
Communities	NA	Nil	Nil	Nil	Nil	Nil	Nil
Investors (other than shareholders)	Yes. There is a dedicated email address for submitting the grievance by the Investors	Nil	Nil	Nil	Nil	Nil	Nil
Shareholders	Yes. There is a dedicated email address for submitting the grievance by the shareholders in addition to stock exchanges and SEBI. The contact details of the relevant officers are also published in the annual report and on website of the Company.	21	Nil	-	27	Nil	-

Employees and workers	Yes. Grievance redressal mechanisms are available in intranet as per the Company's HR policy.	Nil	Nil	Nil	Nil	Nil	Nil
Customers	Yes. Grievance redressal mechanisms are available	5,340	34	Nil	6,607	Nil	Nil
Value Chain Partners	Nil	NA	NA	NA	NA	NA	NA
Other (please specify)	-	-	-	-	-	-	-

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

S.No	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk /opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Customer	Opportunity	-	-	Positive
2.	Employee	Opportunity	-	-	Positive
3.	Labour/ Contractors	Risk	<ul style="list-style-type: none"> Business continuity risk Work stoppage caused by Labour/ Contractors dissatisfaction leading to revenue loss 	<ul style="list-style-type: none"> Skill-based training at SOBHA Academy Community Development program Health and safety training programs 	Negative
4.	Community	Opportunity	-	-	Positive
5.	Health & Safety	Risk	<ul style="list-style-type: none"> Risk to Brand Image Regulatory - Legal action for non-compliance with mandatory statutory requirement 	<ul style="list-style-type: none"> ISO/IMS certified for quality management (ISO 9001) Environmental management (ISO14001) Occupational health and safety management (ISO45001) Safety, Health and well-being programs for all workforce 	Negative
6.	Water	Opportunity	-	-	Positive
7.	Waste	Opportunity	-	-	Positive
8.	Energy	Opportunity	-	-	Positive

9.	Supply Chain	Risk	<ul style="list-style-type: none"> Disruption - Work stoppage due to non-compliant operations or misconduct Regulatory - Legal action for non-compliance with mandatory statutory requirement Delay in project execution 	<ul style="list-style-type: none"> Code of Conduct for suppliers and contractors Training workshops Raising awareness on ESG & related implications 	Negative
10.	Innovation	Opportunity	-	-	Positive

SECTION B: MANAGEMENT AND PROCESS DISCLOSURE

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

- P1 Businesses should conduct and govern themselves with integrity and in a manner that is Ethical, Transparent and Accountable.**
- P 2 Businesses should provide goods and services in a manner that is sustainable and safe.**
- P 3 Businesses should respect and promote the well-being of all employees, including those in their value chains.**
- P 4 Businesses should respect the interests of and be responsive to all its stakeholders.**
- P 5 Businesses should respect and promote human rights.**
- P 6 Businesses should respect and make efforts to protect and restore the environment.**
- P 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.**
- P 8 Businesses should promote inclusive growth and equitable development.**
- P 9 Businesses should engage with and provide value to their consumers in a responsible manner.**

S.No	Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
	Policy and management processes									
1.	a Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	b. Has the policy been approved by the Board? (Yes/No)	Wherever necessary, the policies were placed before the Board and requisite approvals were obtained.								
	c. Web Link of the Policies, if available	Internal policies are available for employees only. For other policies please refer to the link: https://www.sobha.com/investor-relations-downloads.php								
2.	Whether the entity has translated the policy into procedures. (Yes/No)	Yes								
3.	Do the enlisted policies extend to your value chain partners? (Yes/No)	External stakeholders are communicated to the extent applicable to the stakeholders. The policies are also uploaded on the website of the Company for easy access.								

4.	Name of the national and international codes/certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	Sobha is a certified company for quality management (ISO 9001), environmental management (ISO14001) and occupational health and safety management (ISO45001). It has obtained ISO/IMS certification for its quality, environmental and safety management systems.
5.	Specific commitments, goals and targets set by the entity with defined timelines, if any.	We are in the process of re-evaluating our existing sustainability standards and setting the goals and targets in line with the NGRBC/GRI framework.
6.	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	We are in the process of re-evaluating our existing sustainability standards and setting the goals and targets in line with the NGRBC/GRI framework.
Governance, leadership and oversight		
7.	Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure).	SOBHA is committed to make the business sustainable and socially responsible. We prioritize the conservation of natural resources and improving operational efficiencies to minimize our environmental footprint. We aim to build resilience in our business and among our stakeholders and we monitor our activities and their environmental and social impacts to ensure that we create value for all stakeholders.
8.	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies).	Board of Directors supported by the Managing Director who briefs the Board on subject matter periodically.
9.	Does the entity have a specified Committee of the Board/Director responsible for decision making on sustainability related issues? (Yes/No). If yes, provide details.	No. However, the respective areas of the ESG matters are monitored by the identified individual namely the Departmental Heads of the respective departments.

10	Details of Review of NGRBCs by the Company:																		
	Subject for Review	Indicate whether review was undertaken by Director/ Committee of the Board/Any other Committee									Frequency (Annually/Half yearly/Quarterly/Any other – please specify)								
		P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	
		1	2	3	4	5	6	7	8	9	1	2	3	4	5	6	7	8	9
	Performance against above policies and follow up action	Managing Director Board/Board Committee Board Notes									Quarterly and Annually Quarterly and Annually								
	Compliance with statutory requirements of relevance to the principles and rectification of any non-compliances	Managing Director Board/Board Committee Board Notes									Quarterly and Annually Quarterly and Annually								
11.	Has the entity carried out independent assessment/evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	P1	P2	P3	P4	P5	P6	P7	P8	P9									
		The Company is ISO/IMS certified for quality management (ISO 9001) by NVT Quality Certification International, environmental management (ISO14001) by Bureau Veritas, occupational health and safety management (ISO45001) by Bureau Veritas. Additionally, the Kerala Statistical Institute, the Government agency of Kerala had conducted impact assessment of Company's CSR activities.																	

12. If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the Principles material to its business (Yes/No)	NA								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be - voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators:

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of person in respective category covered by the awareness programmes
Board of Directors	5	Directors of the Company, at the time of their appointment, are familiarized on the Company's Core Values, Code of Conduct, including the purpose and the business it operates and social responsibilities. At each meeting of the Board/Audit Committee, members also deliberate on key regulatory matters that helps to reflect and focus on key strategies. As a part of Board, Audit and CSR agenda, members also discuss various sustainable and Governance initiatives of the Company, including regulatory and economic trends. Key Regulatory changes, amendments etc. are circulated regularly. Business, strategy, risk assessment, mitigation etc., are also covered on periodical basis.	100
Key Managerial Personnel	5	Topics pertaining to Key Regulatory issues, recent regulatory updates and amendments etc. are circulated regularly. the Code of Conduct is also familiarized, which helps the KMP's to drive the Company's values and purpose in all key business activities.	100
Employees other than BOD and KMPs	12	As provided in P3	100
Workers	12	As provided in P3	100

2. Details of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/law enforcement agencies/judicial

institutions, in the financial year, in the following format.

(Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary					
	NGRBG Principle	Name of regulatory/enforcement agencies/judicial institution	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/fine	-	Nil	-	-	-
Settlement	-	Securities and Exchange Board of India (SEBI)	29,250,000	SEBI had initiated inquiry on certain transactions entered by the Company in the previous years (Few of them were prior to the Public Issue in 2006. SEBI, While issuing the show-cause Notice to the Company and four of its Key Managerial Personnel in the year 2017, (including the then three Executive directors) gave an option of settlement of the case without admitting or denying the guilt. Accordingly the Company and other Noticees have opted for the settlement of the case. SEBI ordered that except the Company, any of the other Noticee(s) jointly and severally pay the settlement amount from their personal account. One of the Noticee paid the said settlement amount from the personal account.	No
Compounding fee	-	-	-	-	-
Non-Monetary					
	NGRBG Principle	Name of regulatory/enforcement agencies/judicial institution	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	-	NA	Nil	NA	NA
Punishment	-	NA	Nil	NA	NA

3. Of the instances disclosed in Question 2 above, details of the Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/enforcement agencies/judicial institutions
Nil	NA

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

The Company does not encourage corruption and/or unethical practices. The Company has a Code of Conduct that provides guidance on ethics, bribery and corruption related matters. The code is applicable to all internal and external stakeholders. The code may be accessed on the Company's website at: <https://www.sobha.com/wp-content/uploads/2023/02/SOBHA-CODE-OF-CONDUCT.pdf>

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption:

	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

6. Details of complaints with regard to conflict of interest

	FY 2022-23 (Current Financial Year)		FY 2021-22 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors		NIL		
Number of complaints received in relation to issues of Conflict of Interest of the KMPs		NIL		

7. Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions on cases of corruption and conflicts of interest.

Not applicable.

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total number of awareness programmes held	Topic/principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes

In the Company's Supplier code of Conduct and general terms and conditions, the Company has emphasized on all integrity aspects which are applicable to all suppliers.

2. Does the entity have processes in place to avoid/manage conflict of interests involving members of the Board? **(Yes/No)** If Yes, provide details of the same.

Yes. The Directors while joining the Boards of other companies and during the acquisition or disposal of the shares/interest held in other companies disclose to the Board of directors on their interest to avoid the conflict. They do not participate in the discussion or voting on the matter which they have interest. Any conflict of interest arising with the Board Members needs to be reported to the Chairman of the Audit Committee/Chairman of the Board. The directors are also bound by the Code of Conduct for directors. The code may be accessed on the Company's website at: <https://www.sobha.com/wp-content/uploads/2023/02/SOBHA-CODE-OF-CONDUCT.pdf>

PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe.**Essential Indicators**

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	Current Financial Year (in ₹)	Previous Financial Year (in ₹)	Details of improvements in environment and social impact
R&D	-	-	<ol style="list-style-type: none"> 1. Wastage Reduction at all stages of the Process 2. Development of Environment friendly Products 3. Recycling of Foam and Re Bonded Foam Scrap contributing to the Circular Economy 4. Reduction in Usage of Polythene for Packing 5. Usage of eco-friendly Packaging 6. Reduction in usage of A4 stationery

Capex	.02%	.01%	<ol style="list-style-type: none"> 1. Air curtain is provided to avoid escaping of foul smell from STP & OWC. Also, it avoids the insects or pests from entering the plant. 2. Acoustic Hood for Blowers are provided to reduce the noise level generated within the STP. 3. Diffusers - EDI make membranes have more oxygen transfer efficiency. Hence the power consumption is less. 4. Ultrafiltration is provided for the removal of organic molecules and viruses as well as a range of salts. 5. It removes 90% of pathogens and does not require chemicals except for cleaning membranes.
-------	------	------	---

Note: Most of the expenditure incurred in R & D and Capital budget are the project costs and are ongoing. Hence, not separable and not provided separately.

2.
 - a. Does the entity have procedures in place for sustainable sourcing? (Yes/No) No
 - b. If yes, what percentage of inputs were sourced sustainably? NA
3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

Biodegradable waste in occupied projects are treated in an organic waste converter and the resulting compost is used as manure in the landscaped areas of the projects. All other wastes are handed over to authorized vendors.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Not Applicable

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

NIC Code	Name of Product/Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective/Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No). If yes, Provide the web-link.

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along with action taken to mitigate the same:

Name of Product/Service	Description of the risk/concern	Action Taken

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year

Other than Permanent workers											
Male	22,345	351	1.57	22,345	100	-	-	-	-	-	-
Female	508	35	6.88	508	100	-	-	-	-	-	-
Total	22,853	386	1.69	22,853	100	-	-	-	-	-	-

2. Details of retirement benefits, for Current Financial Year and Previous Financial Year:

Benefits	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	No. of employees covered as a % of total employees	No. of employees covered as a % of total employees	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100	100	Yes	100	100	Yes
Gratuity	100	100	No	100	100	No
ESI	100	100	Yes	100	100	Yes
Others – please specify	NA	NA	NA	NA	NA	NA

3. Accessibility of workplaces

Are the premises/offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes, the premises/offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes, a section of HR manual defines the equal opportunity policy of the company, i.e. SOBHA considers its staff its most important assets and devotes considerable resources towards ensuring their well-being and the establishment of a productive environment. SOBHA is an 'equal opportunity employer' that is committed to hiring staff regardless of gender, race, creed, marital status, or national origin. SOBHA actively strives to attract, retain and develop staff of the highest quality. The Company will strive to provide a fair and equitable treatment to its staff, encourage opportunities for personal growth, discourage all forms of discrimination, provide a safe and well-equipped environment and most importantly, provide opportunity for staff participation in matters that affect the staff and their work.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	100%	Not Availed	
Female	100%	100%		
Total	100%	100%		

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	NA.
Other than Permanent Workers	The grievance can be raised with their respective Supervisors, Manager, Project Heads, Business Head and Plant Head and will be resolved with the necessary action based on the circumstances.
Permanent Employees	Employees can raise their grievances with their superiors or HR Managers. They can raise their feedback or file complaints on the HR helpline facility available on Sobha intranet. Our whistle blower policy enables employees to communicate their concerns about unethical practices by writing an e-mail available on our intranet.
Other than Permanent Employees	The mentioned policy is applicable for this category also.

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Total employees/workers in respective category (A)	No. of employees/workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees/workers in respective category (C)	No. of employees/workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees						
Male	Nil	Nil	Nil	Nil	Nil	Nil
Female	Nil	Nil	Nil	Nil	Nil	Nil
Category	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Total employees/workers in respective category (A)	No. of employees/workers in respective category, who are part of association(s) or Union (D)	% (B/A)	Total employees/workers in respective category (C)	No. of employees/workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Workers						
Male	Nil	Nil	Nil	Nil	Nil	Nil
Female	Nil	Nil	Nil	Nil	Nil	Nil

8. Details of training given to employees and workers:

Category	FY 2022-23 (Current Financial Year)					FY 2021-22 (Previous Financial Year)				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	3,006	1,561	51.93	3,490	116.10	3,007	1,451	48.25	2,250	74.82
Female	418	40	9.57	258	61.72	378	52	13.76	143	37.83
Total	3,424	1,601	46.76	3,748	109.46	3,385	1,503	44.40	2,393	70.69
Workers										
Male	12,267	13,400	109.23	8,016	65.35	3,495	3,914	111.99	2,566	73.42
Female	260	240	92.30	128	49.23	102	-	-	64	62.75
Total	12,527	13,640	108.88	8,144	65.01	3,597	3,914	108.81	2,630	73.12

Note: Contractor Employees (Technicians) count is considered for workers. Sub contractors data is not considered.

9. Details of performance and career development reviews of employees and worker:

Category	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	In Progress			2,629	2,261	86.00
Female				378	322	85.19
Total				3,007	2,583	85.90
Workers						
Male	NA					
Female						
Total						

10. Health and safety management system:

- a. Whether an occupational health and safety management system has been implemented by the entity? **(Yes/No)**. If yes, the coverage such system?

Yes. ISO 45001.

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

SOBHA staying up-to-date to control risks and adapting to modern demands **HIRA** is one idea we are adhering to for risk control that can keep workplace safety measures in place. Concept of inputs (minimize the risk of hazards entering), processes (contain risks during procedures) and outputs (minimize exporting risk).

Two different sorts of monitoring techniques are used by SOBHA to inspect the workplace. One is **active monitoring**, which help us to keep track of how management arrangements are created, developed, installed and used. We regularly audit our facilities, including our factories, offices and projects. We do routine health surveillance to spot risks and get rid of those that are bad for health. Routinely scheduled function check procedures for important plant components.

The second way, **reactive methods of monitoring**, uses the evidence of subpar health and safety practices that may be applied to other areas of a business, such as: looking into accidents and occurrences; keeping track of cases of illness and sickness absence records. This helping us to identify root causes of incidents and prevent similar incidents from occurring in the future.

SOBHA takes a systematic and coordinated approach to managing workplace risks. We use **risk assessment** to identify and eliminate risks and we prefer hierarchy to prioritize measures to combat risks. We also use engineering controls and collective measures to minimize risks. Finally, we use **PPE** as a last resort only when necessary.

At SOBHA, we use the safety manager's monthly reports and the department head's audits, plans for corrective action and improvement targets to gather independent data on the effectiveness, reliability and efficiency of the entire health and safety management system. Effectiveness is increased by gathering data through face-to-face interviews, document analysis and visual observations. Through both proactive and reactive monitoring, SOBHA evaluates their performance. As part of active monitoring, we regularly review papers from each department relevant to health and safety and check buildings and plants every two weeks to fill in any gaps. Environmental monitoring records, such as those for water testing, DG stack height and noise testing and air monitoring testing, are kept on file and updated on a regular basis.

Additionally, Health and safety audits conducted by internal or external auditors to assess the effectiveness of health and safety management system. Which include reviewing policies and procedures, conducting interviews with employees and inspecting the workplace. The safety manager will carry out a biweekly **Audit** to identify any flaws in the management system.

Reactive monitoring allows us to identify standards that require improvement by evaluating injuries, illnesses, accidents and near-misses. Detailed information from the accident reports is used to examine incidents and determine their causes.

- c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)

SOBHA nurture to perpetuate a system of roles and responsibilities for health and safety inside the organization, from senior management to front-line employees; for employees to report dangers at work, SOBHA has provided reporting channels, such as a reporting hotline, an email address, or an online reporting form. The Company frequently make aware of these reporting options and urge to use them through training. And an on-site suggestion box installed at project site so individuals can report anonymously submit ideas, any unsafe condition/unsafe act to rectify for enhancing safety in and around project for improvement throughout time.

By including workers in danger assessments and safety committees and by delivering training on hazard recognition and reporting, SOBHA encourage employee participation in hazard reporting.

Employees at SOBHA have been given the authority to create a “stop work” authority, which enables them to stop working if they believe a task or activity to be unsafe or if they notice a hazard that poses a major risk. Through training, workers were made aware of this authority and management offered assistance.

SOBHA swiftly looks into hazard reports (preliminary incident investigation and detailed incident investigation reports), determines the hazard’s underlying cause and implements the necessary corrective measures to resolve the hazard and stop it from happening again. The second step in the accident investigation process involves examining all the paperwork, witness data, picture procedures, methods, etc.

Overall, SOBHA makes sure that employees are aware of the reporting mechanisms and hazard reporting protocols so they can report risks without worrying about repercussions. By putting these procedures in place, SOBHA encourages a culture of safety in which employees are given the authority to recognize and resolve hazards at work.

- d. Do the employees/worker of the entity have access to non-occupational medical and healthcare services? (Yes/No)

Yes, the employees of SOBHA have access to non-occupational medical health care services. In particular, we provided preventive health care services. Recently, a specialist oncology doctor’s team conducted a free cancer awareness session and camp at SCO for our employees on March 10, 2023, in honors of World Cancer Day. Both male and female employees showed up for the medical examination. Mammography and all other smoking cessation programmes, nutrition counselling and general screenings are provided without charge.

To boost employee morale, we are mandatorily giving general medical care, such as routine check-ups, vaccinations and treatment for common illnesses and injuries, pre-joining medical screening and tri-monthly medical examinations, to all segments of the workforce. They can access a medical care service known as a medical care center and an MBBS doctor at any time for medical crises, both occupational and non-occupational.

We have been maintained half-yearly medical test reports (vision test) of operators and drivers. And it is a necessary lawful action to track all operators of a crane, winch, or other lifting appliance, transport equipment or vehicle in order to protect our safety and safety of our workers.

To ensure their fitness, workers over the age of 45 are occasionally (once a year) subjected to medical examinations. In order to promote employee well-being and foster a positive working culture, SOBHA arranges non-occupational medical and healthcare services.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	4	2
	Workers	4	4
Total recordable work-related injuries	Employees	4	2
	Workers	4	4
No. of fatalities	Employees	-	-
	Workers	-	-
High consequence work-related injury or ill-health (excluding fatalities)	Employees	-	-
	Workers	-	-

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

For a safe and healthy workplace, SOBHA conducts risk assessments to assess the risks to employee's health and safety in the workplace and take steps to mitigate these risks. This includes identifying potential hazards and taking steps to eliminate or control them.

SOBHA establishes procedures for safe work practices through an operational control procedure and often conducts training to aware employees. This can include procedures for handling hazardous materials, operating machines and responding to emergencies.

We frequently provide regular safety training sessions pertaining to eight major risk hazards, hazard identification and risk assessment, the occupational control process, legal obligations, the usage of personal protective equipment and the application of safety norms and protocols. The business also does routine safety audits to spot potential risks and take corrective action. To ensure that their medical needs are met, SOBHA additionally gives its employees access to medical facilities and health insurance. These actions show how committed the business is to providing a secure and healthy work environment for all of its workers.

SOBHA nurtures and perpetuates a system of roles and responsibilities for health and safety inside the organization, from senior management to front-line employees. Additionally, it is controlled or overseen by Setting key objectives and reviewing against them, planning, reviewing and auditing to ensure legal compliance, setting performance standards and effective implementation of plans, allocation of specific responsibilities, individual job descriptions with H&S responsibilities. SOBHA always monitors their staff's competence and helps them nurture themselves by identifying training needs.

SOBHA provided suitable information, instruction and training for their employees to enable them to make effective use of the PPE provided to protect them against workplace hazards to their health and safety.

13. Number of Complaints on the following made by employees and workers:

	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Nil	Nil	Nil	Nil	Nil	Nil
Health & Safety	Nil	Nil	Nil	Nil	Nil	Nil

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	90
Working Conditions	90

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health & safety practices and working conditions.

NA

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N)

Yes, the Company has covered all the permanent and other than permanent employees under the scheme of group personal accident policy and other than permanent workers covered under the Employees Compensation policy.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

Company adheres by all the statutory compliance as applicable under various Statutory Laws and same is applicable to the Value chain partners as well. The records are verified based on the periodic audit process within the internal audit team.

3. Provide the number of employees/workers having suffered high consequence work related injury/ill-health/fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Employees	-	-	-	-
Workers	-	-	-	-

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? **(Yes/No)** No

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	NA
Working Conditions	NA

6. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners.

NA

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders.**Essential Indicators**

- Describe the processes for identifying key stakeholder groups of the entity.
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.
- List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/Half yearly/Quarterly/others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	No	Newsletter, Brochures, Meetings and Social media.	As per product launches	<ul style="list-style-type: none"> Product quality and safety Adequate information on products Amenities related to ventilation, natural lighting, space for work from-home, use of IoT and other technologies Timely delivery Maintenance of privacy/Confidentiality Customer satisfaction and feedback
Regulatory Authorities including Government	No	Conferences organized by CII, FICCI and other bodies. Policy advocacy initiatives with CREDAI Press Releases, Quarterly financial and operational update, Annual Reports, Stock Exchange filings, issue specific meetings, representations	Quarterly (as required)	Statutory compliance <ul style="list-style-type: none"> Transparency in disclosures Tax revenues Sound corporate governance Mechanisms
Vendors	No			
Media	No	Press Releases, Quarterly Results, Annual Reports, AGM (shareholders interaction), Access information and media interactions	As and when required	Performance reporting, good practices, show cases, awards and achievements, initiatives etc. are discussed and reported
Contractors	No			
Investors and Shareholders	No	Public notifications, newspaper advt. website of the Company Press Releases, Info desk – an online service, dedicated email ID for Investor Grievances, Quarterly Results, Annual Reports, AGM (Shareholders interaction), Quarterly investor presentation, Investors meets, stock exchange filings and corporate website.	Quarterly and from time to time	Updating the latest developments, performance, of the Company

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2022-23 Current Financial Year					FY 2021-22 Previous Financial Year				
	Total (A)	Equal to minimum wage		More than Minimum Wage		Total (D)	Equal to minimum wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent										
Male	2,984	-	-	2,984	100	2,614	-	-	2,614	100
Female	422	-	-	422	100	378	-	-	378	100
Category	FY 2022-23 Current Financial Year					FY 2021-22 Previous Financial Year				
	Total (A)	Equal to minimum wage		More than Minimum Wage		Total (D)	Equal to minimum wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Other than Permanent										
Male	16	-	-	16	100	15	-	-	15	100
Female	-	-	-	-	-	-	-	-	-	-
Workers										
Permanent										
Male	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Female	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Other than Permanent										
Male	22,345	18,989	85	3,356	15	16,064	13,233	83	2,831	17
Female	508	298	59	210	41	423	329	78	94	22

3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/salary/wages of respective category	Number	Median remuneration/salary/wages of respective category
Board of Directors (BOD)	5	2,180,000	1	2,240,000
Key Managerial Personnel*	4	19,924,137	-	-
Employees other than BOD and KMP	2,980	484,051	422	439,811
Workers	-	-	-	-

* Remuneration paid to Key Managerial Personnel includes remuneration paid to Chairman and Managing Director, which forms part of Board of Directors.

4. Do you have a focal point (Individual/Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

The primary focal point for addressing the human rights issues are respective Project Heads/Business Head/Plant Heads. If need be, the Company constitute committee(s) to address the impacts/issues related to the human rights.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.
- The grievance can be raised with their respective Head of the Department/Project Heads/Business Head/Plant Heads and will be resolved with the necessary action based on the circumstances.

6. Number of Complaints on the following made by employees and workers:

	FY2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	NIL	NIL	NIL	NIL	NIL	NIL
Discrimination at workplace	NIL	NIL	NIL	NIL	NIL	NIL
Child Labour	NIL	NIL	NIL	NIL	NIL	NIL
Forced Labour/Involuntary Labour	NIL	NIL	NIL	NIL	NIL	NIL
Wages	NIL	NIL	NIL	NIL	NIL	NIL
Other human rights related issues	NIL	NIL	NIL	NIL	NIL	NIL

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

The complainant can approach the HR department directly or to the HODs with their grievance. Appropriate inquiries will be conducted by the Company as per the applicable laws and appropriate actions, as may deem fit will be taken. Alternatively, the employees may report their grievance, complaints related to discrimination and harassment cases through the help desk available in company intranet portal.

8. Do human rights requirements form part of your business agreements and contracts? **(Yes/No)** No.

9. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child Labour	Nil
Forced Labour/Involuntary Labour	Nil
Sexual Harassment	Nil
Discrimination at workplace	Nil
Wages	Nil
Others – please specify	Nil

10. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9 above.

NA

Leadership Indicators

1. Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints.

NA

2. Details of the scope and coverage of any Human rights due-diligence conducted.

NA

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes

4. Details on assessment of value chain partners:

The Company expects its value chain partners to uphold the same values and business ethics as per company norms. However, no formal examinations of value chain partner have been conducted.

	% of value chain partners (by value of business done with such partners) that were assessed
Child Labour	NA
Forced Labour/Involuntary Labour	NA
Sexual Harassment	NA
Discrimination at workplace	NA
Wages	NA
Others – please specify	NA

5. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 4 above.

NA

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment.

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total electricity consumption (A)	64,314 GJ	64,148 GJ
Total fuel consumption (B)	2,253.6 GJ	1,814.4 GJ
Energy consumption through other sources (C)- Solar	8,719.2 GJ	8,503.2 GJ
Total energy consumption (A+B+C)	75,286.8 GJ	74,465.6 GJ
Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees)	2.268 kJ	2.812 kJ
Energy intensity (optional) – the relevant metric may be selected by the entity		

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No.

2. Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

No.

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Groundwater	137.9 ML	89.3 ML
(iii) Third party water	1,056 ML	933.3 ML
(iv) Seawater/desalinated water	-	-
(v) Others	Rainwater Harvesting	56.4 ML
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	1,282.6 ML	1,079 ML
Total volume of water consumption (in kilolitres)	1,282.6 ML	1,079 ML
Water intensity per rupee of turnover (Water consumed/turnover)	0.038 litre/₹	0.040 litre/₹
Water intensity (optional) – the relevant metric may be selected by the entity		

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Treated wastewater from our projects and factories are recycled for flushing and reused for irrigation purposes in the landscaped areas of the projects. Excess treated water is also being used for construction purposes, Avenue plantations and also sold to third party vendors for further use.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format: All parameters are within the limits prescribed as per National Ambient Air Quality Standards (NAAQS)

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2022-23 (Current Financial Year)	FY2021-22 (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	1,108.6	826.9
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	16,257.15	16,215
Total Scope 1 and Scope 2 emissions per rupee of turnover	CO ₂	0.52 g	0.64 g
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity			

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No.

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

The Company does not have a dedicated project related to reducing Green House Gas emissions.

However, the Company's corporate office has wheeled in 1,420 MW offsite renewable energy and generated approximately 1002 MW in onsite installations in its factories (Sobha Glazing & Metals Limited and Sobha Interiors Limited) in FY 2022-23.

8. Provide details of waste management by the entity, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total Waste generated (in metric tonnes)		
Plastic waste (A)	43.14 MT	36 MT
E-waste (B)	1.12 MT	-
Bio-medical waste (C)	0.88 MT	0.07 MT
Construction and demolition waste (D)	307.11 MT	229.01 MT
Battery waste (E)	0.31 MT	0.12 MT
Radioactive waste (F)	NA	NA
Other Hazardous waste. Please specify, if any. (G)	DG Spent Oil- 6559 lit Used Oil filters- 291 nos. Cotton Waste- 10.56 MT	DG Spent Oil- 7307 lit DG Used Oil filters- 104 nos. Cotton Waste- 6.51 MT
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	Biodegradable Waste- 733.4 MT Non-Biodegradable Waste- 326.9 MT	Biodegradable Waste- 496.25 MT Non-Biodegradable Waste- 362.58 MT
Total (A+B + C + D + E + F + G + H)	1,423.42 MT 291 nos. 6,559 lit	1,130.54 MT 104 nos. 7,307 lit
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	-	-
(ii) Re-used	733.4 MT	496.25 MT
(iii) Other recovery operations	696.02 MT 291nos. (DG used oil filters) 6559 lit (DG spent oil) Disposed through authorized vendors	634.29 MT 104 nos. (DG used oil filters) 7307 lit (DG spent oil) Disposed through authorized vendors
Total		
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	NIL	
(ii) Landfilling		
(iii) Other disposal operations		
Total		

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Biodegradable solid waste is treated in-site in organic waste converters and the compost generated is used as manure in landscaped areas of projects. Non-biodegradable waste is handed over to authorized vendors. Hazardous waste is handed over to authorized recyclers.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation

zones etc.) where environmental approvals/clearances are required, please specify details in the following format:

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval/clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
1	Bangalore	Construction projects	Yes
2	Kochi	Construction projects	Yes
3	Kozhikode	Construction Projects	Yes

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web link
Proposed Residential Building and Clubhouse at Panathur, Bangalore	S.O.1533 EC22B039KA174585	14.09.2006 (26.09.2022)	Yes	Yes	http://bitly.ws/Bdzb

12. Is the entity compliant with the applicable environmental law/regulations/guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

S. No.	Specify the law/regulation/guidelines which was not complied with	Provide details of the non-compliance	Any fines/penalties/action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
NA				

Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
From renewable sources		
Total electricity consumption (A)		
Total fuel consumption (B)		
Energy consumption through other sources (C)		
Total energy consumed from renewable sources (A+B+C)		
From non-renewable sources		
Total electricity consumption (D)		
Total fuel consumption (E)		
Energy consumption through other sources (F)		
Total energy consumed from non-renewable sources (D+E+F)		

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

2. Provide the following details related to water discharged

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water		
No treatment		
With treatment – please specify level of treatment		
(ii) To Groundwater		
No treatment		
With treatment – please specify level of treatment		
(iii) To Seawater		
No treatment		
With treatment – please specify level of treatment		
(iv) Sent to third-parties		
No treatment		
With treatment – please specify level of treatment		
(v) Others		
No treatment		
With treatment – please specify level of treatment		
Total water discharged (in kilolitres)		

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility/plant located in areas of water stress, provide the following information:

- i. Name of the area
- ii. Nature of operations
- iii. Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface water		
(ii) Groundwater		
(iii) Third party water		
(iv) Seawater/desalinated water		
(v) Others		
Total volume of water withdrawal (in kilolitres)		
Total volume of water consumption (in kilolitres)		
Water intensity per rupee of turnover (Water consumed/turnover)		
Water intensity (optional) – the relevant metric may be selected by the entity		

Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water		
No treatment		
With treatment – please specify level of treatment		
(ii) Into Groundwater		
No treatment		
With treatment – please specify level of treatment		
(iii) Into Seawater		
No treatment		
With treatment – please specify level of treatment		
(iv) Sent to third-parties		
No treatment		
With treatment – please specify level of treatment		
(v) Others		
No treatment		
With treatment – please specify level of treatment		
Total water discharged (in kilolitres)		

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent		
Total Scope 3 emissions per rupee of turnover			
(Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity			

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

- With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.
- If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/effluent discharge/waste generated,

please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/web link.
8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.
9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/associations.

Yes. the Company is a member of CREDAI Bangalore, Gurgaon and Gujarat a forum of real estate developers.

b. List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the entity is a member of/affiliated to.

S. No.	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/associations (State/National)
1	CREDAI Bangalore, Gurgaon and Gujarat	State

2. Provide details of corrective action taken or underway on any issues related to anti competitive conduct by the entity, based on adverse orders from regulatory.

Name of authority	Brief of the case	Corrective action taken
NA		

Leadership Indicators

1. Details of public policy positions advocated by the entity

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/Half yearly/Quarterly/Others – please specify)	Web Link, if available
NA					

PRINCIPLE 8 Businesses should promote inclusive growth and equitable development**Essential Indicators**

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web link
Education	NA	NA	Yes	No	No
Sobha Health Care	NA	NA	Yes	No	No
Hermitage and Women Empowerment	NA	NA	Yes	No	No
Green Initiatives	NA	NA	Yes	No	No

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S.No	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
NA						

3. Describe the mechanisms to receive and redress grievances of the community.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Directly sourced from MSMEs/small producers		
Sourced directly from within the district and neighbouring districts		

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
NA	

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S.No	State	Aspirational District	Amount spent (In INR)
Nil			

Note: Company execute its CSR activities through its CSR arm Sri Kurumba Educational and Charitable Trust, a public Trust in 3 village panchayat limit of Kerala state.

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized/vulnerable groups? (Yes/No)

Majority of the Company's procurement is of industrial origin and procured in bulk. The Company does not have a preferential procurement policy to purchase from suppliers comprising marginalized/vulnerable groups.

(b) From which marginalized/vulnerable groups do you procure?

NA

(c) What percentage of total procurement (by value) does it constitute?

NA

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

S.No	Intellectual Property based on traditional knowledge	Owned/Acquired (Yes/No)	Benefit shared (Yes/No)	Basis of calculating benefit share
NA				

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of the Case	Corrective action taken
NA		

6. Details of beneficiaries of CSR Projects:

S.No	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
Detailed report is placed as a part of the Management Report			

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner.

Essential Indicators

- Describe the mechanisms in place to receive and respond to consumer complaints and feedback.
Please refer the attachment for the SOP
- Turnover of products and/services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	NA
Safe and responsible usage	
Recycling and/or safe disposal	

3. Number of consumer complaints in respect of the following:

	FY 2022-23 (Current Financial Year)		Remarks	FY 2021-22 (Previous Financial Year)		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	Nil	NA		Nil	NA	
Advertising	Nil	NA		Nil	NA	
Cyber-security	NA					
Delivery of essential services	NA					
Restrictive Trade Practices	Nil	NA		Nil	NA	
Unfair Trade Practices	Nil	NA		Nil	NA	
Others						
(i) Project related queries/complaints	5,340	34		6,607	-	
(ii) Consumer disputes	8	21		5	17	
RERA Related cases	22	41		26	39	

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	NA	
Forced recalls		

5. Does the entity have a framework/policy on cyber security and risks related to data privacy? **(Yes/No)**
If available, provide a web-link of the policy.

No.

6. Provide details of any corrective actions taken or underway on issues relating to advertising and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.

NA

Leadership Indicators

1. Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).

All the information about products and services of the entity is available in the public domain on the website. Also, for our business partners on the sales side, Company keeps them up-to-date with all our project information, latest schemes, communication, incentive plans and many others. Link to access the website: www.sobha.com

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Process of handover of infrastructure assets to society/association involves the handover of all

relevant documents (test reports, commissioning certificates, warranty certificates, work completion report, Operation & Maintenance manuals, Consent to Operate, as built drawings, etc.) pertaining to each of the assets and satisfactory demonstration of the infrastructure/asset in good condition.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

From the time the customers/residents occupy the property, the Company manages the complete maintenance of the project including all day-to-day grievances of the occupants. During the initial two years of DLP (Defect Liability Period), the company handholds the occupants till the time the resident welfare committee is constituted, which may then choose to handover the maintenance management to third party or choose to be with the Company as an external maintenance management party on completion of 2 years.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Yes, the entity displays the information about the product and its various features within the product. The company is bound by RERA however the product brochures also inform the customer about the sustainability features and the related customer benefits. Provision of signages within the product also guides the customers to identify the features and its usage. Customer satisfaction is ensured by having continuous engagement right from the day of possession till society handover, timely response to their grievances and prompt service support. We do take feedback from our customers through customer surveys in which we request the customer to share feedback about their experience of the product, their journey throughout the possession of their flat, etc. These feedbacks provide an opportunity to us to understand the customer pain points and liking of the sustainability and other features and thereby improve on the offerings and processes.

5. Provide the following information relating to data breaches:
 - a. Number of instances of data breaches along-with impact : NA
 - b. Percentage of data breaches involving personally identifiable information of customers: NA

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY

SOBHA is committed to high standards of corporate governance and believes in conducting its 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. SOBHA 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, SOBHA has adopted a comprehensive Corporate Governance policy.

BOARD OF DIRECTORS

The Board, as defined in Sobha Limited's Corporate Governance principles, has the

responsibility of ensuring concord between shareholders' expectations, the Company's plans and the management's performance. The Board is also responsible for developing and approving the mission of the Company's business, its objectives and goals and the strategy for achieving these.

The Company meets the requirements of the Listing Regulations in terms of the composition of its Board.

The strength of the Board as on March 31, 2023, was six Directors. The Board is headed by the Non-executive Chairman (up to March 31, 2023 Mr. Ravi PNC Menon, Chairman of the Board was an Executive Director) and comprises of eminent personalities with expertise in diverse fields. As on the date of this report, there are six Directors on the Board. The composition of the Board as on March 31, 2023 comprised four Non-executive Independent Directors and two Executive Directors, including one woman

The composition of the Board of Directors as on March 31, 2023 was:

Name	Designation	Category	Date of appointment	Directorships*	Committee chairmanships**	Committee memberships**	Names of the listed entities including this entity where the person is a Director and category of directorship
Mr. Ravi PNC Menon [§]	Chairman	Executive	June 08, 2004	1 listed entity	-	1	Sobha Limited – Executive Director
Mr. Jagadish Nangineni	Managing Director	Executive	April 1, 2022	13 (1 listed entity)	-	2	Sobha Limited – Managing Director
Mr. R V S Rao	Independent Director	Non-Executive	June 28, 2006	1 listed entity	-	1	Sobha Limited – Non-Executive Independent Director
Mr. Anup S Shah	Independent Director	Non-Executive	June 28, 2006	5 (3 listed entities)	3	5	Sobha Limited – Non-Executive Independent Director Puravankara Limited – Non-Executive Independent Director Stove Kraft Limited – Non-Executive Independent Director
Ms. Srivathsala K N	Independent Director	Non-Executive	January 4, 2020	12 (1 listed entity)	1	2	Sobha Limited – Non-Executive Independent Director
Mr. Raman Mangalorkar	Independent Director	Non-Executive	April 1, 2022	2 (1 listed entity)	1	2	Sobha Limited – Non-Executive Independent Director

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

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

[§] Mr. Ravi PNC Menon resigned from the position of Whole-time Director and re-designated as Non-executive Non- Independent Director and Chairman w.e.f. April 01, 2023.

Independent Director. Consequent to change in the composition of the Board effective April 1, 2023, the current composition of the Board comprise of one Executive Director, one Non-Executive Non-Independent Director and four Non-Executive Independent Directors. The Company does not have any Nominee Director.

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 and the rules made thereunder.

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 did not hold directorships in more than seven listed companies during the year 2022-23 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 10 committees and/or are acting as chairpersons in more than five committees 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 of such quantum and for such risks as determined by its Board of Directors.

Inter-se relationships among Directors

There are no inter-se relationships between our Board members.

BOARD MEETINGS

The Board has the responsibility of monitoring the Company's progress towards achieving 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 or other locations at Bangalore or through VC/OVAM, as permitted by the regulations.

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 2022-23 are:

Date of the Meeting	Total Strength of BOD	No. of Directors Present
May 20, 2022	6	5
August 09, 2022	6	5
November 14, 2022	6	6
February 07, 2023	6	6
March 06, 2023	6	6

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

Director	Board Meetings/Annual General Meeting (AGM)					
	May 20, 2022	August 09, 2022	November 14, 2022	February 07, 2023	March 06, 2023	AGM August 10, 2022
Mr. Ravi PNC Menon	✓	✓	✓	✓	✓	✓
Mr. Jagadish Nangineni	✓	✓	✓	✓	✓	✓
Mr. R V S Rao	✓	✓	✓	✓	✓	✓
Mr. Anup S Shah	✗	✓	✓	✓	✓	✓
Ms. Srivathsala K N	✓	✓	✓	✓	✓	✓
Mr. Raman Mangalorkar	✓	✗	✓	✓	✓	✗

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 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 facilitates independent consultations with the Statutory Auditors and Internal Auditors of the Company, if necessary. 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 among others:

Information placed before the Board

- Minutes of meetings of audit committee and other committees of the board of directors.
- Annual operating/business plans, budgets and any updates.
- Capital budgets and any updates.
- Operational performance of the Company, a comparison of the budget with the actuals.
- Financial analysis of the performance with a ratio analysis.
- Quarterly Unaudited and Annual Audited Financial Results of the Company and its operating division or business segments.
- Cash flows with a focus on financial obligations, timelines for payment of credit facilities and interest.
- Financial statements and minutes of subsidiary companies.
- Joint ventures, collaborations and acquisitions undertaken by the Company.
- Transactions that involve substantial payments towards goodwill, brand equity or intellectual property.
- Quarterly details of foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movements, if material.
- Information on recruitment and remuneration of senior officers just below the Board level including appointment or removal of the Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices which are materially important.
- Non-compliance with any regulatory, statutory or listing requirements and shareholders' services such as non-payment of dividend and delay in share transfers etc.
- 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 a 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, such as signing of wage agreements and the implementation of the Voluntary Retirement Scheme etc.
- Presentations covering sales, delivery, finance, compliance and risk management practices.
- The Company's safety performance, including a report on serious and fatal accidents, dangerous occurrences, any material effluent or pollution problems.
- Material litigations by and against the Company.
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
- Report on the Corporate Social Responsibility (CSR) activities of the Company.
- Key regulatory updates and their impact on the Company.
- Minutes of the meetings of the Board of Directors of the subsidiaries.
- 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 notice of Board Meeting, publication of 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

Mr. Jagadish Nangineni, was appointed as an Additional Director in the capacity of Whole-time Director designated as Managing Director effective April 01, 2022. His appointment was approved by the shareholders by passing resolutions through postal ballot on June 09, 2022.

Mr. Raman Mangalorkar was appointed as an Additional Director in the capacity of Non-executive Independent Director effective April 01, 2022. His appointment was approved by the shareholders by passing a resolution through postal ballot on June 09, 2022.

Mr. Ravi PNC Menon has resigned from the position of Whole-time director effective close of March 31, 2023 and re-designated as Non-executive Non-Independent Director and Chairman, w.e.f. April 01, 2023. 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. Jagadish Nangineni, Director 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. Jagadish Nangineni as Director retiring by rotation.

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 the financial year 2022-23, the Board of Directors has passed two circular resolutions on April 5, 2022 and May 4, 2022 respectively.

During the financial year 2022-23, the Audit Committee has passed two circular resolutions on October 21, 2022.

Directors' Compensation

The Board of Directors, basis recommendations of the Nomination, Remuneration and Governance Committee, is responsible for the appointment and re-appointment of Directors and determining their remuneration subject to approval by the shareholders at the General Meeting/through postal ballot. Remunerations for the Board of Directors are approved by the shareholders and disclosed separately in the Notes to Accounts. As on March 31, 2023, the Company had two Executive/Whole-time Directors. Remuneration for Whole-time Director(s) consists of a fixed salary and/or performance incentive/commission on the consolidated profits earned by the Company. The Executive Directors of the Company are not entitled to sitting fees for attending Board 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 all 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 their respective fields such as Finance (Banking, Accounts, Audits), Technical (Civil Engineering etc.), Administration, Management, Retail Business and Legal (Real Estate), are able to contribute effectively to Company's overall performance.

Further, a separate meeting of Independent Directors was held on March 31, 2023. Out of four Independent Directors, three Directors were present and due to other pre-occupations, the fourth director was unable to attend the meeting.

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 24th Annual General Meeting held on August 09, 2019, approved paying remuneration to Non-Executive Directors at a rate not exceeding one per cent per annum of the net profits of the Company for a period of five years commencing from April 01, 2019.

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 various committees of the Board are entitled to sitting fees of ₹10,000 per meeting which they attend.

COMMITTEES OF THE BOARD OF DIRECTORS

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

The following are the details of the remuneration paid/payable to the Directors for financial year 2022-23:

(Amount in ₹)

Name	Salary	Perquisites	Contribution to Provident Fund	Commission/ Incentive	Sitting fees	Total
Mr. Ravi PNC Menon	67,869,939	4,142,700	4,063,500	20,547,800	-	96,623,939
Mr. Jagadish Nangineni	12,500,363	37,200	21,600	20,547,800	-	33,106,963
Mr. R V S Rao	-	-	-	2,000,000	180,000	2,180,000
Mr. Anup S Shah	-	-	-	2,000,000	140,000	2,140,000
Ms. Srivathsala K N	-	-	-	2,000,000	240,000	2,240,000
Mr. Raman Mangalorkar	-	-	-	2,000,000	160,000	2,160,000

Note: The details of the nature of contract are provided in the extracts of the Nomination and Remuneration Policy. None of the Directors are entitled to severance fee.

Directors' Shareholding

The shareholding of the Directors of the Company as on March 31, 2023 was:

Name of the Director	Category	No. of equity shares	%
Mr. Ravi PNC Menon	Executive /Whole-time Director	3,185,930	3.36
Mr. Jagadish Nangineni	Managing Director	2,400	0.00
Mr. R V S Rao	Non- Executive Independent Director	-	-
Mr. Anup S Shah	Non- Executive Independent Director	4,300	0.00
Ms. Srivathsala K N	Non- Executive Independent Director	-	-
Mr. Raman Mangalorkar	Non- Executive Independent Director	-	-
Total		3,192,630	3.36

Committees as Mandated Under the 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: Share Transfer Committee

1. 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 objectivity, credibility and correctness of the Company's financial reporting and disclosure processes, internal controls, risk management policies and processes, tax policies and compliance and legal requirements and associated matters.

As required under Section 177 of the Companies Act, 2013, the Audit Committee should comprise of at least three Directors with Independent Directors forming the majority. As per Regulation 18 of the Listing Regulations, the Committee should comprise of at least three members of which at least two-third should be independent. As on March 31, 2023 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 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 officer heading the department, reporting structure and coverage and frequency of internal audits.
- Discussions with Internal Auditors on any significant findings and follow ups 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 candidate's qualifications, experience and background.

- The committee shall look into any related party transactions, that is, the Company's transactions 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.
- Reviewing 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 per cent 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 by the Audit Committee.
- 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 used 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 members or one-third of the total members of the Committee, whichever is greater with at least two Independent Directors..

The Audit Committee met five times during Financial Year 2022-23. 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 20, 2022	4	4
August 09, 2022	4	3
November 14, 2022	4	4
February 07, 2023	4	4
March 06, 2023	4	4

Powers of the Audit Committee

- Investigating any activity within its terms of reference.
- Seeking information from any employee.
- Obtaining outside legal or other professional advice.
- Securing attendance of outsiders with relevant expertise, if it considers necessary.

Review of information by the Audit Committee

- Management discussions and analysis 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 risk management.

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

Name	Category		Audit Committee meetings				
			May 20, 2022	August 09, 2022	November 14, 2022	February 07, 2023	March 06, 2023
Mr. Raman Mangalorkar*	Chairman	Non-Executive Independent	✓	✗	✓	✓	✓
Mr. RVS Rao	Member	Non-Executive Independent	✓	✓	✓	✓	✓
Ms. Srivathsala KN	Member	Non-Executive Independent	✓	✓	✓	✓	✓
Mr. Jagadish Nangineni	Member	Managing Director	✓	✓	✓	✓	✓

* Audit Committee was re-constituted at the Board Meeting held on November 14, 2022 and Mr. Raman Mangalorkar was appointed as Chairman of the Committee w.e.f November 14, 2022 in place of Mr. RVS Rao.

Invitees

The Chairman of the Board, the Chief Financial Officer, Head of Internal Audit and the Statutory Auditors attended all the Audit Committee meetings held during Financial Year 2022-23 as invitees. However, the Head of Internal Audit and the Statutory Auditors did not attend the meeting held on March 6, 2023.

2. 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 comprises four Directors. The Chairman of the Committee, Ms. Srivathsala K N, is a Non-Executive Independent Director. The Company Secretary and Compliance Officer of the Company acted as the Secretary to the Committee.

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

Terms of Reference

- 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 and general meetings.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity with respect to 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.

Compliance Officer

Mr. Vighneshwar G Bhat, Company Secretary & Compliance Officer, is the Compliance Officer for complying with requirements of securities laws.

Meetings

The quorum for the committee's meeting is any two members present for the meeting.

The Stakeholders' Relationship Committee met three times during financial year 2022-23:

Date of the Meeting	Total strength of the Committee	No. of members present
May 20, 2022	4	4
August 09, 2022	4	3
November 14, 2022	4	4

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

Name	Category		Stakeholders' Relationship Committee meetings		
			May 20, 2022	August 09, 2022	November 14, 2022
Ms. Srivathsala KN	Chairperson	Non-Executive Independent	✓	✓	✓
Mr. Ravi PNC Menon*	Member	Executive Director	✓	✓	✓
Mr. Jagadish Nangineni	Member	Managing Director	✓	✓	✓
Mr. Raman Mangalorkar	Member	Non-Executive Independent	✓	✗	✓

* Mr. Ravi PNC Menon has been designated as Non-Executive Non-independent Director and Chairman w.e.f. April 01, 2023.

Investor Grievances and Queries

The queries received and resolved to the satisfaction of the investors during financial year 2022-23 are:

Particulars	Balance as on April 1, 2022	Received during the year	Resolved during the year	Balance as on March 31, 2023
SEBI SCORES Website	-	-	-	-
Registrar of Companies	-	-	-	-
Stock Exchange	-	-	-	-
Non-Receipt/Revalidation of Dividend Warrants	-	21	21	-
Miscellaneous	-	-	-	-
Total	-	21	21	-

3. NOMINATION, REMUNERATION AND GOVERNANCE COMMITTEE

The Nomination, Remuneration and Governance Committee of the Board of Directors recommends the nomination of Directors, key managerial personnel and 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.

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

Name	Category		Nomination, Remuneration and Governance Committee's Meetings		
			May 20, 2022	August 09, 2022	March 06, 2023
Mr. Anup S Shah	Chairman	Non-Executive Independent	✗	✓	✓
Mr. RVS Rao	Member	Non-Executive Independent	✓	✓	✓
Mr. Ravi PNC Menon	Member	Executive Chairman	✓	✓	✓
Mr. Raman Mangalorkar	Member	Non-Executive Independent	✓	✗	✓

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 of Directors.
- 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 based on a report of their performance evaluation.
- To devise a policy for the Board's diversity.
- To identify persons who are qualified to become directors and who may be appointed in senior management positions in accordance with the criteria laid down and recommend to the Board their appointment and removal.
- To recommend to the Board all remuneration, in whatever form, payable to Board members and key managerial personnel.
- 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 for the Directors, key managerial personnel and other employees.

- To define and articulate the Company's overall Corporate Governance structure and to develop and recommend to the Board of Directors the Board's Corporate Governance Guidelines.
- To receive reports, investigate, discuss and make recommendations with respect to breaches or suspected breaches of the Company's Code of Conduct.
- To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements and to develop, review and monitor the Code of Conduct and Compliance Manual applicable to employees and Directors.
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such a committee.

Meetings

The quorum for 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 three times during financial year 2022-23:

Date of the Meeting	Total strength of the Committee	No. of members present
May 20, 2022	4	3
August 09, 2022	4	3
March 06, 2023	4	4

As required under Regulation 19 of the Listing Regulations, the committee comprises of four Directors. The Chairman of the Committee, Mr. Anup S Shah, is a Non-Executive 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/wp-content/uploads/2022/03/amended-Nomination-and-Remuneration-Policy.pdf> and also forms a part of the Directors' Report.

4. 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/wp-content/uploads/2023/06/CSR-Policy.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 for the meeting.

The committee met four times during financial year 2022-23:

Date of the Meeting	Total strength of the Committee	No. of members present
May 20, 2022	3	2
August 09, 2022	3	3
November 14, 2022	3	3
February 07, 2023	3	3

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

Name	Category		Corporate Social Responsibility Committee meetings			
			May 20, 2022	August 09, 2022	November 14, 2022	February 07, 2023
Mr. Anup S Shah	Chairman	Non-Executive Independent	X	✓	✓	✓
Ms. Srivathsala KN	Member	Non-Executive Independent	✓	✓	✓	✓
Mr. Jagadish Nangineni	Member	Managing Director	✓	✓	✓	✓

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

5. RISK MANAGEMENT COMMITTEE

The Risk Management Committee of the Board of Directors is entrusted with the responsibilities of establishing policies to monitor and evaluate the Company's risk management systems, specifically covering cyber security.

Terms of Reference

- Oversee and approve the Company's risk management, internal compliance and control policies and procedures.
- 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 risks 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 for monitoring 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 these systems in minimizing risks that may adversely affect the Company's business.
- 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 that fall within its terms of reference.
- Recommend to the Board or the Audit Committee of the Board, as it deems appropriate, 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 or one-third of the members whichever is higher present for the meeting. The Company Secretary and Compliance Officer of the Company acted as the Secretary to the Committee.

The Committee met two times during financial year 2022-23:

Date of the Meeting	Total strength of the Committee	No. of members present
June 06, 2022	4	4
December 03, 2022	4	3

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

Name	Category		Risk Management Committee meetings	
			June 06, 2022	December 03, 2022
Mr. Anup S Shah	Chairman	Non-Executive Independent	✓	✗
Mr. Ravi PNC Menon	Member	Chairman	✓	✓
Mr. Jagadish Nangineni	Member	Managing Director	✓	✓
Mr. Yogesh Bansal	Member	Chief Financial Officer	✓	✓

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 issuing of duplicate share certificates in lieu of original share certificates.

Composition

As on March 31, 2023, the Share Transfer Committee comprised Mr. Jagadish Nangineni – Chairman, Mr. Ravi PNC Menon – Member and Ms. Srivathsala KN – Member of the Committee.

Meetings

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

During the year under review, the Committee held a meeting for issuance of duplicate share certificate and approval of dematerialization of the share.

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/wp-content/uploads/2022/08/RPT-policy.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 does not have any material 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:

- a. Financial statements, in particular investments made by the subsidiaries are reviewed by the Company's Audit Committee.
- b. Review of annual business plans and budgets.
- c. Review of budget versus actuals and an analysis of the variance.
- d. All the minutes of Board meetings of the subsidiaries are placed before the Company's Board regularly.

- e. A statement of all significant transactions and arrangements entered 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 Company's Board of Directors and senior management personnel. The code is circulated to all the Directors and senior management personnel and their compliance is affirmed by them for 2022-23. The Code of Conduct adopted by the Company has been posted on its website.

CONFIRMATION OF THE CODE OF CONDUCT BY THE 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, 2023, 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.

Sd/-
Jagadish Nangineni
Managing Director

Place : Bangalore
Date : May 29, 2023

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 Company's website at https://www.sobha.com/wp-content/uploads/2022/02/codeofconduct_20220211.pdf

As required under SEBI Insider Trading Regulations, the Board of Directors has formulated a structured digital database for tracking

compliance of insider trading activities. The database covers all the designated persons and is hosted on the Company's server.

Vigil Mechanism

A comprehensive vigil mechanism to ensure ethical behaviour in all its business activities and a system for employees to report any illegal, unethical behaviour, suspected fraud or violation of laws, rules and regulations or conduct to the Chief Vigilance Officer and the Audit Committee of the Board of Directors is in place in the Company. The mechanism 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, 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 Directors and the policies of the Company are issued to the Independent Directors during their appointment. The Independent Directors are required to adhere to these.

II. Continual or 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.

As required under Schedule V of the Listing Regulations, the skills/expertise/competence of Board members are provided below:

Name	Designation	Category	Skills/expertise/competence
Mr. Ravi PNC Menon*	Chairman	Executive	Expertise in construction and real estate development along with product delivery, project execution, quality control, technology advancement, process and information technology and customer satisfaction.
Mr. Jagadish Nangineni	Managing Director	Executive	Expertise in real estate, consulting and technology.
Mr. R V S Rao	Independent Director	Non-Executive	An expert in banking and finance.
Mr. Anup S Shah	Independent Director	Non-Executive	Expertise in law, specifically real estate laws.
Ms. Srivathsala K N	Independent Director	Non-Executive	Expertise in strategic business advisory, financial planning, active angel investment, start-up business.
Mr. Raman Mangalorkar	Independent Director	Non-Executive	Expertise in strategic, operational, retail business and organization related matters.

* Mr. Ravi PNC Menon was re-designated as Non-executive Non-independent director and Chairman w.e.f. April 01, 2023. Detailed skills/experience/expertise of each of the Directors are provided elsewhere in the Annual Report.

Details of the familiarization programmes imparted to the Independent Directors are given on the Company's website at <https://www.sobha.com/wp-content/uploads/2023/02/Familiarization-Programme.pdf>

COMPLIANCES

In general, there was no instance of non-compliance with 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 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 a part of the Annual Report. It includes, among other things, a discussion on the following:

- 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 March 31, 2023, issued by Mr. Nagendra D. Rao, Practicing Company Secretary in terms of the Listing Regulations is annexed to the Directors' Report and forms a part of the Annual Report.

Secretarial Audit Report

The Secretarial Audit Report for the year ended March 31, 2023, issued by Mr. Nagendra D. Rao, Practicing Company Secretary in accordance with the provisions of Section 204 of the Companies Act, 2013 forms a 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 financial year 2022-23, the fees paid/

payable to the Statutory Auditors of the Company is as follows:

Name	Amount (₹ in million)
Audit fees [includes fees for limited reviews]	14.16
Out of pocket expenses	1.39
Other services	1.15
Total	16.70

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company has always believed in providing a safe and harassment-free workplace for every individual working on 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 2022-23:

- 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 at the 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. 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 non-mandatory requirements is as follows:

A. The Board

The details required to be provided with respect to the Non-executive Chairman are not applicable as

the Chairman of the Board was Executive Chairman till the financial year ended March 31, 2023.

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 2022-23 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 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.

F. Compliance of regulations 17 to 27

The Company complied with 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
2021-2022	August 10, 2022, at 3:00 pm	Through Video Conferencing (VC)/Other Audio-Visual Means (OAVM)	1. Issue of Non-Convertible Debentures on a private placement basis.
2020-2021	August 13, 2021, at 3:00 pm	Through Video Conferencing (VC)/Other Audio-Visual Means (OAVM)	1. Issue of Non-Convertible Debentures on a private placement basis. 2. Re-appointment of Mr. Ravi PNC Menon (DIN: 02070036) as Whole-time Director designated as Chairman of the Company.
2019-2020	August 07, 2020, at 3:00 pm	Through Video Conferencing (VC)/Other Audio-Visual Means (OAVM)	1. Issue of Non-Convertible Debentures on a private placement basis. 2. Amendment to the Memorandum of Association of the Company.

Extraordinary General Meeting

No Extraordinary General meeting was held during financial years 2020-21, 2021-22 and 2022-23.

Postal Ballot

Pursuant to Section 110 of the Companies Act, 2013, read with the Rule 22 of the Companies (Management and Administration) Rules, 2014, the Company had passed three resolutions through Postal Ballot by Electronic Voting during the financial years 2022-23 on June 9, 2022.

Resolutions passed on June 09, 2022.

- **Voting Pattern of the resolution passed through Postal Ballot are as follows:**

A. Appointment of Mr. Jagadish Nangineni (DIN: 01871780) as a Director of the Company (Ordinary Resolution):

Particulars	Physical	E-voting	Total
No. of shares held	-	94,845,853	94,845,853
Total number of votes Polled	-	83,007,245	83,007,245
Total number of valid votes	-	83,007,245	83,007,245
Votes cast in favor of the Resolution	-	65,315,958	65,315,958
Votes cast against the Resolution	-	17,691,287	17,691,287

B. Appointment of Mr. Jagadish Nangineni (DIN: 01871780) as a Whole-time Director designated as Managing Director (Special Resolution):

Particulars	Physical	E-voting	Total
No. of shares held	-	94,845,853	94,845,853
Total number of votes Polled	-	83,007,245	83,007,245
Total number of valid votes	-	83,007,245	83,007,245
Votes cast in favor of the Resolution	-	65,386,360	65,386,360
Votes cast against the Resolution	-	17,620,885	17,620,885

C. Appointment of Mr. Raman Mangalorkar (DIN:01866884) as a Non-Executive Independent Director (Special Resolution):

Particulars	Physical	E-voting	Total
No. of shares held	-	94,845,853	94,845,853
Total number of votes Polled	-	83,006,937	83,006,937
Total number of valid votes	-	83,006,937	83,006,937
Votes cast in favor of the Resolution	-	83,004,462	83,004,462
Votes cast against the Resolution	-	2,475	2,475

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 Company's 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 dividends and investor presentations.
Financial Results	Quarterly, half-yearly and annual financial results are published in an English newspaper (Business Line) and a regional language newspaper (Prajavani).
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 Company's website.
Investor Servicing	The contact details for investor 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 Company's website for addressing stakeholders' grievances 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	Term loans IND AA-/Stable Fund-based Working Capital limits INDAA-/Stable/IND A1+ Non-fund-based Working Capital limits INDAA-/Stable/IND A1+ Non-Convertible Debentures WD (Withdrawn)

RECOMMENDATION OF DIVIDEND AND DIVIDEND PAYMENT DATE

The Board of Directors has recommended a dividend of ₹3.00 per equity share of ₹10 which is subject to the approval of the members in the ensuing Annual General meeting.

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

DIVIDEND HISTORY

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

Financial year	Rate of dividend (%)	Dividend per equity share of ₹10 each
2015-16	20.00	2.00
2016-17*	25.00	2.50
2017-18**	70.00	7.00
2018-19	70.00	7.00
2019-20	70.00	7.00
2020-21	35.00	3.50
2021-22	30.00	3.00

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

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

OTHER INFORMATION

Listing fee	The Company paid annual listing fees for Financial Year 2023-24 to BSE Limited and the National Stock Exchange of India 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).
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. Natash 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, 2023, the Company did not have any outstanding GDRs/ADRs/Warrants/Convertible Instruments.
Plant locations of the divisions	<p>Glazing and Metal Division:</p> <ul style="list-style-type: none"> Plot No. 10, Bommasandra Industrial Area, Bommasandra Jigani Link Road, Jigani Post, Opposite to Biocon, KIADB Industrial Area, Anekal Taluk, Bangalore – 560105. Plot No. # G-6, SIPCOT Industrial Park, 2nd Cross Road, Irungulam - Mambakkam, Sri Perumbudur, Kancheepuram Dist., Chennai – 602 105. Plot No. - 345, Phase-V, Sector-56, HSIIIDC, Kundli Industrial Area, Dist.-Sonapat, Haryana-131 028. <p>Interiors Division:</p> <ul style="list-style-type: none"> Plot No. 9, KIADB Industrial Area, Jigani-Bommasandra Link Road, Hennagara (Post), Anekal Taluk, Bommasandra, Bangalore– 560105. Plot No. A-915 RIICO Industrial Area Bhiwadi, Tehsil Tijara Distt. Alwar, Rajasthan -301019. <p>Concrete Products Division:</p> <ul style="list-style-type: none"> Plot No. # 329, Bommasandra Jigani Link Road, Industrial Area, Jigani, Anekal Taluk, Bangalore – 560 105. Sector 106, 108, 109, Babupur, Near New Palam Vihar, Gurugam, Haryana – 122 017. <p>SOBHA Mattress Division:</p> <ul style="list-style-type: none"> Plot No. 9, KIADB Industrial Area, Jigani Bommasandra Link Road, Bommasandra, Hennagara Post, Anekal Taluk, Bangalore– 560 105.

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-22	746.95	628.15	691.06	7,030,887	744.85	629.00	691.54	570,489
May-22	656.00	482.65	545.72	10,379,228	655.15	481.95	546.08	704,835
June-22	585.00	480.20	531.63	5,639,179	584.80	480.35	531.12	324,409
July-22	717.80	538.00	651.90	16,455,401	718.95	537.40	651.48	809,843
August-22	735.00	670.50	699.65	5,312,911	734.90	670.05	699.55	470,752
September-22	750.85	631.10	690.37	5,673,909	750.00	631.20	690.46	479,295
October-22	667.80	618.05	639.61	2,097,927	668.00	618.30	639.38	218,930
November-22	657.00	607.00	625.31	3,075,602	655.80	604.00	625.45	160,405
December-22	679.80	522.00	598.41	5,450,285	679.00	527.50	598.55	385,989

	National Stock Exchange of India Limited (NSE)						BSE Limited (BSE)			
	High	Low	Average	Volume	High	Low	Average	Volume		
	₹	₹	₹	No.	₹	₹	₹	No.		
January-23	622.80	564.10	588.96	3,491,980	623.25	562.05	588.70	429,240		
February-23	613.65	560.20	580.45	1,696,207	612.70	560.05	580.78	123,114		
March-23	584.90	412.10	513.97	19,053,070	585.40	412.40	513.79	1,057,921		

The Company's share price performance vis-à-vis broad-based indices during financial year 2022-23 forms part of the Annual Report.

SHAREHOLDING PATTERN

Distribution of Shareholding as on March 31, 2023:

Range of equity shares held	No. of shareholders	% of total shareholders	Number of shares	% of Issued capital
1 – 500	91,695	97.31	4,026,119	4.25
501 – 1,000	1,345	1.43	1,014,092	1.07
1,001 – 2,000	614	0.65	902,583	0.95
2,001 – 3,000	176	0.19	449,327	0.48
3,001 – 4,000	80	0.08	286,248	0.30
4,001 – 5,000	61	0.06	287,240	0.30
5,001 – 10,000	95	0.10	685,308	0.72
10,001 and above	167	0.18	87,194,936	91.93
Total	94,233	100.00	94,845,853	100.00

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
March 25, 1998	2,000,000	10	10	Cash	Further allotment	3,174,759	31,747,590
October 16, 1998	1,934,823	10	10	Cash	Further allotment	5,109,582	51,095,820
December 22, 1998	855,000	10	10	Cash	Further allotment	5,964,582	59,645,820
March 25, 1999	1,000,000	10	10	Cash	Further allotment	6,964,582	69,645,820
July 11, 2002	14,175,898	10	10	Cash	Further allotment	21,140,480	211,404,800
June 28, 2006	42,280,960	10	10	-	Bonus issue in the ratio of 2:1	63,421,440	634,214,400
October 28, 2006*	97,245	10	617	Cash	Preferential allotment-pre-IPO placement to Bennett, Coleman & Co. Limited	63,518,685	635,186,850

October 28, 2006**	486,223	10	617	Cash	Preferential allotment pre-IPO placement to Kotak Mahindra Private Equity Trustee Limited	64,004,908	640,049,080
December 12, 2006***	8,896,825	10	640	Cash	8,014,705 equity shares were allotted to the public and 882,120 equity shares were allotted pursuant to employee reservation pursuant to the initial public offering	72,901,733	729,017,330
July 03, 2009****	25,162,135	10	209.40	Cash	Qualified Institutional Placement	98,063,868	980,638,680
July 21, 2016 [§]	1,759,192	10	330.00	Cash	Buyback	96,304,676	963,046,760
October 12, 2017 [^]	1,458,823	10	425.00	Cash	Buyback	94,845,853	948,458,530

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

** Pursuant to a subscription agreement dated October 26, 2006, 486,223 equity shares issued and allotted to Kotak at a 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, 2023, 99.99 per cent of the Company's shares were held in dematerialized form and the rest in physical form. The following is a break-up of the equity shares held in electronic and physical forms:

Description	No. of shareholders	No. of shares	% of equity
NSDL	38,922	81,258,289	86.61
CDSL	55,306	13,587,536	13.39
Physical	5	28	0.00
Total	94,233	94,845,853	100.00

ADDITIONAL SHAREHOLDER INFORMATION

Unclaimed Dividend

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

During financial year 2022-23, the Company was required to transfer to the Investor Education and Protection Fund, the dividend declared in the Annual General meeting held on July 15, 2015. Accordingly, the Company transferred an amount of ₹471,037 (Rupees four lakh seventy one thousand thirty seven only) to the Investor Education and Protection Fund.

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

The following table provides the dates of declaration of dividend after the shares were listed and the corresponding date when unclaimed dividends are due to be transferred to the Central Government:

Financial year	Date of declaration of dividend	Last date for claiming unpaid dividend	Unclaimed amount as on March 31, 2023 (₹)	Due date for transfer to IEPF Fund
2015-16	August 03, 2016	September 04, 2023	144,358.00	October 03, 2023
2016-17	August 04, 2017	September 06, 2024	178,527.50	October 05, 2024
2017-18	August 07, 2018	September 09, 2025	499,044.00	October 08, 2025
2018-19	August 09, 2019	September 11, 2026	398,972.00	October 10, 2026
2019-20	August 07, 2020	September 05, 2027	443,654.00	October 04, 2027
2020-21	August 13, 2021	September 12, 2028	183,931.00	October 11, 2028
2021-22	August 10, 2022	September 09, 2029	155,426.00	October 08, 2029

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, 2022	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, 2023
2022-23	83 shareholders and 841 outstanding equity shares	-	-	83 shareholders and 841 outstanding equity shares

Allottees who have not 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 IEPF's Demat account:

Base year	Number of shareholders	No. of equity shares transferred to IEPF's Demat account
2009-10	175	2,470
2010-11	64	1,550
2011-12	62	1,413
2012-13	45	2,574
2013-14	58	827
2014-15	133	3,087

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: August 08, 2023 Time: 3:00 PM Venue: Pursuant to Circular Nos 14/2020, 17/2020, 20/2020 dated April 8, 2020, April 13, 2020, May 5, 2020, Circular No. January 13, 2021 and Circular 10/2022 dated 28 th December 2022, issued by the Ministry of Corporate Affairs (MCA) and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 SEBI/HO/CFD/CMD2/CIR/P/2021/11SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, also vide its Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 05, 2023, issued by the Securities and Exchange Board of India (hereinafter collectively referred to as 'Circulars'), the Annual General Meeting of the Company ("AGM") is convened through Video Conferencing/Other Audio Visual Means (VC/OAVM), and as such, there is no requirement to have venue for the AGM. For details, please refer to the Notice of AGM
Financial Year	The financial year of the Company starts from April 01 of every year and ends on March 31 of the following year.
Book Closure	The Record date is Friday, July 28, 2023 and the date of the book closure is Saturday, July 29, 2023.
Dividend Payment Date	If approved by the shareholders in the ensuing Annual General meeting, the dividend will be paid on or before September 06, 2023.
Declaration of Financial Results for Financial Year 2022-23	For quarter ending June 30, 2022 – August 09, 2022. For quarter ending September 30, 2022 – November 14, 2022. For quarter ending December 31, 2022 – February 07, 2023. For year ending March 31, 2023 – May 29, 2023.
Tentative Dates for Declaration of Financial Results for 2023-24	For quarter ending June 30, 2023 – Second week of August 2023. For quarter ending September 30, 2023 – Second week of November 2023. For quarter ending December 31, 2023 – Second week of February 2024. For the year ending March 31, 2024 –Third week of May 2024.

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	BSE Limited Floor 25, P.J Towers, Dalal Street, Mumbai – 400 001 Tel: +91 22 2272 1233/4 Website: www.bseindia.com
National Securities Depository Limited	National Securities Depository Limited 4 th Floor, “A” Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 Tel: +91 22 2499 4200 Website: www.nsdl.co.in
Central Depository Services (India) Limited	Central Depository Services (India) Limited 17 th floor, P J Towers, Dalal Street, Fort, Mumbai – 400 001 Tel: +91 2272 8658 +91 2272 8645 Website: www.cdslindia.com
R&T Agents	M/s Link Intime India Private Limited C-101,247 Park, L B S Marg, Vikhroli West, Mumbai-400083. Tel: 022-49186000 Fax Number:022-49186060 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 earlier.

Commodity price risk or foreign exchange risk and hedging activities

The Company had no exposure in commodities and hence the disclosure is not required to be given. For a detailed discussion on foreign exchange risk and hedging activities, please refer to Management Discussion and Analysis Report.

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 form, members are requested to give the nomination request to their respective Depository Participants directly.

E-voting

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company provides a remote e-voting facility to the shareholders. The Company has availed the services of the Link Intime India Private Limited for providing the necessary e-voting platform to 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/wp-content/uploads/2023/06/CSR-Policy.pdf
Vigil Mechanism	https://www.sobha.com/wp-content/uploads/2020/10/153630159420180907.pdf
Code of Conduct	https://www.sobha.com/wp-content/uploads/2023/02/SOBHA-CODE-OF-CONDUCT.pdf
Nomination and Remuneration Policy	https://www.sobha.com/wp-content/uploads/2022/03/amended-Nomination-and-Remuneration-Policy.pdf
Code of Conduct for Prevention of Insider Trading	https://www.sobha.com/wp-content/uploads/2022/02/codeofconduct_20220211.pdf
Material Subsidiary Policy	https://www.sobha.com/wp-content/uploads/2022/11/Material-subsiary-policy.pdf
Policy on Related Party Transactions	https://www.sobha.com/wp-content/uploads/2022/08/RPT-policy.pdf
Policy on Determination of Materiality of Events and Information	https://www.sobha.com/wp-content/uploads/2021/09/153630154920180907.pdf
Policy on Preservation of Documents	https://www.sobha.com/wp-content/uploads/2020/10/153630157420180907.pdf
Terms and Conditions of Appointment of Independent Directors	https://www.sobha.com/wp-content/uploads/2020/10/153630451520180907.pdf
Composition of Various Committees of the Board of Directors	https://www.sobha.com/wp-content/uploads/2022/11/Composition-of-Committees.pdf
Dividend Distribution Policy	https://www.sobha.com/wp-content/uploads/2020/10/153630151720180907.pdf

ADDRESS FOR CORRESPONDENCE

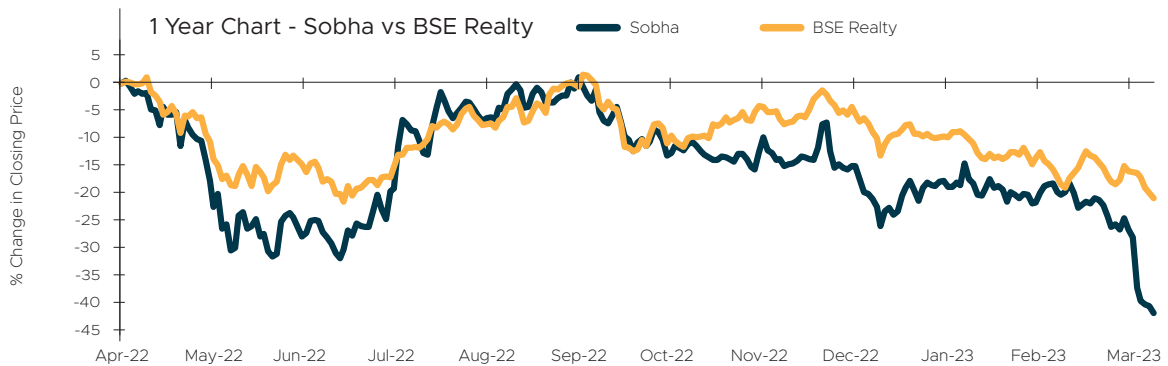
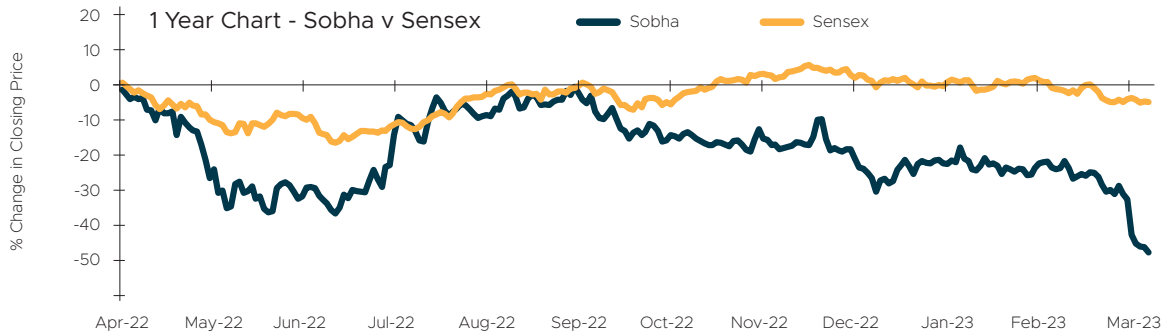
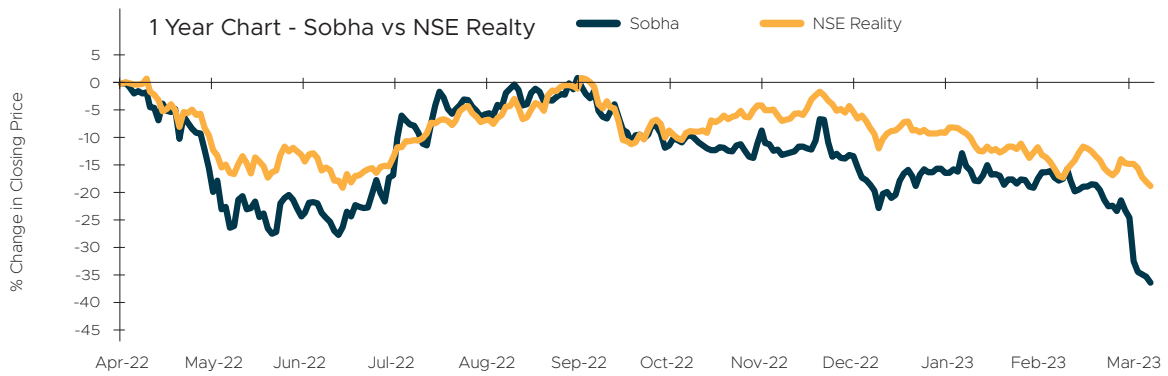
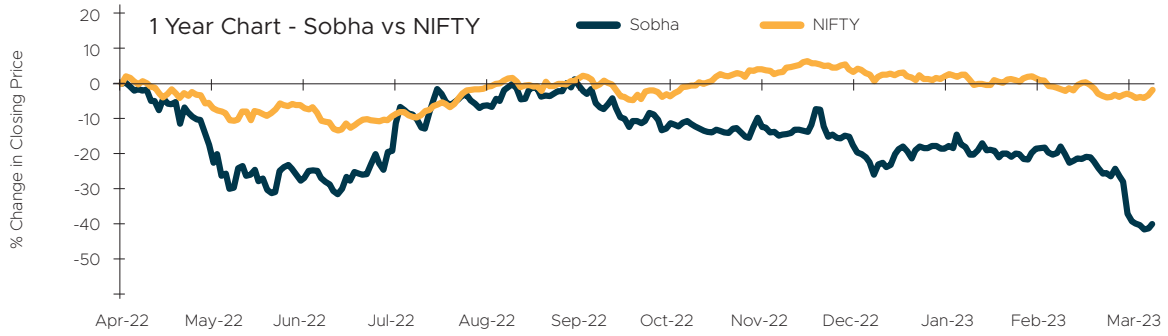
For any queries, please write to:

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
 E-mail: investors@sobha.com

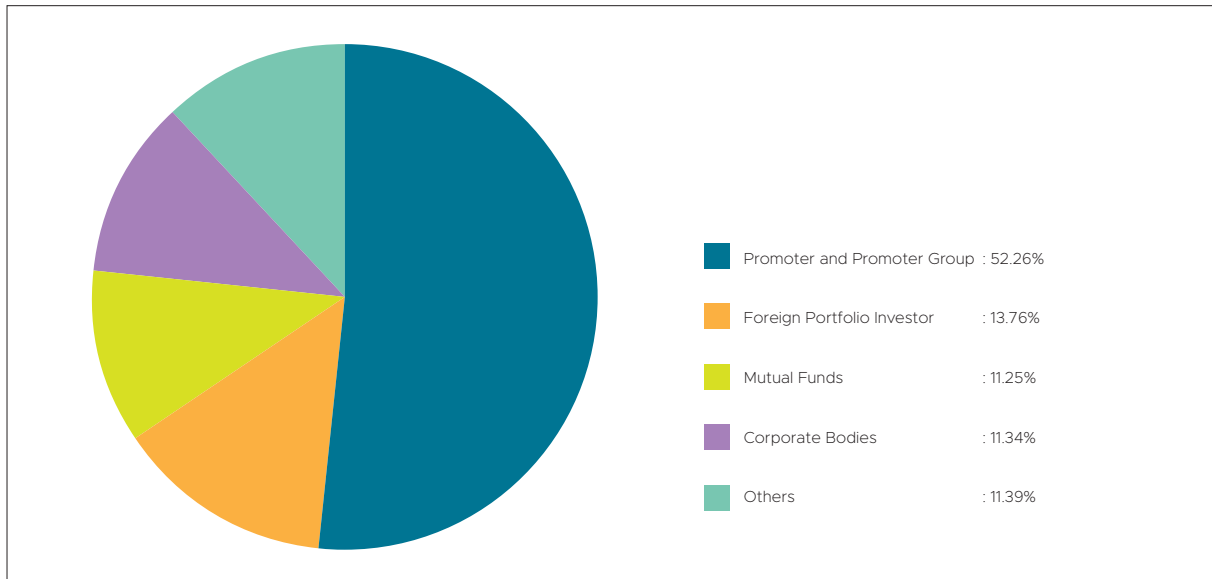
For queries relating to financial statements, please write to:

Mr. Yogesh Bansal
 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
 E-mail: investors@sobha.com

SHARE PRICE PERFORMANCE



CATEGORY WISE DISTRIBUTION OF SHAREHOLDERS AS ON MARCH 31, 2023



SHAREHOLDING MOVEMENTS

Particulars	No. of Shares as on March 31, 2023	%	No. of Shares as on March 31, 2022	%	Change in %
Promoter and Promoter Group	49,565,693	52.26	49,307,693	51.99	0.27
FPI	13,048,253	13.76	15,329,875	16.16	-2.41
Mutual Funds	10,667,123	11.25	11,027,306	11.63	-0.38
Corporate Bodies	10,752,343	11.34	10,143,233	10.69	0.64
Financial Institutions	170	0.00	170	0.00	0.00
Others	10,812,271	11.39	9,037,576	9.53	1.87
Total	94,845,853	100.00	94,845,853	100.00	

MARKET CAPITALISATION



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 – 560 103.

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, Bangalore 560103 (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 and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'the LODR'), as amended from time to time.

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, 2023 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.

I 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.

Place : Bengaluru
Date : May 29, 2023

Sd/-
Nagendra D. Rao
Practising Company Secretary
Membership No. FCS – 5553
Certificate of Practice – 7731
Peer Reviewed Unit
Peer Review Certificate No.: 672/2020
UDIN: F005553E000403137

MANAGEMENT REPORT

MARKETS AND OPERATING ENVIRONMENT

MACROECONOMIC OVERVIEW

Financial Year 2023 witnessed a mix of economic trends and conditions across different regions globally. The major advanced economies experienced varying degrees of performance. The United States witnessed moderate 2.1% growth in 2022, despite raising their interest rates from 0.25% in March-2022 to 5.25% in May-2023 to combat inflationary pressures. Sudden rapid increase in repo rates has led to building up of some stress in their financial system, even witnessed a few banks collapse since beginning of 2023. Repercussions of such rapid monetary tightening may not be completely done away with. The Eurozone, on the other hand, faced with challenges due to supply chain disruptions caused by geopolitical situation and lingering effects of the pandemic, managed to grow at 3.5%. Japan struggled with a slow recovery and deflationary pressures and grew by 1.1%. China remained a key player, with a focus on rebalancing its economy and implementing structural reforms, was also reeling under late effects of Covid and registered meagre growth of 3.0% in 2022. Overall, the world economy clocked a moderate growth of 3.4% in FY 2023.

In contrast, India, as world's fifth largest economy, has been a bright spot in FY 2023, registering growth of 7.2%, underscoring the country's economic resilience amid geopolitical conflicts and global headwinds. Though very significantly influenced by global economic trends, supply chains and commodity prices, FY 2023 had both positive and negative impacts on the economy. India has fully come out of pandemic induced slowdown with K-shaped recovery, where some sectors have grown better than others, Real Estate being one of the sectors which recovered fast and strong. The Indian economy benefited from increased public investment, a revival in consumer demand and significant progress in structural reforms. Inflation remained persistent in the first half of the fiscal, leading to increase in repo rates by RBI to the tune of 2.5% during the year. Economic activity has remained strong and resilient, reflected in record GST collections. Most businesses have done very well and have

strengthened their balance sheets, to recover losses from previous Capex investments. They are now ready to embark on fresh capacity building to fuel their next growth cycle. Government focus on rapidly building physical and digital infrastructure, aided by increased budget allocations will lead to higher wealth generation and financial inclusion, going forward. The government's focus on attracting foreign capital through initiatives such as "Make in India", "China Plus One strategy" and "ease of doing business" reforms continued to be relevant.

FY 2023 witnessed a mixed FDI flow into India. While some sectors attracted significant investments, others faced challenges. Global financial market trends also influenced India's domestic markets during FY 2023. Volatility in international stock markets, changes in interest rates by major central banks and shifts in investor sentiment had spillover effects on Indian equities and capital flows, which remained volatile through the year. With increase in interest rates real estate stocks became out of favor with investors during second and third quarter of FY 2023, recovering moderately towards the end of the year.

India's GDP touched USD 3.75 trillion in FY 2023 and according to the OECD, India is set to be the fastest growing economy in the G-20 over next few years, despite decelerating global demand and the tightening of monetary policy to manage inflationary pressures.

SECTOR OVERVIEW

The India real estate market size reached USD 256.8 Billion in 2022. According to a study by IMARC Group, it is expected to reach USD 780.6 Billion by 2028 with an expected CAGR of 9.2% during 2023-2028. The Real estate sector in India contributes about 6-7% to India's GDP. It is also the second highest employment generator in the country. In addition to the growth of traditional segments like residential, commercial and retail, this will also be partly driven by newer segments such as warehousing, logistics, industrial parks, data centers, student housing, co-living and senior assisted living facilities, as well.

The Indian residential real estate witnessed a V-shaped recovery from two years of pandemic-induced lockdowns and consequent economic slowdown across Tier I, II and III cities. Demand remained strong throughout the year despite increasing property prices, interest rates and an expectation of a global slowdown. Most prominent developers across the country have performed well, recording their best sales this year.

Consolidation in the sector remained buoyant, with demand getting polarized towards credible developers with established track record and a reputed brand. This trend is expected to continue with larger share coming to bigger developers increasingly. Having said that, during the year, we also witnessed multiple Tier II developers managed to ease their financial distress and resume operations. A prominent trend in FY 2023 was demand gyrating towards premium residential projects, reflected in growth of luxury home sales in FY 2022-23. Sobha Ltd. caught on to the emerging trend in the market and redesigned some projects to suit demand for larger homes, post pandemic. These have been very well accepted by our customers.

Another area which saw significant improvement is use of technology to enhance efficiency with renewed focus on design and incorporation of sustainable and green building concepts. With tools like Building Information Modeling (BIM), AI, drone tech etc. Real estate developers are bringing in higher efficiency into the development process, while improving their adherence to environmental norms.

India's robust macroeconomic fundamentals, including a large domestic market and a young, expanding workforce, contribute to its economic strength. The government's sustained focus on policies promoting manufacturing and innovation further enhances its growth potential. Domestic consumption remains a key driver and as the middle class expands and urbanization continues, the demand for homes is poised to rise.

OUTLOOK OF OUR MARKETS

A. REAL ESTATE

SOBHA is the foremost backward integrated company in real estate space. Since inception, as a company, it has been a conscious policy to develop all skillsets in-house, in order to maintain an absolute control over the quality and timely

delivery of our products. We continue to be laser focused on our product design and construction quality above anything else. To delight home buyers and exceed their expectations has been our constant endeavour, which has given us the recognition and reputation of delivering best quality homes in the market. SOBHA has ongoing presence in 11 cities across 7 states. Company is present in Bangalore, Gurgaon (NCR), Chennai, Coimbatore, Thrissur, Kochi, Calicut, Trivandrum, Hyderabad, Pune and GIFT City (Gujarat).

Despite a challenging start to the year, mired in geopolitical tensions, supply chain disruption led spike in commodity prices and lingering trepidations of a global slowdown - SOBHA was able to deliver best ever operational performance during the financial year 2022-23. Company has witnessed strong performance across regions and all residential segments that it operates in. New launches with differentiated designs, crafted by our in-house design studio, keeping in view the fast changes in consumer demand has supported our business growth during the year. Demand has clearly moved towards bigger sized units to cater to additional space for specific utilities – like Office work, personal Work-out area, Kid's room, permanent maid's room etc. Identifying the behavioural and cyclical trends emerging ahead of the curve and customizing our product offering to suit these requirements of the times - shall remain our priority.

With SOBHA's unique Self-Reliant model, strong brand name and unmatched execution capabilities, the Company continues to deliver all the projects on time. The Company currently has ongoing real estate projects aggregating to 30.60 million square feet of developable area and 20.75 million square feet of saleable area and ongoing contractual projects aggregating to 5.24 million square feet under various stages of construction.

As on 31st March 2023, Company has delivered overall 128.00 million square feet of developable area across Real Estate and Contractual businesses. Since its inception, the Company has completed real estate projects measuring 70.33 million square feet of developable area commensurate to 52.28 million square feet of saleable area.

During the year, the Company has completed the construction activities to the extent of 5.78 million square feet of total developable area corresponding to 3.97 million square feet of saleable area.

BANGALORE

Sobha Ltd. started its operations from Bangalore and is headquartered in the city. This market contributed 69.3% to overall sales volume in FY 2022-23.

During the year, we completed projects with 2.93 million square feet of saleable area only in Bangalore. Some of the major projects completed are mentioned below:

- In SOBHA Dream Acres, we have completed Wing 25, 26, 29, 34, 35, 36 with a total developable and saleable area of 1.05 million square feet and 0.78 million square feet respectively. SOBHA Dream Acres project along with other projects across regions continue to be completed and handed over before stipulated timelines. Since inception Company has delivered 6.53 million square feet of developable area in the project. Construction of this project is carried out using Pre-cast technology.
- We have delivered entire project of SOBHA HRC Pristine with 1.34 million square feet of developable area located at Jakkur north side of Bangalore.
- Also completed SOBHA Forest Edge with 0.64 million square feet of developable area, project located in West Bangalore, in the backdrop of Turahalli forest.

Presently, in Bangalore, the Company has ongoing projects aggregating to 17.19 million square feet of total developable area and 11.71 million square feet of saleable area.

Company has launched the following projects in the current financial year.

- SOBHA Galera - A rowhouse project located in East Bangalore, spread over 4.08 acres. The project comprises of 40 row houses with total saleable area of 131,102 square feet.
- SOBHA Oakshire - A rowhouse project located next to SOBHA Lifestyle, close to Bangalore International airport. The project comprises of 80 row houses spread over 8.86 acres comprising saleable area of 275,486 square feet.
- SOBHA Insignia - A boutique super-luxury project in Bhoganahalli, South East Bangalore, with 33 apartments and a saleable area of 80,251 square feet.

- SOBHA Sentosa - Luxury Residential project located right next to SOBHA Dream Acres, with total saleable area of 779,066 square feet in South Bangalore.
- SOBHA Victoria Park – Project spread over 6.5 acres, in North Bangalore with 588,451 square feet of saleable area comprising of Row Houses and Apartments.
- SOBHA Royal Crest – Luxury project with 3 and 4 BHK apartments only, near Banshankari, West Bangalore with saleable area of 654,429 square feet.

GURGAON - NCR

Company started its operation in NCR market during the year 2011-12 with the launch of its villa project “International City” in Gurgaon. After experiencing positive feedback, Company launched it’s second project ‘SOBHA City’, which was an apartment project and is one of the single largest group housing projects in Gurgaon.

During the year 2022-23, we completed SOBHA City – Tower A2, B2, C2 totaling about 0.69 million square feet of developable area.

In total, the Company has ongoing projects aggregating to 3.91 million square feet of developable area and 2.61 million square feet of saleable area, which will be developed and delivered in phases.

Under the SOBHA City, the Company is currently working on 3.42 million square feet of developable area and 2.33 million square feet of saleable area. Under the International City the Company is working on 0.43 million square feet of developable area and 0.28 million square feet of super built-up area.

During FY 2022-23, Company has relaunched 6 towers in SOBHA City, after re-designing them to adapt to changing customer preferences. These re-designed units are larger with additional space provided for home office. It was very well accepted in the market enabling us to make historic sales on its launch.

CHENNAI

Chennai is known as automobile capital of India. It is home for large automobile and auto-ancillary units along with considerable contribution from IT and ITES sectors.

Presently, the Company has 2 ongoing projects, aggregating to 0.56 million square feet of total

developable area and 0.35 million square feet of super built-up area - SOBHA Arbor and SOBHA Gardenia.

SOBHA Arbor a luxury apartment project with 0.39 million square feet of developable area and 0.29 million square feet of saleable area. It is envisioned to be a luxurious residential enclave, featuring the very best in SOBHA's sustainable luxury living segment with beautiful landscapes all around the project, The Arboretum, organic gardens and plenty of aesthetic green features.

SOBHA Gardenia is a villa project spread across 6.85 acres of lush greenery, with a truly upscale eco-friendly living.

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.

Company currently has 2 ongoing projects namely, "SOBHA West Hill" with 0.03 million square feet of developable area and 0.02 million square feet of saleable area and "SOBHA Verdure" with 0.16 million square feet of developable area and 0.11 million square feet of saleable area.

CALICUT

Company has been operating in Calicut since 2013-14 with the first project of "SOBHA Bela Encosta", a Luxury Villa Development.

Presently, the Company has one ongoing project that aggregates to 0.13 million square feet of total developable area and 0.08 million square feet of saleable area.

KOCHI

Kochi is referred to as the commercial capital of Kerala. The City is a major port city, growing at a rapid pace - home to 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. The company ventured into Kochi market in the year 2013-14 with the launch of SOBHA Atlantis.

Presently, the Company has 2 ongoing project in the city, aggregating to 3.95 million square feet of total developable area and 2.58 million square

feet of saleable area.

"SOBHA Marina One" is a Joint venture project along with Puravankara group. Located on the marine drive, with 2.61 million square feet of developable area.

"SOBHA Atlantis", located near the Kaniyampuzha river, is slightly inside the city with 1.34 million square feet of developable area.

THRISSUR

Company entered the Thrissur market in 2007-08 with its landmark project "SOBHA City", one of a kind first Integrated Township project in Kerala.

Presently, the Company has 3 ongoing projects, "SOBHA Lake Edge", "SOBHA Silver Estate" and "SOBHA Metropolis" aggregating 1.47 million square feet of total developable area and 0.96 million square feet of saleable area.

TRIVANDRUM

Trivandrum (Thiruvananthapuram) is the capital city of Kerala characterized by with its calm beaches, back waters and rich culture. It is also famous as the Information technology capital of the state, since it is home to the first and largest IT park in India, Technopark, established in 1990. The district is home to more than 9% of total population of Kerala.

During the year, Company has launched it's first project in Trivandrum.

- "SOBHA Meadows - Whispering Hill" - Luxury apartment project with a saleable area of 196,420 square feet, designed on theme of living close to nature. Project is located just 7 km away from Technopark, one of the largest IT hub of India. One-of-a-kind, nature-rich living set in the evergreen city - these residences are designed carefully to maintain the natural contours with about 70% open spaces and allows you to explore a lifestyle that's pro nature. Developable area of the project is about 0.23 million square feet.

PUNE

The Company ventured into the Pune market in the year 2007-08 with the project "SOBHA Carnation", a Super Luxury multi-storied apartment project.

Currently we have one project in progress, "SOBHA Nesara" with a developable area of 0.94 million square feet and a total saleable area of

0.62 million square feet. The project located near the pristine foothills of NDA Hills, offers wide lush greens for views, a bounty of birdlife for tweets and a healthier lifestyle.

GIFT CITY - GUJARAT

Gujarat International Finance-Tech city (GIFT) – A Global Financial Hub, GIFT City 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 providing financial services by offering world-class infrastructure and facilities to leading global financial institutions and companies.

Currently Company has 2 ongoing projects here - "SOBHA Dream Heights" is in affordable project category with developable area of 0.81 million square feet and saleable area of 0.52 million square feet, "SOBHA Avalon" is an apartment project with developable area of 0.42 million square feet and saleable area of 0.32 million square feet.

HYDERABAD

Hyderabad, capital city of Telangana, is one of the fastest growing cities in India and poised to become the vibrant urban centre and next technology hub for the country. City known for its historic legacy and cultural diversity is now on an accelerated growth path. Due to rapid IT

industry boom in the city, it is one of the prime go-to destination of young India pursuing career in technology domain.

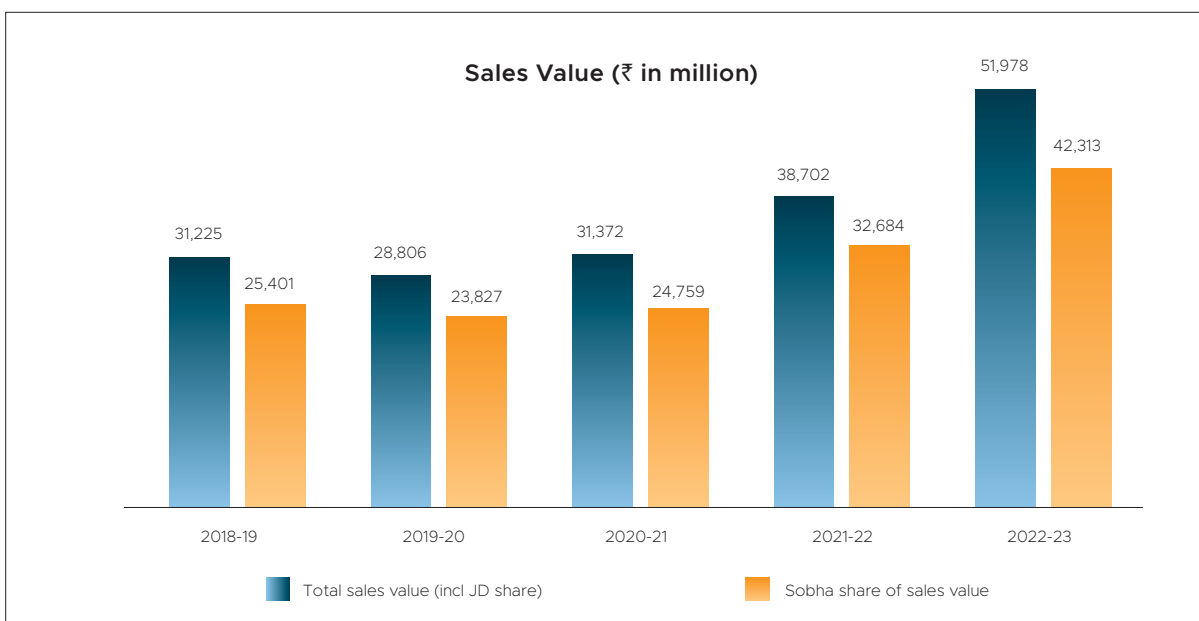
During the year 2022-23, Company has launched it's first project in the Hyderabad market.

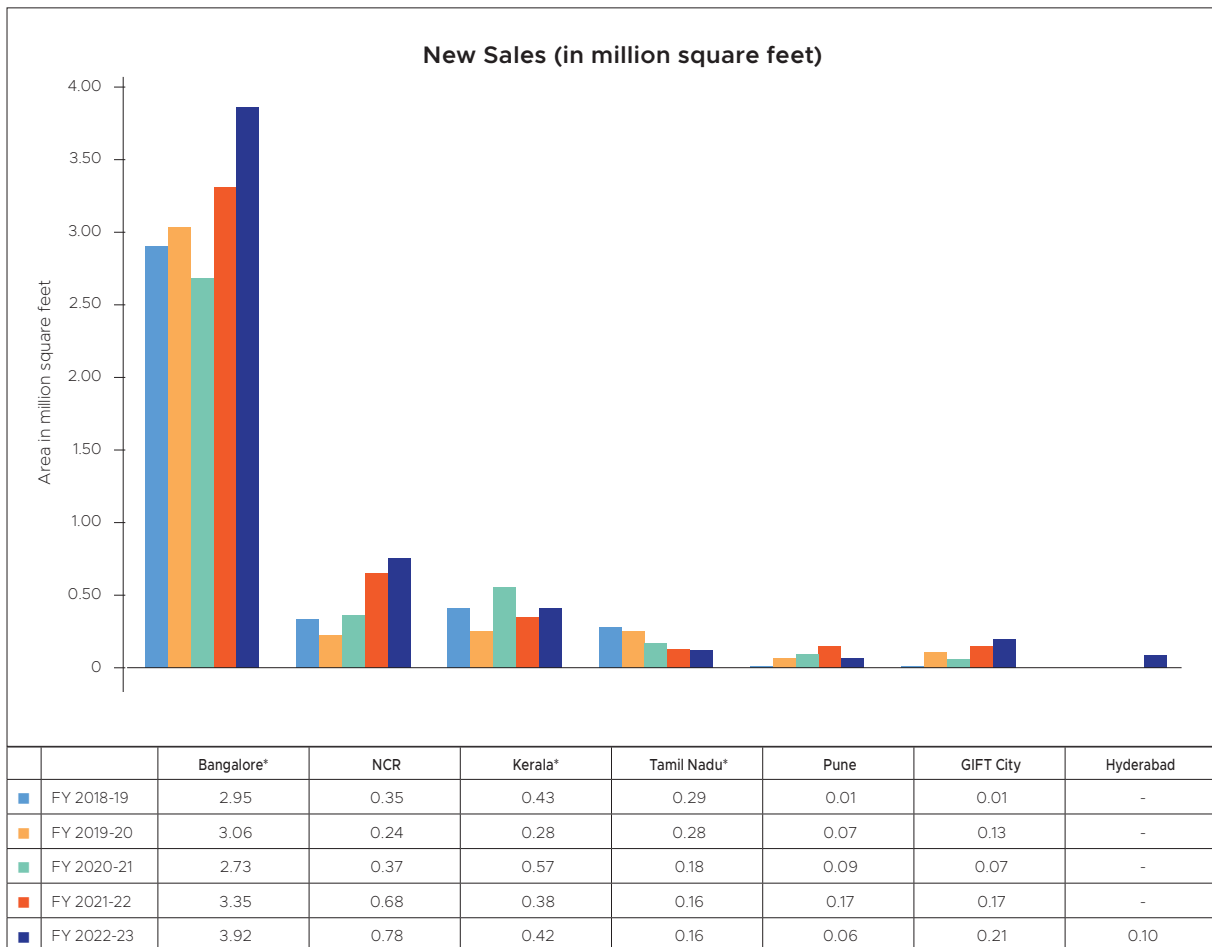
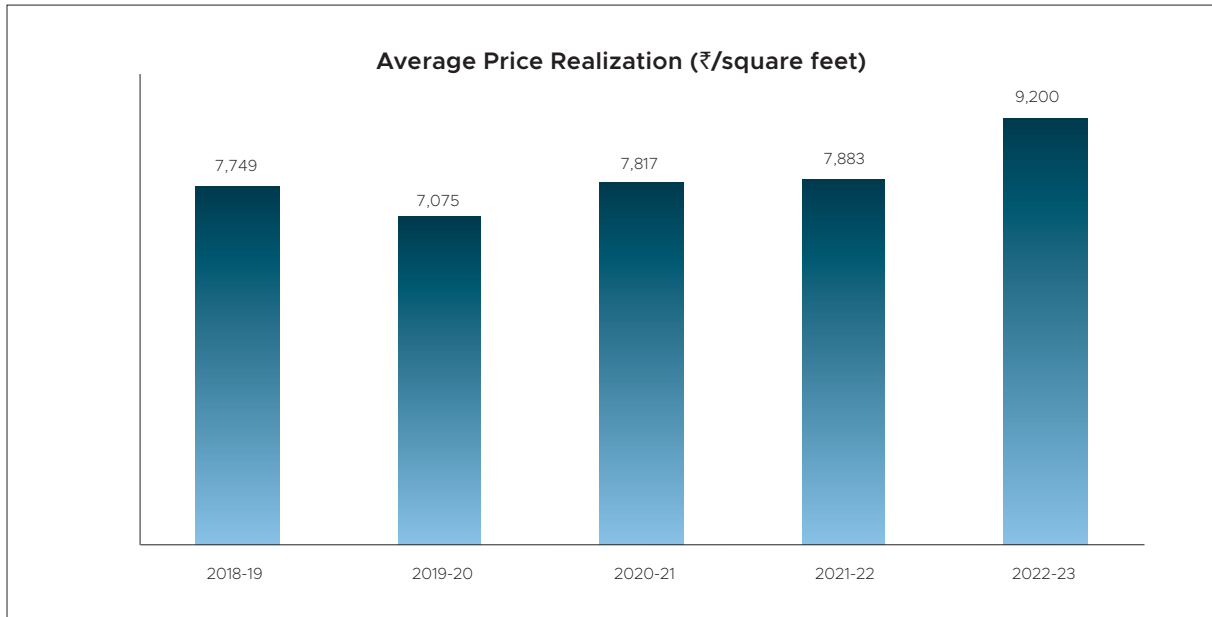
- "SOBHA Waterfront" – This is luxury apartment project located in Somajiguda, the heart of Hyderabad city, overlooking famous Hussain Sagar Lake. It is being developed over 4.03 acres land parcel and comprises of 4 towers with a total saleable area of 654,661 square feet. The 3 BR and 4 BR apartments between 1,948 square feet to 3,287 square feet are designed to offer comfortable and spacious living spaces with stunning views of the lake and cityscape. Total developable area of project is about 0.80 million square feet.

SALES PERFORMANCE:

During the year, SOBHA sold 5.65 million square feet of new saleable area which is historic best performance. Total value of these sales was at ₹51,978 million with an average price realization of ₹9,200 per square feet. SOBHA share of sales value stood at ₹42,313 million.

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





* Kerala includes Trivandrum, Thrissur, Calicut and Kochi

* Tamil Nadu includes Chennai and Coimbatore

* Bangalore is inclusive of Mysore

B. COMMERCIAL

SOBHA has developed two commercial rent yielding assets. Company owns a total leasable area of 476,785 square feet across these 2 properties – (1) Thrissur's most iconic landmark: the "SOBHA City Mall" and (2) in Bangalore "One Sobha Mall" located right at the city centre.

As of March 2023, the Company has two commercial malls in this business vertical.

- 'SOBHA City Mall' at Thrissur has a total leasable area of 0.32 million square feet out of which SOBHA's share of leasable area is 0.28 million square feet. It is an iconic landmark in the city, commenced its operations from December-2015.
- 'One SOBHA Mall' in Bangalore is with total leasable area of 0.22 million square feet, SOBHA's share being 0.19 million square feet. Located in the heart of Bangalore, this commercial development is host to the topmost of brands from Retail, F&B, Entertainment and Hospitality industries. The mall is poised to become Bangalore's next go to destination for shopping and recreation.

C. CONTRACTUAL

During the year 2022-23 the Company has completed 0.62 million square feet of contractual projects.

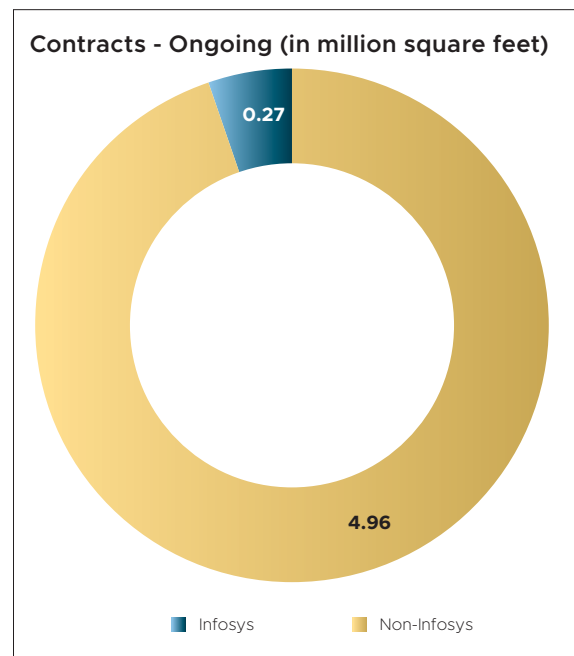
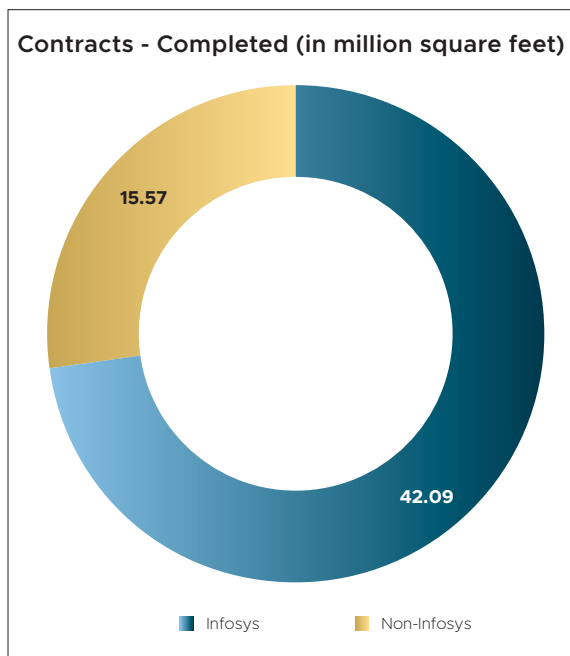
Overall, since inception the Company has delivered 57.66 million square feet of contractual works and we have 5.24 million square feet of area under execution in 3 cities across India.

While SOBHA values long-standing relationship with few of our select clients which contribute to major scope of our total work done in this vertical, there is emphasis on diversifying the client base and reduce SOBHA's risk-portfolio. We are actively involved in major contractual projects across India helping us with geographical diversity and multi-client approach. The Company has delivered projects for LuLu group, Biocon, Dell, Bosch, Syngene, Taj Hotels, HCL, Wipro, Infosys, ITC Hotels, Huawei Technologies, Manipal group, GAR Corporation, etc.

During the year we have added new projects in Karle SEZ Hub in North Bangalore for development of two commercial blocks of 2.54 million square feet.

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 delivered across 27 cities in 14 States.

Company seeks to expand its contractual operations while preserving its margins.



PROJECTS AND WORK DONE

SOBHA has set a high standard in the industry with the consistent delivery of residential projects with world class construction quality and aesthetics. This is achieved on the back of a completely vertically integrated business model. SOBHA has a very high focus on product design, done by in-house team of competent architects in our own design studio. We maintain control over quality and timeliness by deploying our own construction team and technicians at project sites. Over the years, this has been recognized and appreciated well by our customers, validated by continuous demand in the market for SOBHA products. In FY 2023, SOBHA has delivered developable area of 5.78 million square feet of residential and 0.62 million square feet of contractual projects.

I. OVERALL EXECUTION

SOBHA has completed overall developable area of 128.00 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. Ongoing projects are excluded from the purview of overall execution since, on an average, a real estate project takes around 3 to 5 years to complete.



II. COMPLETED PROJECTS

The financial year 2022-23 has witnessed the overall completion of 6.40 million square feet of developable area and 4.59 million square feet saleable built-up area in Real Estate and Contractual vertical put together.

A. REAL ESTATE

SOBHA, during the year 2022-23 has completed 5.78 million square feet of developable area and 3.97 million square feet of saleable built-up area.

As of March 2023, in "SOBHA Dream Acres" project in Bangalore, the Company has delivered 6.53 million square feet of developable area since the start of the project. Remaining phases of development are in progress and on schedule. Construction of this project is carried out using Pre-cast technology, supported by our precast plant located right next to the project site.

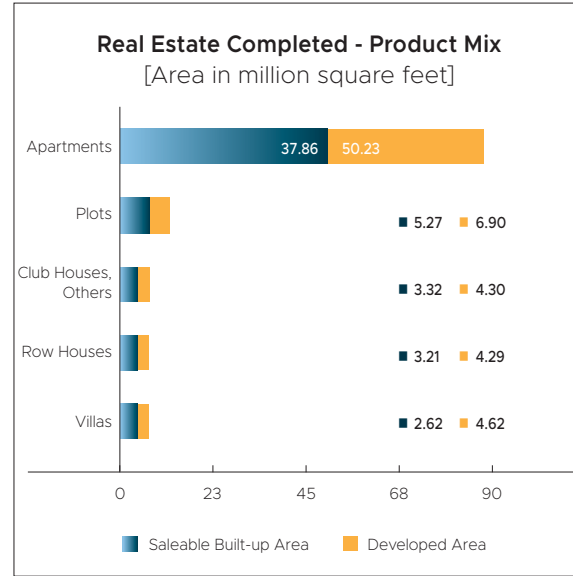
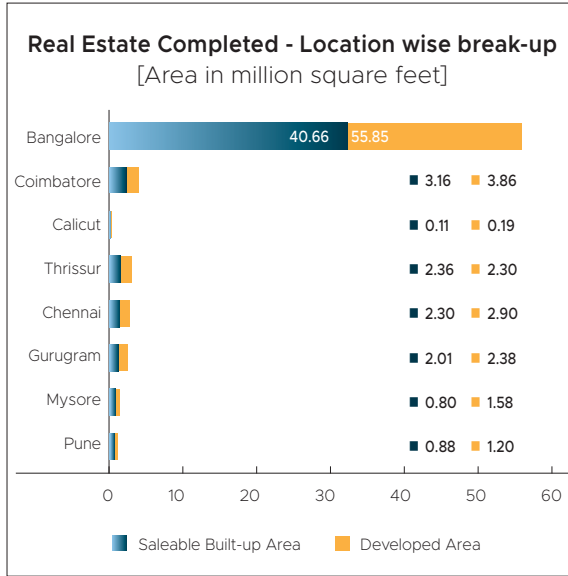
During the year 2022-23 we have completed Wing 25, 26, 29, 34, 35 and 36 with a total developable and salable area of 1.05 million square feet and 0.78 million square feet respectively.

In FY 2023, we have completed and handed over "SOBHA HRC Pristine" with 1.34 million square feet of developable area, located in Jakkur (North Bangalore, near the international airport), offering a noise-free, clean and lush environment – a green oasis tucked away in the bustling cityscape.

We have also completed "SOBHA Forest Edge" with 0.64 million square feet of developable area. Project is located in the backdrop of Turahalli forest. It is protected forest in middle of the city spread over 5,090 acres. Home owners can wake up to the refreshing sounds of nature, bask in the freshness of clean air amidst lush greenery, go for stroll in the forest right next to their homes and make the most out of a cosmopolitan neighbourhood, as well.

During the year 2022-23, we have also completed "SOBHA City" – Tower A2, B2, C2, in Gurgaon, NCR and handed over 0.69 million square feet of developable area.

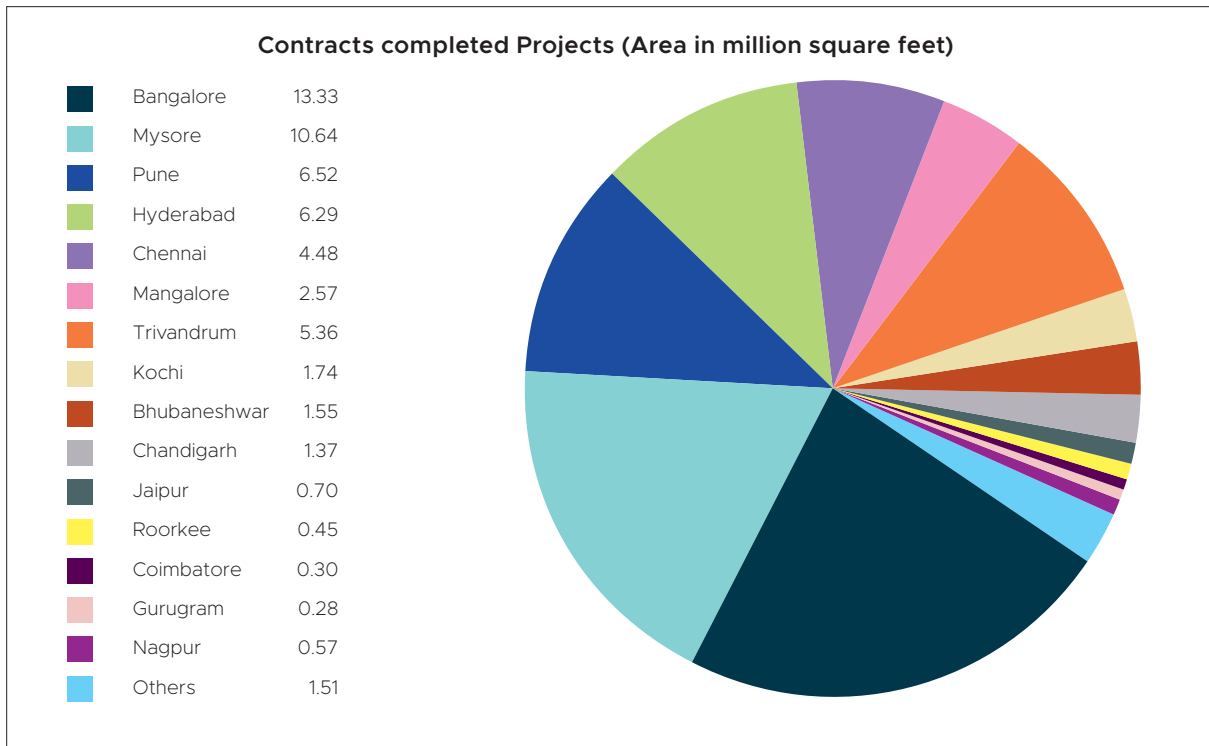
Since its inception, the Company has



completed real estate projects measuring 70.34 million square feet of developable area and 52.28 million square feet of saleable built-up area.

B. CONTRACTUAL

During the financial year 2022-23, the Company has completed 0.62 million square feet spread across 5 cities. Since the starting of its operations, SOBHA has completed 57.66 million square feet of area for various clients in 27 cities across India. The Company has executed over 42.07 million square feet of area for single and largest client, 'Infosys'.



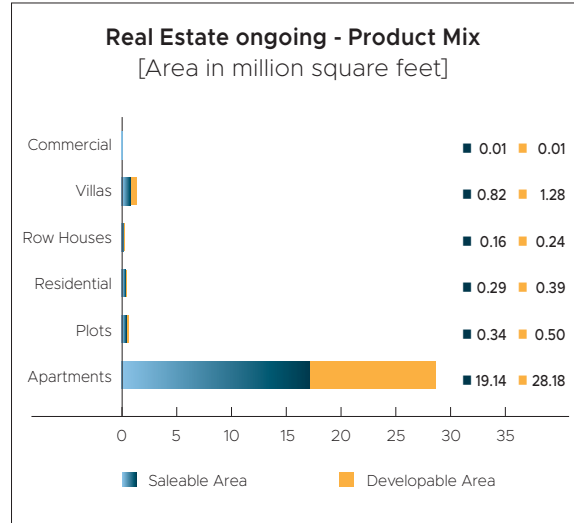
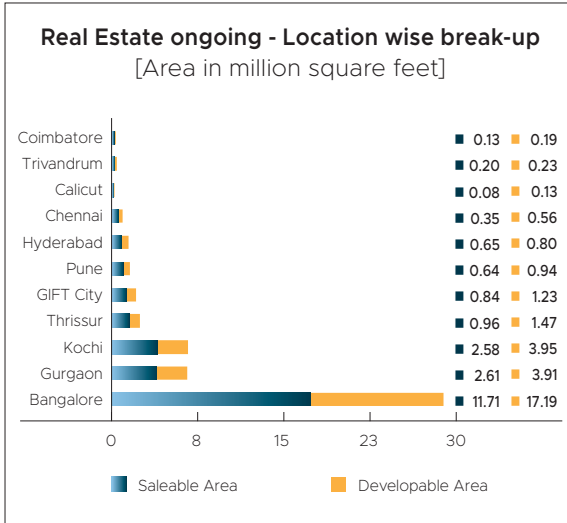
Note: Others include Durgapur, Greater Noida, Salem, Baddi, Indore, Kolkata, Ooty, Calicut and Mumbai.

III. ON-GOING PROJECTS

The Company is currently executing 35.84 million square feet of developable area and 25.99 million square feet of super built-up area in real estate and contractual verticals put together.

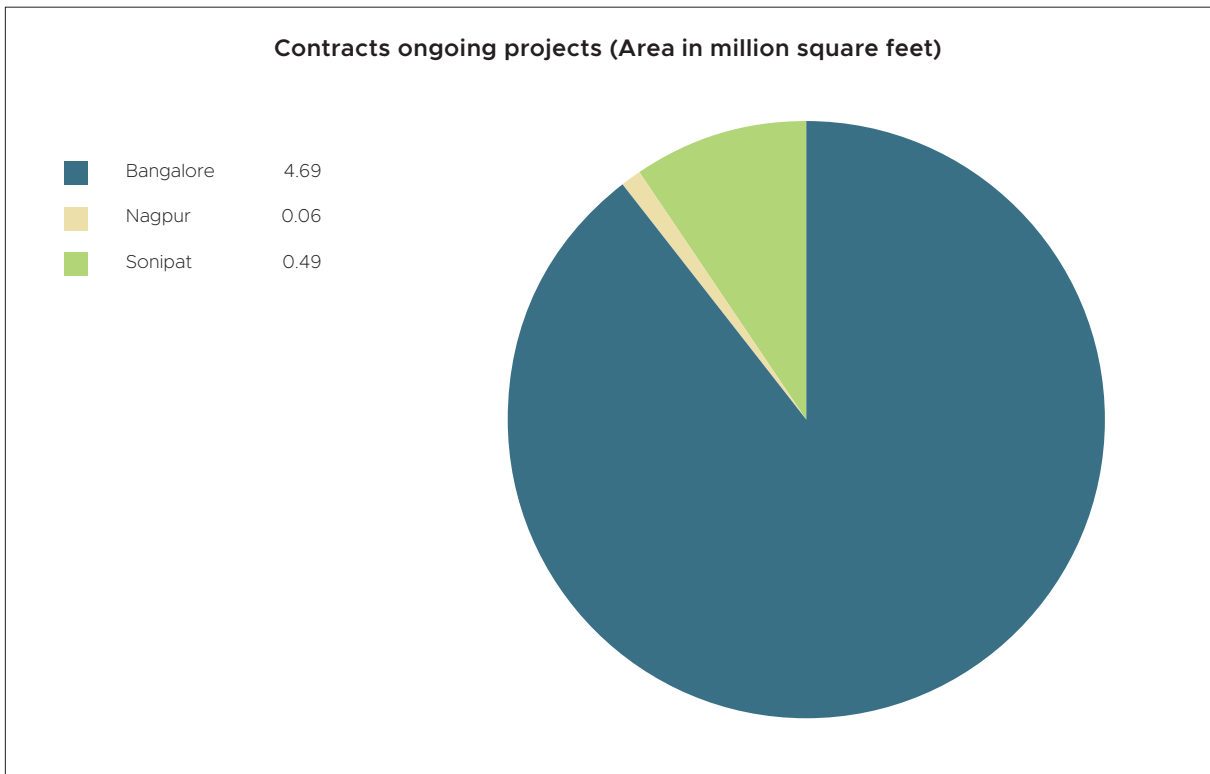
A. REAL ESTATE

SOBHA currently has on-going real estate projects aggregating 30.60 million square feet of developable area and 20.75 million square feet of saleable built-up area spread across 11 cities.



B. CONTRACTUAL

SOBHA has on-going contractual projects aggregating 5.24 million square feet spread across 3 cities.



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 to the people working in that environment. It also involves complying with environmental regulations such as managing waste or air emissions for reducing the Company's carbon footprint.

At SOBHA, procedures are in place for identifying workplace hazards and reducing accidents and exposure to harmful situations and substances thus providing a safe work environment to its workers. This 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, environment and safety management systems.

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 such as the Water (Prevention & Control of Pollution) Act, 1974; amendment 1988 and the rules made thereunder, the Air (Prevention & Control of Pollution) Act, 1981 and the rules and orders made thereafter; the Environment (Protection) Rules, 1986; Environmental Impact Assessment Notification, 2006; and Hazardous Waste (Management, Handling & Transboundary movement) Rules, 2008, Construction and Demolition Waste Management Rules, 2016 and the amendment made thereafter, across all its projects wherever applicable. The Company also focuses on minimizing emissions and increasing the use of renewable resources both in its construction activities and during the operations phase in its manufacturing facilities where all attempts are made to keep the carbon footprint low by following the best industry practices.

The Company has installed a pre-cast unit for its construction activities. Instead of using the conventional block work or bricks for its

construction activities, SOBHA uses pre-cast elements which comes 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 practices energy conservation by installing solar panels for lighting common areas and solar water heaters in all its projects. Some of the highlights in its energy saving measures are:

- The SOBHA Glazing and Metal Works factory provided with 225kW and the SOBHA Interior factory provided with 750kW roof top solar power plants as an alternate source of energy.
- At the SOBHA Corporate Office, 90 per cent of the power is wheeled from the solar power plant.
- Around 2.36 million units of solar power were used across SOBHA's facilities which resulted in saving the carbon footprint by 2,000 tons.
- Use of heat pumps and solar water heaters instead of geysers to reduce power consumption.

RAINWATER HARVESTING

SOBHA has made significant efforts towards harvesting rainwater to address the acute problem of water scarcity. Rainwater harvesting has emerged as one of the most viable options for meeting the 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 – through collection tanks for roof-based runoffs and through recharge tanks with recharge bores/ percolation pits for land-based runoffs. Wherever feasible in residential projects, even surface runoff is collected in storage tanks and after treatment, the water is used for primary purposes further reducing the demand for external fresh water. Water from the terrace

runoffs is treated and reused, thus reducing the need for getting water from external sources or extracting groundwater to meet a project's requirements.

SEWAGE TREATMENT PLANTS

SOBHA uses specially designed Sewage Treatment Plants (STPs) to treat the wastewater generated in its buildings. The treated water is used for econdary activities like flushing toilets, watering landscape areas and cleaning common areas. The STPs help reduce a project's consumption of fresh water in its various activities.

STPs use a hybrid technology – the Activated Sludge Process (ASP) – Extended Aeration System (EAS) or Sequential Batch Reactor (SBR) 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.

Acoustic enclosures are provided for air blowers to mitigate noise pollution that can possibly be caused in the vicinity. Ozonators are provided at STPs' exhaust and fresh air ducts to remove odour in addition to improving the quality of air for the operators working inside the plant room. Air curtains are also provided at the STPs' entrance to prevent the odour from escaping into the open area. SOBHA conducts regular educational programmes for its construction workers on the dos and don'ts of using natural resources. The Company also constructs dedicated STPs at the residential quarters for construction workers and treated sewage is used for dust suppression.

ORGANIC WASTE CONVERTERS

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

Waste is segregated at the household level into organic and inorganic waste and collected in separate bins. OWCs help convert organic waste into compost, which is subsequently used as organic manure for the landscape and plantations

within the project. Inorganic waste is given to authorized waste recyclers for further processing.

Air curtains are provided at the entrance of OWC rooms to prevent the odour from escaping into the open area. Fly catchers are provided to prevent houseflies, insects etc. from entering the OWC rooms. A weighing scale is provided in the OWC rooms to track the quantity of organic waste generated at the project site.

Organic waste generated in SOBHA project sites during the construction stages 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 the Company restore eco-sanitation wherever it works.

WATER TREATMENT PLANTS (WTPS)

For ensuring safe and healthy drinking water, SOBHA provides treated water with Dual Media Filters and Reverse Osmosis units in all its projects. The RO treated water is provided at one point in the kitchen for drinking, while water for non-potable domestic purposes is supplied after basic treatment.

LABORATORY FACILITY FOR WATER TESTING

SOBHA has a functional chemical laboratory and a microbiological laboratory at the SOBHA Academy to analyse water samples for physicochemical and microbiological parameters. This laboratory is managed by qualified personnel and equipped with instruments like the pH meter, DO meter with probe, COD reactor, Spectro flex meter, BOD incubator, centrifuge, a water distillation unit, laminar flow, biological incubator, electron microscope, digital colony counter and autoclave which are essential for ascertaining the quality of the water from physicochemical and microbiological points of view.

HEALTH AND SAFETY

SOBHA strongly believes that Environment, Health and Safety (EHS) are an integral part of our day-to-day activities at the workplace. Safety is integrated in the Company's core processes to help inculcate the value of health and safety among its workforces. Continuous efforts are made to increase and improve awareness and understanding about the value of safety

and health programmes across the spectrum including management leadership and workers. A systematic approach at finding and fixing hazards in the workplace form a part of these programmes.

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

EXISTING / NEW PRACTICES AND IMPLEMENTATION:

- Implementation of heavy equipment and machineries statutory inspections and OEM inspections, including trainings to all the operators.
- Revised safety documents, i.e., records, checklist and formats including KPA.
- Safety hard barricades revised from red and white to yellow and black.
- Revised safety signages display for the project and workmen workplaces.
- Revised safety net spread at entrance of the buildings from peripheral to horizontal manner.
- Safety net spread made mandatory for all neighbouring properties (SOBHA or others)
- Zero complaint regarding safety PPE at pan-India projects.
- Visits and spot inspections by government officials.
- Government officials from factories audited

few projects and on time provided closure reports.

- Specific trainings to Sales, Marketing and Clients.
- Implemented the SOP for client site tour and implementation.
- Provided safety training to all sales and marketing personnel (site and SCO), including clients.
- Achieved 60 per cent of trainings on Health and Safety measures for all the permanent, Contractor (Technicians) and sub-contractor employees.
- Revised Safety signages display for the Project and Workmen camps.
- Revised Safety net installation process to prevent falling objects. From 4mtr inclined installation of net (45 Degree angle) to 8mtr (Horizontal manner) and at the height of 6mtr from ground level.

HEALTH

- Projects and offices, for all the pantry and canteen staff mandatory health check-ups is done.

ACHIEVEMENT:

- Achieved zero fatal accidents with 44.2 million manhours for pan-India projects in FY 2022-23.
- Marina One Kochi was conferred Outstanding Safety Practices by the National Safety Council (Kerala Chapter) at the 52nd National Safety Week celebrations in March 2023. In addition to already existing practices, during 2022-23.

REPORT ON CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) takes on a whole new meaning at Sobha Limited, the only backward integrated real estate player in the country. CSR at SOBHA Group is a sincere devotion that stems out of genuine concern and drive to provide comprehensive and sustainable social development to rural India. It is in this context that SOBHA, under the aegis of Sri Kurumba Educational and Charitable Trust (the Trust), initiated 'Graamasobha,' a unique social developmental initiative for Vadakkencherry, Kizhakkencherry and Kannambra grama panchayats in Palakkad district of Kerala in 2006.

This is the eighteenth year of our social responsibility activities and programmes, whereby the Trust could bring about tremendous changes in the lives of people. It is humbling to note that we could play a pioneering role in championing the cause of social empowerment of people at the bottom of the society.

In this social engineering process, education has been the core premise on which we undertook most of our activities and programmes in an institutional format and have been successful to a large extent in revamping the educational narratives in this otherwise backward district of Kerala. In this context, the contribution of The SOBHA Academy and SOBHA Icon has been extremely inspiring. The impact of SOBHA Healthcare has been similar and significant in making primary healthcare easily accessible.

SOBHA and the Trust have together tried their best to deliver the responsibilities entrusted on them in a most empathetic manner.

The Trust has identified nearly 4,525 families (around 17,311 people) from the Below Poverty Line (BPL) bracket, issuing beneficiary identity cards to the adopted families. As a result, the Trust has detailed and authentic data about each beneficiary and their individual requirements. The Graamasobha model was developed basis this data. The lives of thousands of underprivileged citizens are getting positively transformed through this growth model, which has a bottom-up, long-term approach towards poverty alleviation. The beneficiary families have been selected through an in-depth scientific poverty mapping called Social Empowerment Mapping

Exercise (SEME) with the following objectives:

- To identify and enlist genuine beneficiary families from the three panchayats (six villages) using clear-cut norms and terms.
- To generate qualitative and multi-dimensional 'Baseline Reports' about the beneficiary families to implement specific programmes and activities for their well-being.
- To devise target-based, area-specific empowerment programs and activities for key human development verticals like education, health, employment, housing, etc.
- To design an effective mechanism to measure and monitor processes and the pace of the empowerment programs of the Trust.

Mainly, SOBHA's CSR activities focus on:

- Education for girls
- Healthcare
- Looking after the aged and needy
- Women empowerment
- Green initiatives

An external agency – Kerala Statistical Insitute – did an impact assessment of the activities of the Trust for the past two decades this year. Their report is promising.

A summary of the Trust's activities and programmes during the FY ended March 31, 2023, are provided below:

A. THE SOBHA ACADEMY

Since its inception in 2007, the SOBHA Academy, with a view of uplifting the weaker sections of the society through quality and free education, has been rendering its selfless service in its service area of three panchayats, viz. Kizhakkencherry, Vadakkencherry and Kannambra. The school provides its entire service free of cost. It is one of the several humanitarian, educational, healthcare and women's empowerment activities undertaken by Sri Kurumba Educational and Charitable Trust,

the CSR arm of Sobha Limited. Focused mainly on the holistic development of the students, the SOBHA Academy admits only children from socio-economic backward sections. All applications that come to the SOBHA Academy are carefully scrutinised to ensure that only the most deserving candidates are given admission. The selected students undergo a medical fitness test and their final selection is done through an open draw. 90 girls were admitted to LKG through the process of drawing lots in the academic year 2022-23.

The Academy, which follows the CBSE curriculum, provides all academic and related cost on fees and books, transportation, food, healthcare and the like free. During 2022-23, 1,142 students were on the rolls from LKG to Class 12.

Academics

Achieving academic excellence is at the heart of all educators and academic institutions. An important measure of this pursuit is how the institution has performed, the most important of which is the annual Board Examinations conducted by the CBSE. Students of Class X and XII who appeared for the 2021-22 Board Examinations bagged 100% success in the CBSE examinations with high marks.

Enhancement of teachers' skills

As a part of teacher empowerment programme, various workshops and seminars are organized periodically throughout the year. Apart from the regular training programmes, a four-day special workshop on 'Our Responsibility to Children' School Level Training Programme, a capacity-building programme for teacher /educators was organized.

An interactive session on counselling the students was conducted for the teaching staff on student behaviour, emotions and issues associated with the living environment.

Students appearing for their board examinations are guided and motivated by the school counsellor regarding their career choices. The Academy facilitates regular seminars, workshops, counselling and awareness sessions in addition to annual workshops to help students prepare for the board examinations.

The quality of the students pursuing higher education in various reputed universities in the

country after passing the higher secondary education from The Sobha Academy, bears testimony to the excellent training it has been providing since its inception. A good number of students crack the competitive examinations such as NEET, JEE and KEAM every year. Most of these students ensure their seat in the professional colleges without any special coaching by private institutions. This exemplifies the possibility of a person achieving success irrespective of any kind of adverse circumstances if they are provided with quality education and befitting opportunities.

B. SOBHA ICON

SOBHA Icon was started in 2010 as a constructive step towards improving the academic performance and communication skills of students in our CSR area. It has three segments:

- An Academic Advancement Program for high school students (8th-10th)
- An intensive Higher Secondary Education Program (11th-12th) towards college enrolment
- A mentoring program for undergraduate studies

SOBHA Icon, a social empowerment education initiative, has brought wonders to three otherwise lesser-known panchayats in Kerala's Palakkad district by sending their children for education to premier centers of learning across the country. Icon is an illustrative case for educational policy makers about what happens to students from disadvantaged families, when quality educational resources, facilities and services are provided in a sustained manner by a committed team with a sense of purpose. Icon has designed a replicable model for driving students toward personal excellence, emerging as a brand worth emulating.

The SOBHA Icon is not an affiliated school, but a teaching and learning center that functions within the scope of the Kerala State Council for Open and Lifelong Education. Students are provided with books, uniforms and food in addition to regular and tuition classes by qualified teachers. Students also undergo a series of personal development activities and are exposed to real-world life problems and opportunities, where they are motivated to pursue higher goals. There are no failures so far. In fact, Icon has a consistent record of academic excellence and 100 per cent enrolment in colleges.

Undergraduate Admissions

Undergraduate admissions of all alumni stand completed. It is heartening to note that Icon students have continued to receive admission to prestigious universities like Plaksha in Mohali, Punjab; LPU; St. Thomas, Thrissur; CVV; NIFT; Intituste of Hotel Management, Kovalam; Ambedkar Law University, Tamil Nadu; Victoria College, Palakkad and other prestigious institutions across India.

Many students have joined the HCL-TechBee program, which is a work integrated learning program or WILP and found to be extremely useful for our students.

Placements

Placements have been reported by many Icons alumna pursuing different programs. There are placements in L&T, Four Seasons, Oberoi, HDFC, etc. Those doing B.Sc and B.Ed in Azim Premji University have received placements in various schools across the country. About 15 students have qualified for the UGC JRF/NET so far and are in various stages of further education or placement.

Efforts are in progress to set up a system and process to take Icon to the next level, making it more relevant and useful for its beneficiaries. The Icon program is being intensely reviewed and the new format will be in place from next academic year.

C. SOBHA HEALTHCARE

Established in February 2007 to provide free primary healthcare facilities to the residents of SOBHA Hermitage, students of The SOBHA Academy and identified BPL families of Kizhakkencherry, Vadakkencherry and Kannambra panchayats of Palakkad district, Kerala.

The following facilities are available:

1. Cardiac and pulse oximetry
2. Centralized oxygen, suction provision
3. 3 and 12 Channel ECGs
4. Digital ultrasound scanning system and ECHO test
5. 300 MA X-Ray with computerized Radiology (CR)

6. Laboratory with automatic haematology and bio-chemistry analyzers
7. Minor operation theatre
8. Pharmacy
9. Ophthalmology department with automatic digital equipment, auto refractometer, slit lamp, indirect and direct ophthalmoscope
10. Dental Department with Ultra-Modern Unit with PLANMECA RVG Unit, Intra Oral Camera, Fiber Optic Twin Beam Micro Motors.
11. Physiotherapy Unit with Short Wave Diathermy, Ultrasound Therapy, Interferential Therapy, Traction Unit (Cervical and Lumbar), TENS, Wax Therapy and Portable TENS.

The following beneficiaries avail free healthcare facilities under SOBHA Healthcare:

- Beneficiary families of the three selected panchayats
- Residents of SOBHA Hermitage
- Students of The SOBHA Academy, who are screened once a year for medical/ ophthalmology /dental care
- Families from Ward 19 of Vadakkencherry Panchayat
- Sri Kurumba Educational and Charitable Trust Staff and their family members
- Project workers

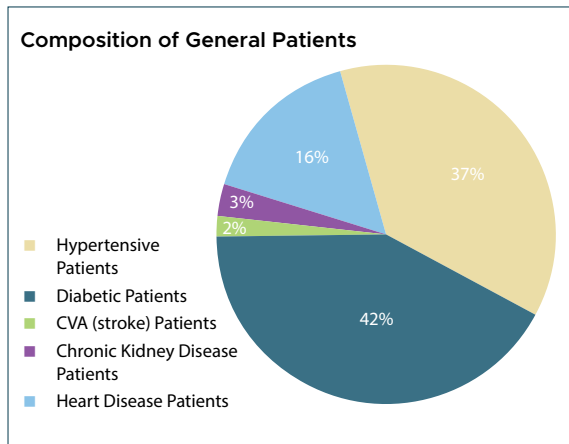
In total, SOBHA Healthcare treated 14,694 outpatients during 2022-23, which included 1,115 dental patients, 559 ophthalmology patients and 13,020 general patients. On an average, 47 patients were treated each day at the centre.

In the last financial year, 14 outreach medical camps were conducted with special emphasis on age-related health problems prevailing in the community. The core concept of the outreach medical camp was to promote healthy ageing in the community. A total of 712 people attended the camps. The program is continuing successfully.

Medical camps were organized for the students at Moolamkode and beneficiaries of the community feeding program and appropriate counselling, guidance and treatment extended

to them. Widespread anaemia had been noted and remedial action was taken.

Bone health evaluation was done using the bone mineral density scan (BMD scan), which was followed by a regular exercise programme and nutritional support for the elderly.



D. SOBHA HERMITAGE

Besides the young, SOBHA firmly believes in looking after the elderly. SOBHA Hermitage, which was set up with the specific aim of providing shelter and assistance to the elderly from weaker sections of society, has now become a home for senior citizens and young widows and their children. Besides providing residents a roof over their head, SOBHA Hermitage also makes sure they are provided all necessary amenities to lead comfortable lives. Residents have independent rooms, access to a library, a common television room, a gym and internet. While there is a doctor-on-call during non-working hours, residents can also avail round-the-clock medical facilities provided by paramedical staff. The Hermitage has an in-house clinic. Cultural and social activities and celebrating the birthdays of residents are also organised at the Hermitage.

E. SOBHA ACADEMY HOSTEL

The Sobha Academy hostel started with 24 girl students. Later it was increased to 82 girl students of 10th, 11th and 12th grades.

F. SOBHA YOUNG MOTHERS REHABILITATION PROGRAMME

A comprehensive rehabilitation package for young mothers (widows) living in the Hermitage

is in operation. Special arrangements are in place for their living, safety, security and welfare at absolutely no cost. The widowed mothers and their children live together. All mothers have been encouraged to continue their education and many have completed their graduation and others are catching up. All are employed at The SOBHA Academy, earning a respectable remuneration.

Children of young mothers: Their children are admitted to The SOBHA Academy, obtaining quality education. Further, the Trust has constructed and allotted self-contained flats for these young mothers and their children. The Trust also provides monthly provisions that include vegetables, fruits, milk and personal accessories to these families – for free. There are 10 young mothers and their 16 children living at these quarters. Support is also provided if the young mothers want to get re-married. It is remarkable that out of earlier 18, 7 young widows have been remarried with the support of the Trust.

G. SOBHA RURAL WOMEN EMPOWERMENT INITIATIVE

The Trust extends financial support to many more widowed mothers and their children through the Rural Women's Empowerment initiative, which has taken 50 widowed mothers and their children under its wing. They are provided with a basic monthly living allowance, clothing, medical and other personal accessories. Educational expenses of their children are met by the Trust to give them adequate opportunity to come up in life.

H. SOBHA DOWRY-FREE SOCIAL WEDDING PROGRAM

The Trust conducts mass social weddings to help families save unnecessary expenses. This is aimed at preventing poor families from falling into a debt trap when they take a loan against their property just to see their daughters get married and to ensure all weddings are dowry-free. To date, the Trust has conducted 667 weddings. It helps approximately 40 women get married each year and provides basic resources to couples to begin their married life. The couple and their parents are also given pre-marriage counselling.

I. SOBHA COMMUNITY CENTRE AND POOR FEEDING PROGRAM

SOBHA Community Centre is a beautiful and spacious structure, playing host to various community mobilization programmes, including medical camps, orientation and training classes and social weddings. Every day, this Centre provides food to 70 poor senior citizens.

J. GREEN INITIATIVES

SOBHA's green philosophy of development is widely accepted, including at CSR project areas. The entire campus was constructed with minimum carbon footprint and without making much change to the natural surroundings. Large-scale rain harvesting methods and processes are put in place, planting of more than 3000 trees and herbs and preserving the existing flora and fauna to the extent possible has been undertaken. The Trust cultivates vegetables, fruits and paddy at Moolamcode, Anakkappara and Mangalam for in-house use. The Trust also has huge waste management plants that process the generated waste. All the CSR project campuses are plastic-free, no-smoking and non-alcoholic areas, thus striving to achieve sustainable lifestyle. The power laundry at SOBHA Hermitage runs on steam generator by a boiler to conserve the electrical energy. In addition, solar panels are installed at SOBHA Hermitage, which supplies to around 30% of total energy consumption.

K. SOBHA DIGITAL ACADEMY AND SOCIAL DEVELOPMENT CENTRE

Efforts to build two small new institutions in 2023 at Moolamcode is in progress. SOBHA Digital Academy will provide graduate courses in data science, electronic embedded systems (by IITM) analytics and e-businesses in association with premier institutions at the central level. A Social (Sustainability) Development Centre will also be set up in Moolamcode this year to add momentum to the social empowerment activities and programs and to promote a sustainable living culture.

L. SOBHA COMMUNITY HOUSING PROJECT

Owning a home is a dream and the backbone of a family's social security. Solving the pertinent issue of families, particularly the poor, wanting

to own a home requires immense heart and investment. The government and several agencies and individuals have made consistent attempts to come up with a viable solution.

SOBHA and the Trust have initiated a massive community home project wherein they will build 1000 homes for deserving families of Kizhakkenchery Panchayat. The project will be implemented in different phases, beginning with the most deserving 100 women-headed families getting houses during 2023-2024. The Trust has planned the eligibility of these families in a transparent and strategic manner. Single-storied houses will be constructed in two types: 1BHK (600 sq. ft) and 2 BHK (725 sq. ft).

FUTURE INITIATIVES

- One school is proposed to be constructed in Bangalore, modelled on The SOBHA Academy.
- Modelled on SOBHA Icon, similar institutions are planned across Kerala.
- A replicable model village incorporated with Sustainable Development Goals (SDGs) is planned, which will have the potential to make a significant impact across the globe. The model village aims to provide a blueprint for replicable, scalable and sustainable development in India that can be adapted to different regions and cultures, nationally and internationally. This is an effort to consolidate and strengthen our social, economic, educational and health interventions since 1994 and put them in a new format. The idea is to make them more impactful and measurable and showcasing and presenting holistic interventions to national and global policy and decision makers. This will also motivate capable people to follow similar paths. The new format will be called Sobha Gram.
- Additional classrooms and 750-seater auditorium for The SOBHA Academy
- Girls' dormitory with 500-capacity.
- Administrative building-cum-guest accommodation.
- 'Devi Home' at Moolamkode for women.

RESEARCH AND DEVELOPMENT

Research and development activities at SOBHA contributed a considerable quantum in its successful business and has ensured that the Company remains competitive in its product mix. SOBHA uses an 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 the Company's business practices.

During Financial Year 2022-23, the focus was on much-needed process and product improvement since it contributes to SOBHA's strength and helps it retain its self-reliant nature while providing best-in-class products to its consumers.

In 2022-23, SOBHA explored the following areas to make its product mix better than the competition's.

1. BASEMENT FLOORING – UPGRADATION FROM EPOXY TO PU FLOORING

Polyurethane floors are generally softer and more elastic and flexible in nature, giving better resistance to scratching.

2. BASEMENT EXPANSION JOINT

Earlier the basement expansion joints were treated then filled with PU sealant and left exposed. To improve the aesthetics, an in-house aluminium strip was developed at the Glazing and Metal works factory to cover these joints.

3. REFABRICATION OF ALUMINIUM FORMWORK MATERIALS

The available aluminium form work

materials are refabricated to fit the current requirements. This method is cost-effective as materials are reused.

4. ALTERNATE VENDORS FOR MATERIALS

Alternate vendors for materials like formwork, waterproofing, concrete, PVC tile bead, etc. are developed by extensively studying and testing the materials.

5. ALTERNATE SYSTEM FOR FALSE CEILING IN TOILETS

The development of an alternate false ceiling system for toilets included the design, selection of appropriate material and functionality of the system, all of which improves the aesthetics.

6. CHAMBER COVERS FOR EXTERNAL AREA

To enhance the appearance of external areas, SOBHA developed ductile iron chamber covers.

7. CONCRETE PRODUCTS

- Developed a high-end superplasticizer for in-house use for paver and block manufacturing.
- Made some inroads into developing green technologies for block making which will be as per international practices for adopting low carbon technologies replacing cement.
- New innovative product development has been taken up as per customer requirements in paver blocks.

EMPLOYEES

We continue to nurture a culture where our employees can thrive and deliver their best. In an extremely competitive talent market, SOBHA has made concerted efforts to build meaningful and deep engagements with reputed colleges across the country to strengthen our employer brand and attract the best talent. We have cemented our position as an employer of choice in our industry.

SOBHA's inclusive culture is free from barriers where everyone feels they belong and can thrive. Our people strategy is geared towards creating a good employee experience through diverse learning opportunities, strong careers and reliable brand. Our employees are our strength and we have created a working environment where they feel included, heard and respected.

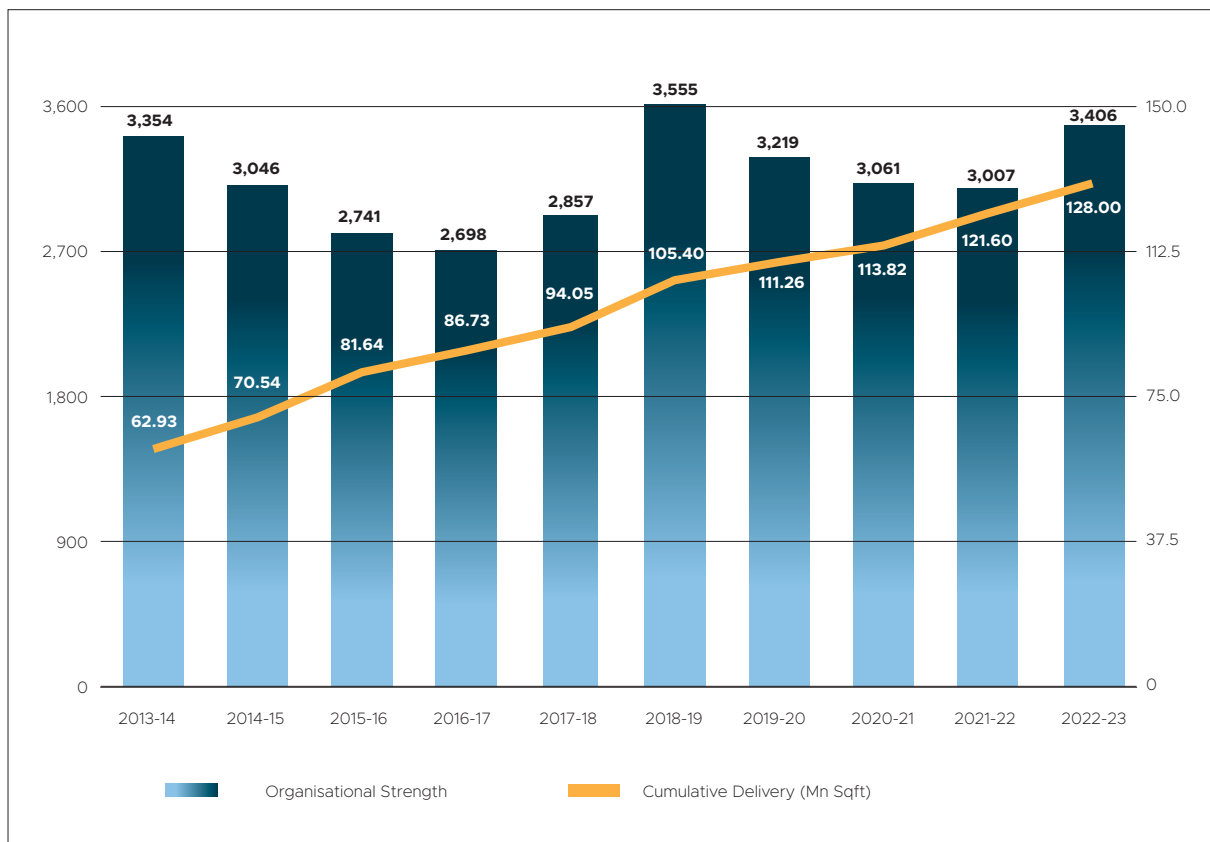
SOBHA's organisational strength as on 31st March, 2023 was 3406 employees as against 3007 as on 31st March, 2022.

TRAINING AND DEVELOPMENT

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

At SOBHA, the organisational training and development plan includes in-house and external workshops/seminars as per need. Every training provided to employees has resulted in boosting their productivity, increasing employee satisfaction, fostering organizational learning culture, creating

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



a safe working environment and the upgradation and updation of technology. It has also led to improvements in leadership and management skills and quality, higher productivity and the resultant optimum ROI.

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 master the latest technological developments in the field. During FY 2022-23, 89 technical training and induction programmes were conducted in Bangalore, Chennai, Kerala, NCR, Pune and other locations where SOBHA has projects and 758 out of 783 employees were trained. A total of eight candidates (management trainees) were trained for a period of 13 days.

Thirty training programs were conducted for technician supervisors for both – workers on the rolls of SOBHA and contractual workers. Out of 218 employees, 199 were trained during the year.

BEHAVIOURAL TRAINING

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

During 2022-23, 106 planned behavioural training programmes were conducted for employees at different levels in which 1060 employees out of 1,226 employees were trained.

In addition, 106 Adhoc Behavioural, Technical and Technician Supervisor training programmes were conducted during the year, which were attended by 637 employees at different levels.

OTHER TRAINING

Other training included 56 training programmes for the sales team and 54 department-centric training programmes, which were attended by 1,052 employees.

In all, the Leadership Development and Training team has conducted 960 training programmes covering 10,607 participants including employees on non-Sobha rolls during the year FY 2022-23.

TRAINING, A CONTINUOUS EXERCISE

SOBHA's training wing, SOBHA Academy, conducts training on a regular basis. Employees are regularly assessed based on their performance and skills and corresponding training is provided to them to further enhance their skills.

EMPLOYEE COMMUNIQUES

SOBHA publishes the in-house magazine *Innerv*, which communicates news and developments in the organization to its employees. The magazine carries information about the different customer handovers that take place each quarter, how the Company has performed in the particular quarter and profiles of employees and teams.

RISK MANAGEMENT REPORT

SOBHA's financial position and the results of its operations are subject to certain risks and liabilities that may affect its performance and ability to achieve its objectives. These are factors that the Company believes could lead to its actual results differing materially from expected and previous results. However, there are other risks and uncertainties that may also affect the Company's performance and ability to achieve its objectives not currently known to the Company or deemed immaterial.

A well-embedded risk management and internal control system are in place at SOBHA. It is the responsibility of the business units, support functions, functional departments and regions within the Company to set up, operate, maintain and monitor an appropriate risk management and internal control system within their area of responsibility. This responsibility includes the identification and management of risks.

The Risk Management Committee performs independent reviews based on a set of defined key controls. Further, it closes the loop through regular assessments of the design and operational effectiveness of the risk management and internal control system. Real estate risk can be caused by many factors, which could be within and outside of a company's control. It is, therefore, important that a company have a risk mitigation and management policy in place.

RISK ASSESSMENT AND RESPONSE

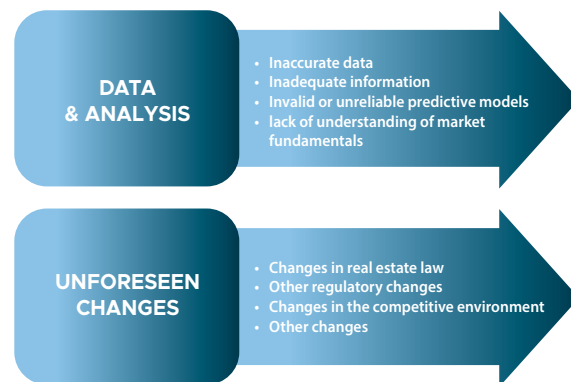
Risk assessments are carried out at various levels at SOBHA, where we take a six-step approach to risk assessments:

- Risk assessment planning
- Risk identification
- Risk rating
- Evaluation and risk response
- Reporting
- Periodic monitoring and review

Our risk assessment focuses on short-term risks and emerging risks in the risk areas such as Strategic, Operational, Financial, Legal and Compliance. SOBHA has implemented an Enterprise Risk Management (ERM) program through which it reviews and assesses significant

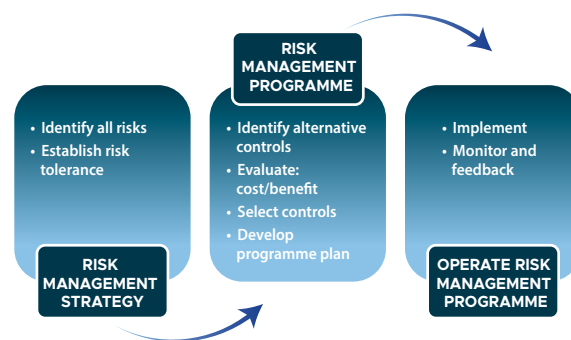
risks regularly to ensure it has internal controls. This system includes:

- Policies and procedures
- Communication, supervision and continuous monitoring
- Training programs and
- Processes for taking the issues to appropriate levels of senior management



RISK MANAGEMENT PROCESS

The risk management process is another form of decision-making that can be understood through the Risk Management chart provided below:



This system helps SOBHA facilitate its abilities to respond appropriately to risks and in achieving its objectives and ensuring compliance with the applicable RERA law and its statutory obligations.

The listing agreement with the stock exchanges mandates the identification, minimization and periodical review of these risks and uncertainties. However, it is not possible for the Company to

implement controls to adequately respond to all the risks that it may face and there can be no complete assurance provided that the steps that it undertakes to address certain risks, including those listed below will manage these risks effectively or at all. The key risk factors are listed here to get a brief overview of the types of uncertainties that are prevailing in the existing scenario.

RISK CONTROL MECHANISMS

Insurance coverage is an appropriate way of managing disaster-related risks. Apart from a sufficient insurance coverage, SOBHA also takes appropriate measures to ensure that the structural design of its buildings conforms to the applicable construction standards in the various regions that it is operating in. The properties of the Company are insured against natural risks, like fire, flood, earthquakes, etc., with periodical review of adequacy, rates and risks covered under professional advice. Risks beyond the Company's control include:

NATURAL AND MANMADE DISASTERS

Natural disasters include earthquakes, fires, droughts, floods or pandemic (such as COVID-19) and manmade disasters include acts of terrorism and war.

RISKS RELATED TO THE SECTOR

SALES MARKET RISKS

Modern day businesses including those in the real estate sector are customer-centric and driven by market sentiment and competition. Though everyone aspires to own a home, there is a chance that the decision to purchase the same be deferred due to certain changes in existing economic or market conditions.

LAND-RELATED RISKS

For any construction company, land is a primary input and non-availability of an appropriate parcel of land at a strategic place at a reasonable price can lead to an increase in its prices. Such a situation with its resultant increase in the price of land can have an adverse impact on the company's performance. Further, availability of land, its use and development are subject to approvals by various local authorities under applicable local laws and regulations. This makes the price of land

volatile. A drop in land prices may erode the book value carrying the cost of land, which in turn could affect a company's profitability.

OWNERSHIP AND LAND TITLE RISKS

Lack of information and low transparency coupled with age old property related issues and risk of legal disputes and their related costs are key risks in the real estate segment in India leading to the slackening of overall growth of the real estate sector.

MACROECONOMIC RISKS

Interest rates, inflation and exchange rate risks are amongst the important macroeconomic indicators which are subject to several factors which primarily have to do with the government, monetary and tax policies, domestic/international economic and political conditions and other factors beyond a company's control. Changes in interest rates may increase a company's cost of borrowing and impact its profitability. These risk factors will be a driving factor in the development of the real estate sector.

REGULATORY RISKS

Local, state and central regulatory bodies control the real estate sector through laws and regulations governing the acquisition, construction and development of land including zoning, permitted land use, fire safety standards, height of buildings and access to water and other utilities. SOBHA's business is subject to all these laws and regulations. Any delay in obtaining an approval under these laws and regulations will expose the business to higher risks.

LEGAL RISKS

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

POLITICAL RISKS

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

RISKS RELATED TO THE ECONOMY

An economic slowdown and uncertainty in the economic system like the natural risks associated with the construction sector are beyond the control of a company so also the risks that have to do with the economy. A sluggish economy or even recession in a specific industry such as IT/ITES can lead to a decrease in sales or market rates for residential projects.

In extreme cases of an economic downturn, a company may also run the risk of customer insolvency though the registration of property happens only on the receipt of all the dues from a customer. These factors could decrease the revenue generation from some or all the company's businesses, adversely impacting its business and future growth.

Further, uncertainties in the national or global economic scenario, a changing demographic profile of the country and inflation also have a bearing on the functioning of a company operating in the real estate sector. In India, a real estate company's business is dependent on the easy availability of finance. An economic slowdown can result in fund shortages as lenders may want to act safe.

RISKS WITHIN THE CONTROL OF SOBHA

CUSTOMER RISKS

SOBHA operates in 12 cities which contribute to the Company's revenue. A significant portion of sales from real estate operations is generated in Bengaluru. A decline in the revenue in this real estate market or a shift in customer loyalty may have an adverse effect on its business and operating results.

Contractual businesses depend solely on orders received from corporate entities for their construction requirements. A substantial portion of the revenue from contractual projects is generated from major clients operating in the information technology sector.

BORROWING RISKS

Construction activities, which are a major contributor to SOBHA's revenue are capital-intensive and require a significant expenditure on land acquisition and development. An efficient borrowing strategy has placed SOBHA ahead of its competition with respect to borrowing costs. However, SOBHA is subject to risks normally

associated with debt financing and may be required to dedicate a portion of its cash flows towards the repayment of its debt commitments. It may not be possible to generate adequate cash flows in certain extreme scenarios to service principal and interest payments. In certain cases, lenders also have the right to recall a loan. Such an event could impact SOBHA's liquidity and credit rating.

LIQUIDITY RISKS

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

CREDIT RISKS

In most cases, SOBHA develops properties on a joint venture basis. Credit risks arise when its JV partners do not discharge their obligations and, in such circumstances, SOBHA may be required to make additional investments in a joint venture or become liable for the other party's obligations.

PROJECT IMPLEMENTATION RISKS

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

INPUT COST RISKS

Many times, operations of a real estate project are subject to budget overruns due to several factors like increase in construction costs, growing sub-contracted service costs and increase in labour costs. Increased operating expenses may affect SOBHA's profit margins if it is not able to sell the properties with desired margins. There is a chance of reduction in demand if the selling price of unsold properties is increased.

SUPPLY CHAIN RISKS

If suppliers of raw materials curtail, discontinue, or disrupt the supply of materials, SOBHA's ability to meet its material requirements for projects could

be impaired, which could lead to a disruption in construction schedules and projects may not be completed on time.

WORKFORCE RISKS

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

COMPETITION RISKS

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

DIVERSIFICATION AND INVESTMENT RISKS

Though SOBHA is a backward integrated company, expanding into new businesses or new geographies exposes it to new risks, such as low levels of familiarity with the development of properties in the specific area or market for new project development. Competitors may be better known in these markets and may also enjoy better relationships with vendors/suppliers/landowners/ joint-venture partners and customers.

IT AND SYSTEM RISK

SOBHA uses an Enterprise Resource Planning system for integrating its core and backend activities like architecture, engineering, projects and costing. A breakdown of existing IT systems or a delay in implementation could disrupt the Company's ability to track, record and analyze the work in progress, or result in the loss of valuable data. These risks relate to the following:

- System capability
- System reliability
- Data integrity risks
- Coordinating and interfacing risks
- Information Security

CYBER SECURITY RISK

As a customer-centric organization, we need to regularly give updates to customers, interact with third parties and service providers. Today, a lot of emphasis is given to real-time information, which inadvertently means exposing our system and data to the outside world. Although a lot of care is taken through digital certification and methodologies, there continue to remain concerns over different security risks associated with it. Moreover, with the advent of mobility, the ecosystem has been ever demanding into making mobility solutions that further add to data and information exposure risks as well as security risks.

RISK CONTAINMENT STRATEGY AND MEASURES TAKEN FOR RISK MITIGATION

SOBHA always strives to produce customer-centric and high-value products for quality conscious and niche customers. This is evident from the customer support that it got during the recent economic reforms initiated by the Central Government. SOBHA's customers are not dependent on external resources and are able to manage their financial requirements internally.

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

SOBHA also has a dedicated Customer Relationship Management (CRM) Department to cater to customer feedback, resolving their queries and grievances, addressing their issues, streamlining the purchase process and receiving feedback. An online portal has been designed for customers where they can share their views and check the status of the projects. The CRM Department's core responsibility is ensuring smooth and hassle-free transfers of products to the satisfaction of the customers.

Taking calculated risks is a part of all businesses. A business' growth depends on the Company's ability to absorb the risks related to the sector. After a careful evaluation of the risks, SOBHA has been steadily expanding its geographic presence in the real estate domain. This diversification has reduced its dependency on a single market, Bangalore, which at one point accounted for all its

sales. Bengaluru now contributes only 65-70 per cent of its sales.

To avoid dependency on a single large client in the contractual vertical, SOBHA is making a conscious effort to enlarge its corporate client base. Enlarging this client base includes tapping into a big pool of corporates and institutions to ensure that its dependence on any one client is reduced. Out of the projects currently under progress, the share of contractual orders received from other clients has increased.

SOBHA has a proven track record in servicing its debt obligations. The gearing levels of the Company have been efficiently managed in previous fiscal years, bringing down the gearing ratio. Every investment avenue is evaluated based on the risks and rewards attached to it.

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

SOBHA has adopted a standard process for ensuring product quality. Technology related to the industry is upgraded periodically by comparing it to global standards, which helps minimize implementation risks. The in-house Quality, Safety and Technology Department is in-charge of addressing quality issues of the products.

Vendors supplying key materials have long-standing relationships with SOBHA. Since the Company is a backward integrated organization, key inputs are sourced in-house, reducing dependency on external suppliers.

Comparatively, the attrition rate in the Company is below industry/sector average. To minimize attrition and retaining talent, SOBHA has adopted effective and employee friendly policies.

SOBHA is confident that with the economic and sector specific reforms introduced by the Government in the recent past, the outlook for long-term demand for the real estate sector in India is stable and positive. The emergence of Tier-II and Tier-III cities, urbanization, large-scale

employment opportunities in Tier-II cities and larger numbers of nuclear families will contribute to a substantial increase in demand for real estate and corporate space in the future.

The dedicated and strong in-house Legal Department at SOBHA along with the outside experts, ensures the minimization of legal and regulatory risks. The Company is a member of trade associations like CREDAI and active in making joint representations to the government and regulators on common issues faced by the sector.

SOBHA also has a strong IT team to support all IT-related matters. The Company has also begun implementing the new ERP system, wherein we have done away with redundant and non-value add processes to make us more agile; optimized processes that help reduce time in decision making; identified roadblocks that came in the way of taking quicker and relevant actions; cleaned up thousands of data fields and data sets that affected data integrity; and introduced new and robust processes that make us more efficient as a team and work with greater speed.

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

The Company has a Risk Management Committee for evaluating the risk of each category. The committee assists in identifying and assessing risks so that appropriate mitigation mechanisms can be devised. The Audit Committee reviews and advises the management on all categories of risks that the Company faces, the exposure in each category and on the acceptable and appropriate levels of these exposures. It also monitors the steps taken by the management to control such exposures and ensures that the overall risk exposure is within the Company's risk capacity and risk appetite. The Board of Directors of the Company are also apprised of the risks faced by the Company and timely risk management measures taken for mitigating them.

OPERATIONAL AND FINANCIAL ANALYSIS

As we close a Financial Year, it gives us immense pleasure to record our historic best operational performance during Financial Year 2022-23.

We started the year with a cautious outlook – Geopolitical tension driven supply chain disruptions had led to sudden spike in commodity prices, inflationary pressures led central banks globally to raise interest rates, serious concerns regarding advanced economies slowing down or even slipping into recession etc. RBI too got onto interest rate hike regime and through the year, has raised the repo rates by 2.50%, to reign in commodity price led inflationary situation in first half of the year. In this backdrop, growth was expected to slow down, especially in IT/ITES sector, which is main demand source for Real Estate in cities like Bangalore, Pune, Gurgaon and Hyderabad, due to their higher dependence on exports to advanced economies.

Despite these headwinds India maintained its growth trajectory and was a bright spot in the world economy in FY 2022-23 – reflected in highest ever tax collections, rapid pace of launch and completion of infrastructure projects and overall improvement in trade balances and fiscal parameters. Real estate demand remained strong throughout the year, across all cities of our operations. Industry consolidation continued at a rapid pace which augurs well for large developers with reputed brand name and track record of timely delivery, along with ability to tap the potential market space opportunities across geographies.

Given the inflationary conditions in the beginning of the year, we set out with clear objective of protecting margins in our projects. Through the year we have raised prices across projects in all locations, which have been absorbed seamlessly in the market, validating strength of the SOBHA brand. We started the year with historic best quarterly sales in Q1-FY23 and bettered our performance every quarter, to record the best ever annual sales in this fiscal year 2022-23. We have sold 5.65 million square feet of saleable built-up area with an average price realization of ₹9,200 per square feet. (FY 2022 average price realization was ₹7,883 per square feet). We are very pleasantly surprised with customer's confidence in SOBHA products and our execution capabilities.

We have also launched our first projects in Hyderabad and Trivandrum during the course of the financial year 2022-23, thereby adding two new

cities to our operating portfolio.

The Company is confident to perform even better in the coming financial years with customers showing strong preference for SOBHA brand, in context of our superior execution capabilities and reputation of quality products delivered on agreed timelines. Sustainable all-rounded disciplined growth is our driving mantra on this next growth trajectory. We shall continue with our sharp focus on cash flow management, which helped us significantly reduce our Net debt to Equity ratio to 0.66 as on March 31, 2023. Going forward, higher cash flow generation would support growth investments to build a very strong pipeline for the future. We expect P&L margins to improve as well, once more recent projects come up for revenue recognition. We have a strong launch pipeline in Bangalore and other cities. We believe that being a pioneer in use of advanced operational methodologies, best practices in the sector, use of technology tools and greater digital presence, Company should be able to perform better, both financially and operationally in the coming years.

In this backdrop, we present our financial and operational performance for the year 2022-23.

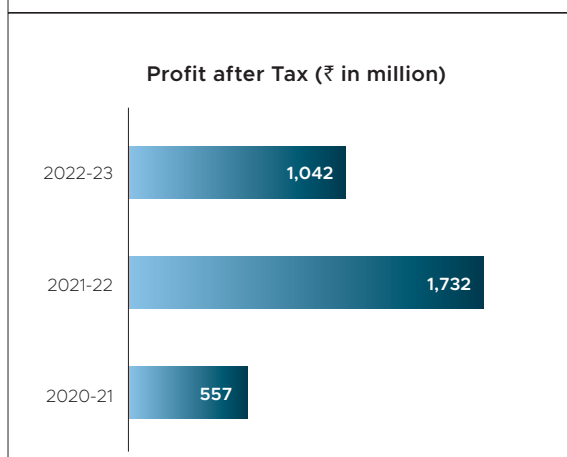
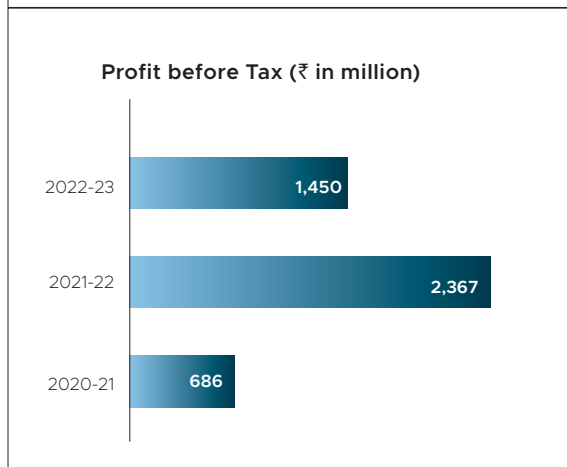
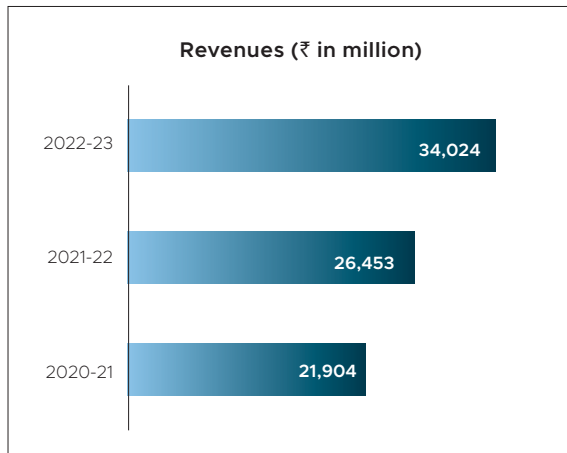
Following are the key financial results for fiscal year 2022-23:

- Registered a turnover of ₹34,024 million
- ₹25,238 million of revenues from real estate operations
- ₹7,863 Million of revenues from contracts and manufacturing operations and ₹923 million of revenue from Other Income
- PBT of ₹1,450 million
- PAT of ₹1,042 million
- Collections of ₹52,823 million
- Net operational cash flows stands at ₹10,559 million
- Total sales value of ₹51,978 million and Sobha's Share of ₹42,313 million
- Average Price realization is at ₹9,200 per square feet
- Net Debt to Equity ratio as on March 31, 2023 is 0.66.

On operational parameters, the Company has:

- Completed development of 128.00 million square feet of total area since inception

- Execution of 35.84 million square feet of developable area is in progress
- Execution presence across 13 Cities covering 7 States pan India, in Real Estate and Contractual business
- Completed delivery of 6.40 million square feet in the Real Estate and Contracts projects in 2022-23

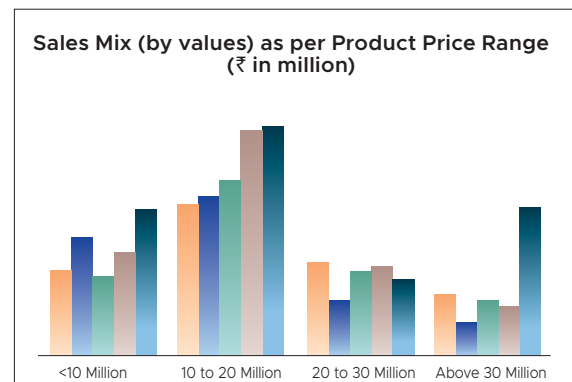


NEW SALES

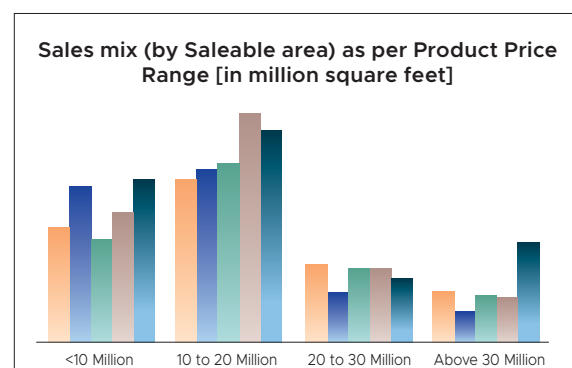
SOBHA recorded highest ever sales in the operating history of the Company since 1995, supported by strong demand for SOBHA products in the market and consistent new project launches.

- During the financial year, the Company registered new sales SBA of 5.65 million square feet with total value of ₹51,978 million at an average price realization of ₹9,200 per square feet.

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



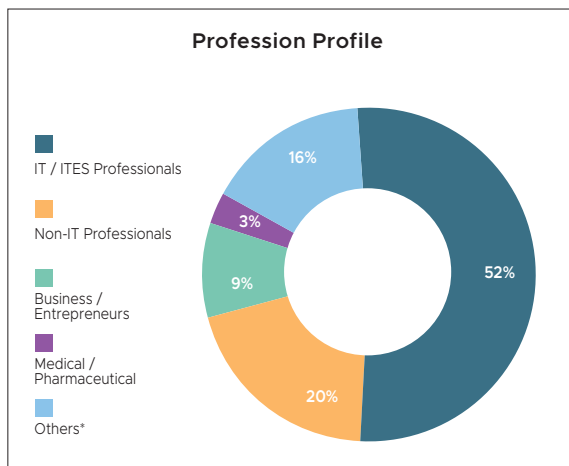
	< 10 million	10 to 20 million	20 to 30 million	Above 30 million
2018-19	6,549	13,205	7,364	4,107
2019-20	9,896	13,984	3,489	1,437
2020-21	5,984	15,406	6,430	3,552
2021-22	8,358	20,524	6,949	2,872
2022-23	12,563	20,899	5,623	12,893



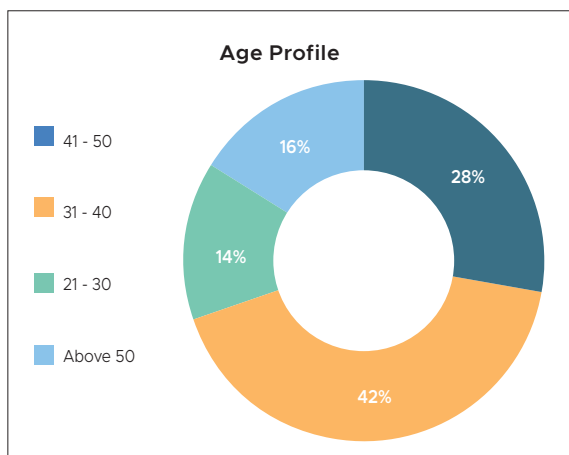
	< 10 million	10 to 20 million	20 to 30 million	Above 30 million
2018-19	1.18	1.75	0.72	0.38
2019-20	1.68	1.88	0.36	0.15
2020-21	1.03	1.96	0.67	0.35
2021-22	1.35	2.57	0.68	0.31
2022-23	1.74	2.36	0.54	1.01

OUR CUSTOMERS

The Company, on an ongoing basis, analyses the customer base constantly to understand the demand mix better and generate marketing insights. Below chart represents profession wise distribution of our customer profiles for sales done in FY 2023. We have a healthy mix of customer profiles, with IT/ITES being majority contributor. It reflects depth of our geographical presence across IT driven cities – Bangalore, Gurgaon, Pune and Hyderabad. About 72% of our customers fall under salaried category, which includes 52% from IT/ITES and 20% from Non-IT industries. In addition to this, 9% of customers are from Business and Entrepreneur category.

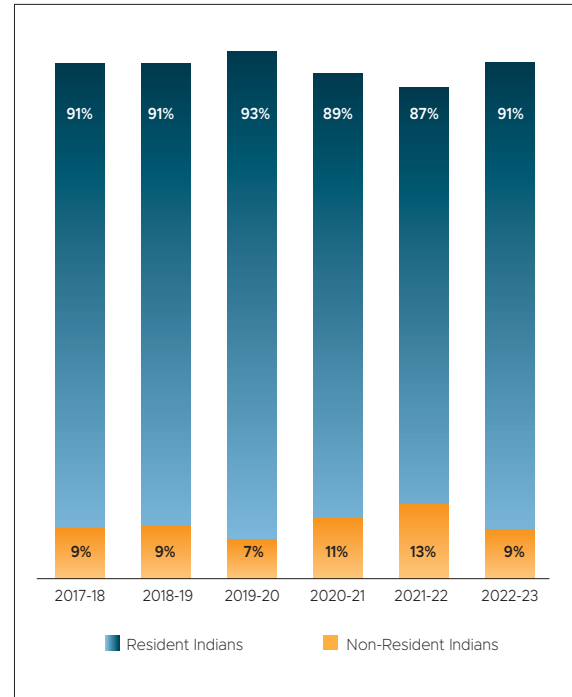


* Others include agriculturists, government employees etc.



SOBHA operates a representative Sales office in Dubai to market Company's products among the NRI/NR community. However, the resident Indians continue to dominate the overall customer mix.

Resident vs Non-resident split of our 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 11 cities.

Following is the topline performance of the Real Estate Vertical:

Particulars	₹ in million	
	Revenue Real Estate	Share of total Revenue (%)
2022-23	25,238	74.18
2021-22	18,437	69.70
2020-21	13,103	60.19
2019-20	22,801	59.59

Project Launches

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

- SOBHA Sentosa, Bangalore, luxury apartment project measuring total saleable area of 0.78 million square feet

- SOBHA Royal Crest, Bangalore, luxury apartment project measuring total saleable area of 0.65 million square feet
- SOBHA Victoria Park, Bangalore, luxury project with mix of apartments and row houses, measuring total saleable area of 0.59 million square feet
- SOBHA Insignia, Bangalore, luxury apartment project measuring total saleable area of 0.08 million square feet
- SOBHA Oakshire, Bangalore, luxury row houses measuring total saleable area of 0.10 million square feet
- SOBHA Galera, Bangalore, luxury row houses measuring total saleable area of 0.13 million square feet
- SOBHA Town park - Brooklyn Towers, Bangalore, apartment project measuring total saleable area of 0.60 million square feet
- SOBHA Meadows Whispering-Hills, Trivandrum, apartment project measuring total saleable area of 0.20 million square feet
- SOBHA Waterfront, Hyderabad, super luxury apartment project measuring total saleable area of 0.34 million square feet

In total, we have launched new projects to the tune of 3.96 million square feet of saleable area during the financial year 2022-23.

CONTRACTING

During the year 2022-23, revenue from this vertical contributed around 11% 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.

We have added a new project for development of 2.54 million square feet of commercial buildings in Karle HUB in Bangalore, taking the total ongoing contractual orders under execution to 5.24 million Square Feet. The contractual operations will continue to be a complimentary source of steady revenue.

Following is the performance of the Contracts Vertical:

₹ in million

Particulars	Revenue Contractual	Share of total Revenue (%)
2022-23	3,622	10.65
2021-22	4,633	19.09
2020-21	5,325	24.58
2019-20	10,181	26.61

MANUFACTURING

SOBHA has pioneered complete vertical integration in Real Estate industry in India. It is the only Company with own manufacturing facilities to cater to building materials. Company has the infrastructure, capabilities, skills and resources to deliver a project from conceptualisation to completion with all in-house teams, backed by this unique strength. This gives the company an absolute control over the product quality and execution timelines to meet requisite standards. Construction materials manufactured in our own facility help us to ensure that the products are superior in quality and the Company has a minimal dependence on external suppliers. We believe this model has been one of the most important factors for our successful execution track record without compromising on the quality.

Our manufacturing divisions comprises of 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 also a profit centre by itself and is efficiently servicing 3rd party clients as well.

GLAZING AND METAL WORKS

The Company owns one of the largest Glazing and Metal factories in India, located in Bangalore. The facility is spread across 7.3 acres of land with a 2,322 square metre (25,000 square feet) state-of-the-art manufacturing unit, with future expansion capability up to 11,148 square metre (120,000 square feet) space facility. The factory is equipped with advanced machinery like CNC profile cutting machine, TIG welding machines, ACP routing machine, Milling machines etc. Apart from Bangalore, the Company has also established two Glazing and Metal Works Divisions, one each in Chennai and Sonapat (near NCR). The Products manufactured in the said facilities include aluminium doors, windows, structural glazing, MS and SS metal fabrications,

aluminium composite panel, SS cladding, architectural metal works and pre-engineered buildings.

INTERIORS

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 255,000 square feet located at Bommasandra, Bangalore. The division is equipped with imported machineries from Spain, Italy and Germany. Other than Bangalore unit, Company also has an Interiors Division plant in Alwar. 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 kitchens etc.

CONCRETE PRODUCTS

The Company has a fully automated concrete product division which uses remote controlling systems. The manufacturing facility in Bangalore spread over 32,000 square meter (over 8 acres land parcel) 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 division in Gurgaon. The unit are manufacturing ready-to-use products, including concrete blocks, pavers, kerb stones, water drainage channels, paving slabs and related landscape. The facility has a production capacity of 28,000 Blocks/day or 20 million Landscaping products.

Following is the performance of the Manufacturing Vertical:

	₹ in million			
Sales	2022-23	2021-22	2020-21	2019-20
Glazing and Metal Works	2,626	1,208	1,452	2,194
Interiors	831	738	799	1,871
Retail	134	77	8	6
Concrete Products	649	520	411	486
Total	4,240	2,543	2,670	4,559
Share of Revenue (%)	12.46	9.61	12.19	11.92

CASH FLOWS

The cash flow summary for the financial year 2022-2023 under direct cash flow method is as follows:

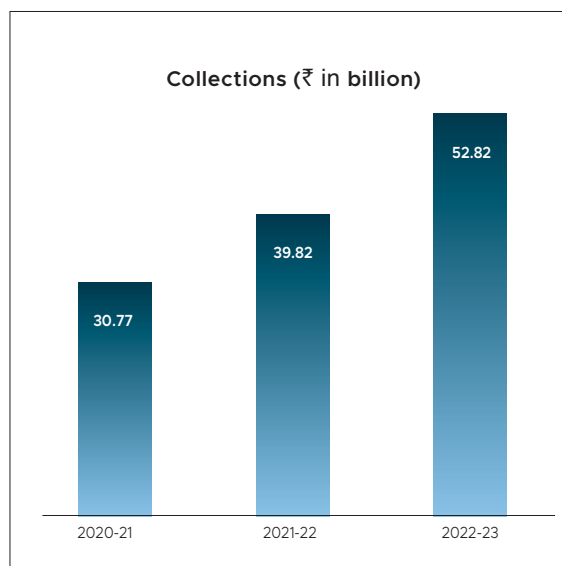
₹ in million

Particulars	2022-23
Operational cash inflow	52,823
Operational cash outflow	42,263
Net operational cashflow	10,559
Financial outflow (Interest and Taxes)	2,056
Net operational cash inflow after financial outflow	8,218
Net Cash flow	6,972

The Company has collected ₹52,823 million during the year from real estate, contractual and manufacturing activities. After expending on construction expenses for real estate, contractual, manufacturing activities, overheads, taxes and TDS etc, the net operating cash flows were ₹10,559 million.

Out of the above, the Company has utilised ₹2,056 million towards payment of interest and other finance processing charges.

The Company has spent ₹3,386 million towards land payments during the year and also collected ₹2,469 million from sale of Land. In addition to this, the Company incurred ₹328 million towards capex expenditure,



₹202 million towards CSR contribution and ₹285 million for dividend (including tax).

Net cashflows generated by the Company in 2022-23 was ₹6,972 million.

DEBT

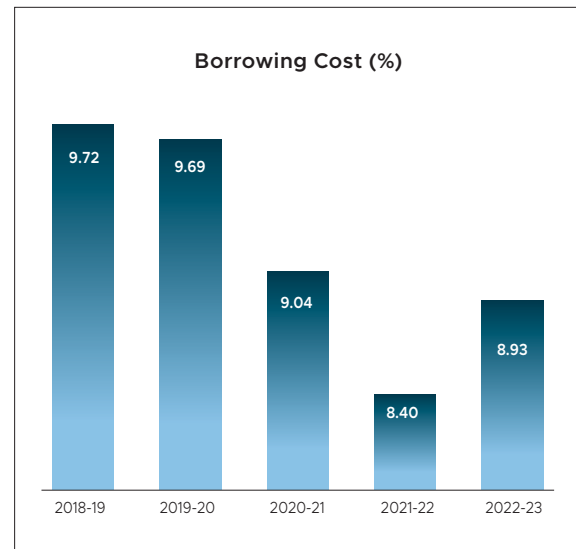
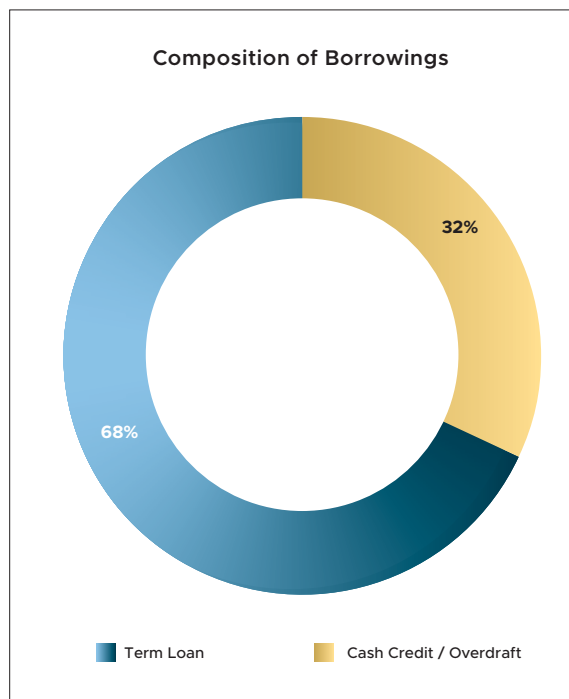
The Company seeks to maintain an optimum level of low-cost debt financing, which is utilised for execution of various projects viz. residential, commercial and contractual.

As on March 31, 2023, the net debt of the Company was ₹16,396 million as compared to

₹23,369 million in the previous year. The net debt to equity ratio stood at 0.66.

BORROWING COST

As of March 2023, Company's average borrowing cost stood at 8.93%.

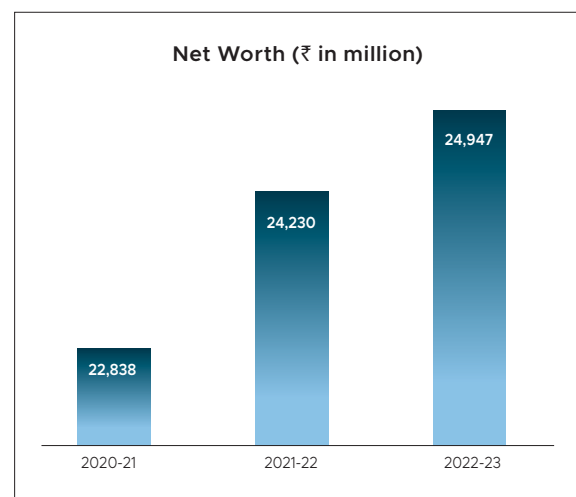
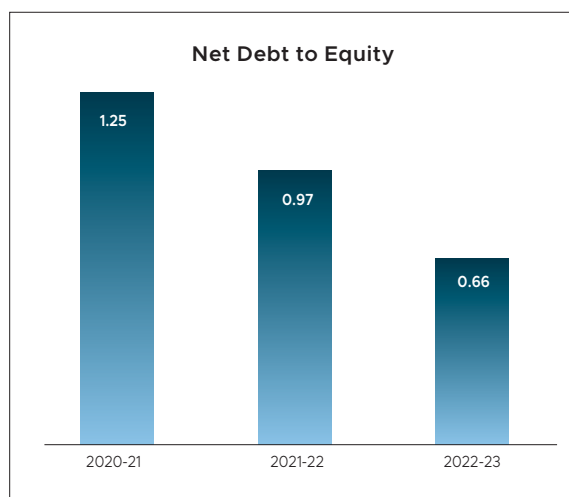


During the year, the borrowings of the Company have been rated by:

- ICRA as 'A+' (Stable)
- India Ratings and Research (Ind-Ra) as 'IND AA-' (Stable)

NET WORTH

The net worth of the Company as on March 31, 2023 was ₹24,947 million.



FIXED ASSETS

During the financial year 2022-23, the gross addition to Fixed Assets was ₹462 million. This is about 6% addition on Gross Fixed assets of FY 2021-22 on account of investment in scaffolding items and additions to Plant and Machinery.

CURRENT ASSETS

During the financial year 2022-23, the Current Assets increased by ₹5,187 million as compared to the previous year. This is mainly on account

of increase in inventories by ₹11,094 million and decrease in Trade receivables by ₹1,924 million and decrease in other Current Assets by ₹6,530 million. The decrease in Other Current Assets is mainly due to reclassification of some Land Advances from Current to Non-Current Assets.

CURRENT LIABILITIES

During the financial year 2022-23, the Current Liabilities increased by ₹7,314 million, mainly due to increase in Advance from Customers led by higher Sales & Collections in FY 2023.

PURSUANT TO SCHEDULE V READ WITH REGULATION 34(3) AND 53(F) OF SEBI (LODR) REGULATIONS 2015, STATEMENT OF CHANGES IN KEY FINANCIAL RATIOS ARE PROVIDED BELOW:

Particulars	Consolidated			Standalone			Reason for Change
	FY 2023	FY 2022	Change %	FY 2023	FY 2022	Change %	
Inventory Turnover Ratio	0.33	0.24	38.75	0.36	0.25	41.20	On account of increase in revenue which lead to increase in cost of goods sold.
Current Ratio	1.11	1.14	-2.82	1.09	1.13	-3.17	NA
Debtors Turnover Ratio	2.80	2.85	-1.67	2.77	2.82	-1.69	NA
Interest Coverage Ratio (times)	0.48	0.44	8.63	0.46	0.44	3.99	NA
Debt Equity Ratio	0.81	1.03	-22.15	0.83	1.07	-22.37	NA
Net Profit Margin (%)	0.03	0.07	-53.44	0.03	0.07	-56.88	Due to higher margin in land sale in the previous year.
Operating Profit Margin (%)	0.12	0.21	-43.79	0.11	0.20	-45.75	Due to higher margin in land sale in the previous year.
Return on Net worth(%)	0.04	0.07	-42.41	0.04	0.08	-46.08	Due to higher margin in land sale in the previous year.

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER CERTIFICATE

[AS PER REGULATION 17 AND PART B OF SCHEDULE II 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 March 31, 2023 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 March 31, 2023;
 - (2) significant changes in accounting policies during the financial year ended March 31, 2023 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.

Place : Bangalore
Date : May 08, 2023

Sd/-
Yogesh Bansal
Chief Financial Officer

Sd/-
Jagadish Nangineni
Managing Director

INDEPENDENT AUDITORS' REPORT

To the Members of Sobha Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Sobha Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.
2. 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 auditor as referred to in paragraph 16 below, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards 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 ('ICAI') 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 together with the audit evidence obtained by the other auditor, in terms of their report referred to in paragraph 16 of the Other Matter section below is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw attention to Note 39(5) to the accompanying standalone financial statement, regarding the search operation carried out by the Income Tax Department at various business premises of the Company and certain other group companies during March 2023. As the Company and certain other group companies have not received any communication on the findings of the investigation by the Income Tax department till date, the impact of this matter on the accompanying standalone financial Statement for the year ended 31 March 2023 and the adjustments (if any) required to these accompanying standalone financial statement, is presently not ascertainable. Our opinion is not modified in respect of this matter.

Key Audit Matters

5. 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.
6. We have determined the matters described below to be the key audit matters to be communicated in our report.

INDEPENDENT AUDITORS' REPORT (continued)

Key Audit Matter (continued)

Key audit matter	How our audit addressed the key audit matter
<p>1. Revenue recognition for sale of residential units</p> <p>The Company applies Ind AS 115, Revenue from Contracts with Customers (Ind AS 115) for recognition of revenue from sale of residential units and revenue from joint development agreements. Refer note 2.2(a) (l)(i) and 25 to the standalone financial statements for accounting policy and related disclosures.</p> <p>Revenue is recognised upon transfer of control of residential units to customers for an amount which reflects the consideration the Company expects to receive in exchange for those units. The point of revenue recognition is normally based on the terms as included in the intimation for the handover of unit to the customer on completion of the project, and substantial collection is received. The Company recognises the revenue at a point in time upon handover/deemed handover of the residential units.</p> <p>For contracts involving sale of residential units, the Company receives the consideration in accordance with the terms of the contract in proportion of the percentage of completion of such real estate project and represents payments made by customers to secure performance obligation of the Company under the contract enforceable by customers. The assessment of such consideration received from customers involves significant judgment in determining if the contracts with customers involves any financing element.</p> <p>For revenue contracts forming part of joint development arrangements that are not jointly controlled operations ('JDA'), the revenue from the development and transfer of constructed area/revenue share with corresponding land/development rights received by the Company is measured at the fair value of the estimated construction service rendered by the Company to the landowner under JDA. Such revenue is recognised over a period of time in accordance with the requirements of Ind AS 115.</p> <p>Ind AS 115 requires significant judgment in determining when 'control' of the residential units is transferred to the customer. Further, for projects executed through JDA, significant estimate is undertaken by management for determining the fair value of the estimated construction service.</p>	<p>Our audit procedures on revenue recognised from sale of residential units included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Evaluated the appropriateness of accounting policy for revenue recognition on sale of residential units in terms of principles enunciated under Ind AS 115; • Assessed the management evaluation of determining revenue recognition from sale of residential units at a point in time in accordance with the requirements under Ind AS 115; • Obtained and understood the revenue recognition process, evaluated the design and performed test of controls over revenue recognition including determination of point of transfer of control and completion of performance obligations on a sample basis; • Inspected, on a sample basis, underlying customer contracts and sale deed/ handover documents, evidencing the transfer of control of the residential units to the customer based on which revenue is recognised at a point in time, and whether the contracts with customers involved any financing element; and • Visited certain sites during the year for selected projects to understand the nature, status and progress of the projects. <p>For projects executed during the year in accordance with JDAs, we have performed the following procedures on a sample basis:</p> <ul style="list-style-type: none"> • Obtained and understood the revenue recognition process and performed test of controls over revenue recognition including fair valuation of estimated construction service revenue under JDA; • Obtained and examined the computation of the fair value of the construction service under JDA with reference to project cost estimates and mark up considered by the management;

INDEPENDENT AUDITORS' REPORT (continued)

Key Audit Matter (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition for sale of residential units (cont'd)</p>	
<p>Considering the significance of management judgements and estimates involved and the materiality of amounts involved, aforementioned revenue recognition is identified as a key audit matter.</p>	<ul style="list-style-type: none"> • Obtained the JDAs entered into by the Company, including addendums thereto and compared the ratio of constructed area/ revenue sharing arrangement between the Company and the landowner as mentioned in the agreement to the computation statement prepared by the management; and • Tested the computation for recognition of revenue over a period of time for revenue contracts forming part of JDA and management's assessment of stage of completion of projects and project cost estimates. <p>Assessed the adequacy of disclosures included in the standalone financial statements in compliance with the requirements of Ind AS 115.</p>
<p>2. Revenue recognition for contractual construction projects</p>	
<p>The Company recognises revenue over a period of time in accordance with Ind AS 115, Revenue from Contracts with Customers (Ind AS 115). Refer note 2.2(a)(i)(ii) and 25 to the standalone financial statements for accounting policy and related disclosures.</p> <p>The Company recognises revenue from construction contracts on the basis of stage of completion (input method) based on the proportion of contract costs incurred at reporting date, relating to the total estimated costs of the contract at completion. The recognition of revenue is therefore dependent on estimates in relation to total estimated costs of each such contract, which is subject to inherent uncertainty as it requires ascertainment of progress of the project, cost incurred till date and balance cost to be incurred to complete the project.</p> <p>Significant judgments are also involved in determining when the underlying performance obligations are satisfied and also determining expected losses, when such losses become probable based on the expected total contract cost. Cost contingencies are included in these estimates to take into account specific risks of uncertainties or disputed claims against the Company, arising within each contract. These contingencies are reviewed by the Management on a regular basis</p>	<p>Our audit procedures on revenue recognition for contractual construction projects included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Evaluated the appropriateness of accounting policy on revenue recognition for contractual construction projects in terms of principles enunciated under Ind AS 115; • Evaluated the design and tested operating effectiveness of key controls around budgeting of project cost, approval of purchase orders, recording of actual cost, raising of invoices and estimating the cost to complete the project; • Assessed management evaluation of determining revenue recognition for contractual construction projects over a period of time in accordance with the requirements of Ind AS 115; • On a sample basis, tested costs incurred by examining underlying invoices and other applicable documents; • For sample invoices raised during the year, verifying the underlying documents including invoices, work orders and customer acceptance;

INDEPENDENT AUDITORS' REPORT (continued)

Key Audit Matter (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition for contractual construction projects(cont'd)</p>	
<p>throughout the life of the contract and adjusted where appropriate.</p> <p>Considering the significance of management judgements and estimates involved and the materiality of amounts involved, revenue recognition from construction contracts is identified as a key audit matter.</p>	<ul style="list-style-type: none"> • Compared actual cost with budgeted cost to determine percentage of completion of the project; and • Assessed the adequacy of disclosures included in the standalone financial statements in compliance with the requirements of Ind AS 115.
<p>3. Assessing the recoverability of carrying value of Inventories, advances paid towards land procurement and deposits paid under joint development arrangements (JDA)</p>	
<p>Refer note 2.2(c), 2.2(d), 2.2(o), 10, 14 and 13 to the standalone financial statements for accounting policies on inventories, advances paid towards land procurement and deposits paid under JDA (financial asset) and related financial disclosures.</p> <p>As at 31 March 2023, the carrying value of the inventory comprising of Work in progress, Stock of residential units in completed projects and land stock is ₹ 80,259.42 million, land advances is ₹ 9,648.96 million and refundable deposits paid under JDA is ₹ 3,406.74 million, represents a significant portion of the Company's total assets.</p> <p>The inventories are carried at lower of cost and net realisable value ('NRV'). The determination of the NRV involves estimates based on prevailing market conditions and taking into account the estimated future selling price, cost to complete projects and selling costs.</p> <p>Advances paid by the Company to the seller/intermediary towards outright purchase of land is recognised as land advance under other assets during the course of transferring the legal title to the Company, whereupon it is transferred to land stock under inventories. Further, deposits paid under joint development arrangements are in the nature of non-refundable/refundable deposits, for acquiring the development rights. On the launch of the project, the non-refundable amount is transferred as land cost to work-in-progress.</p>	<p>Our procedures in assessing the carrying value of the inventories, land advances and deposits paid under JDA included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Evaluated the appropriateness of accounting policies with respect to inventories, land advances and deposits paid under JDA in terms of principles enunciated under applicable accounting standards; • Evaluated the design and tested operation of internal controls related to testing NRV/ net recoverable value with carrying amount of inventory, land advances and deposits paid under JDA; • Inquired with management to understand key assumptions used in determination of the NRV/ net recoverable value; and • Obtained and tested the computation/assessment of the NRV/ net recoverable value on a sample basis. <p>For inventory balance:</p> <ul style="list-style-type: none"> • Compared the NRV to recent sales in the project or to the estimated selling price; • Obtained and assessed the Company's methodology applied and assumptions used in assessing the net realisable value based on current market conditions and having regard to expected launch of the project, project development plan and expected future sales; • Compared the estimated construction costs to complete each project with the Company's updated budgets; and

INDEPENDENT AUDITORS' REPORT (continued)

Key Audit Matter (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Assessing the recoverability of carrying value of Inventories, advances paid towards land procurement and deposits paid under joint development arrangements (JDA)</p> <p>The aforesaid deposits and advances are carried at the lower of the amount paid/payable and net recoverable value, which is based on the management's assessment including the expected date of commencement and completion of the project and the estimate of sale prices and construction costs of the project.</p> <p>We identified the assessment towards recoverability of carrying value of inventory, land advances and deposits paid under JDA as a key audit matter due to the significance of the balance to the standalone financial statements as a whole and the involvement of estimates and judgement in the assessment.</p>	<p>For land stock, on a sample basis, obtained the fair valuation reports or the published guidance values and reviewed the valuation methodology, key estimates and assumptions adopted in the valuation. Involved auditor's valuation expert, where such fair valuation reports were obtained.</p> <p>For land advances/ deposits paid under JDA</p> <ul style="list-style-type: none"> Obtained an update on the status of the land acquisition/ project progress from the management and verified the underlying documents for related developments in respect of the land acquisition to assess Company's rights over the land parcels in subject and expected recoverability of land advances / deposits paid under JDA; and Carried out external confirmation procedures on sample basis to obtain evidence supporting the carrying value of land advance and deposits paid under JDA. <p>Assessed the adequacy of disclosures included in the standalone financial statements in compliance with the applicable accounting standards.</p>
<p>Key audit matter</p>	<p>How our audit addressed the key audit matter</p>
<p>4. Assessment of certain transactions entered into by the Company and recoverability of balances, on which regulatory proceedings are ongoing</p>	
<p>The Company had entered into a joint development arrangement with certain landowners in Gurugram, Haryana, in earlier years. In respect of this transaction, the Enforcement Directorate ('ED') after due investigation has filed a complaint with Adjudicating Authority, Prevention of Money Laundering ('AA-PML'), alleging certain irregularities in respect of the manner of allotment and pricing of certain plots under this project or payment of applicable fees and charges by the Company or the landowners, with respect to the terms and conditions mentioned in the development policy of Haryana Development and Regulation of Urban Areas Act (HDRUAA), 1975 and the bilateral agreement between the land owners</p>	<p>Our audit procedures on this matter included, but were not limited to the following:</p> <ul style="list-style-type: none"> Obtained an understanding from the management with respect to process and controls followed by the Company for identification, monitoring of significant developments and impact analysis in relation to the litigations, including completeness thereof;

INDEPENDENT AUDITORS' REPORT (continued)

Key Audit Matter (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Assessment of certain transactions entered into by the Company and recoverability of balances, on which regulatory proceedings are ongoing</p> <p>and Directorate of Town and Country Planning, Haryana (DTCP) resulting in provisional attachment under the Prevention of Money Laundering Act, 2002 ('PMLA') of land parcels with value of ₹2,016.05 million held by Technobuild Developers Private Limited ('TDPL') disclosed under Note 39(4). The Company has entered into a Memorandum of Understanding ('MoU') with TDPL for acquiring land parcels using advances extended by the Company, of equivalent value. As per the MoU, TDPL and its affiliates cannot transfer land parcels without prior approval of the Company and the Company has absolute rights over land parcels acquired by TDPL and its affiliates acquired from such advance given by the Company.</p> <p>As part of the inquiry process, the Company and its officers have been asked to provide contracts, documents and justification in respect of this transaction by the concerned authorities. The Company and its officers have been responding to the queries raised / documents sought from time to time. During the year, the Company is in receipt of Show Cause Notice (SCN) under the PMLA from AA-PML and the Company in consultation with its legal counsel has responded to allegations made in SCN.</p> <p>The Company, based on its overall assessment and independent legal opinion obtained, believes that these transactions have been carried out in accordance with all the applicable laws and regulations and the said bilateral agreement and has not identified any adverse material impact to the standalone financial statements.</p> <p>Considering the significance of the matter which involves uncertainty of outcome due to ongoing proceedings in AA-PML and significant judgements and estimates by the Company on the assessment of the legality and outcome of the above case, this is considered as a key audit matter.</p> <p>Considering this matter is also fundamental to the understanding of the user of standalone financial statement, we draw attention to Note 39(4) of the standalone financial statements.</p>	<ul style="list-style-type: none"> • Gaining an understanding of the ongoing regulatory proceedings through discussions with the management, and reading the underlying case related documents, communications and legal opinions to ensure consistency with the explanations provided to us. and we have also assessed the objectivity, experience, competence and independence of management's expert; • Evaluated and challenged the Company's assessment of recoverability of the balances outstanding as at the balance sheet date, the business rationale for entering these transactions, including considering the developments on the matter subsequent to the balance sheet date; • Engaged auditor's expert, who obtained an understanding of the current status of the litigation, reviewed independent legal opinion obtained by the management and considered relevant legal provisions and available precedents to validate the conclusions made by the management's expert; • Communicated and discussed periodic updates on these transactions with those charged with governance, including the recoverability and management's business rationale aspects for these transactions; and • Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the standalone financial statements.

INDEPENDENT AUDITORS' REPORT (continued)

Key Audit Matter (continued)

Key audit matter	How our audit addressed the key audit matter
<p>5. Restatement in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors “(Ind AS 8)”</p> <p>The accounting policies for restatement of standalone financial statements are set out in Note 2.2(u) to the standalone financial statements.</p> <p>During the current year, the Company has made restatements relating to (i) capitalisation of borrowing cost (ii) accounting for Joint Development Arrangement (JDAs) [not being jointly controlled operations] (iii) accounting for significant financing element in customer contracts and various other restatements which has been explained in Note 45 of the standalone financial statements. Amongst other things, the aforesaid restatements required detailed re-computation of capitalisation of eligible borrowing costs for earlier years, detailed assessment of all ongoing JDAs entered into by the Company and required significant judgements and estimates to be made on part of the management. Further, assessment of consideration received from customers involves significant judgment in determining if the contracts with customers involves any financing element.</p> <p>Considering the quantum of amounts involved, the audit efforts required to audit such restatements in-depth, frequent interactions with the management and those charged with Governance, the restatement is identified as a key audit matter for the current year audit.</p> <p>The above matter is also considered fundamental to the understanding of the user of standalone financial statement on account of the restatement of comparative financial information for various corrections of material prior period errors and reclassifications, which are further described in Note 45 of the standalone financial statements.</p>	<p>Our audit procedures on this matter included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the management process for identification of restatement adjustments to be made in the standalone financial statements; • Evaluated the design and tested the operating effectiveness of internal controls relevant to restatement adjustments; • Evaluated the appropriateness of the implementation of accounting policies and ensured compliance with the requirements of the respective accounting standards and related authoritative pronouncements; • Obtained and tested the computation/ workings involved in restatement and understood from the management, the rationale in view of the applicable accounting standards for the restatement adjustments carried out in the standalone financial statements; • Obtained and assessed the relevant contracts/ agreements for impact assessment of restatement adjustments; and • Ensured that all restatement adjustments have been dealt with and disclosed in the standalone financial statement in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors as well as the respective accounting standards (including division II of Schedule III), as relevant.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

7. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the standalone financial statements and our auditor's 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 standalone financial statements, our responsibility is to read the

INDEPENDENT AUDITORS' REPORT (continued)

other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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

8. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. 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.
9. In preparing the financial statements, the 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 the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
10. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

11. 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 Standards on Auditing 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.
12. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - 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

INDEPENDENT AUDITORS' REPORT (continued)

- reference to standalone 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 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; and
 - Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
13. 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.
 14. 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.
 15. 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 auditor's 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.

Other Matter

16. The standalone financial statements include the Company's share in the net profit of ₹ 19.06 million for the year ended 31 March 2023, in respect of share of profit from partnership firm in which the Company has invested, whose financial statements have not been audited by us. These financial statements have been audited by the other auditor whose report has been furnished to us by the management, and our opinion on the standalone financial statements, in so far as it relates to the amounts and disclosures included in respect of this partnership firm, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid partnership firm, is based solely on the report of such other auditor.

Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and the report of other auditor.

17. The standalone financial statements of the Company for the year ended 31 March 2022 were audited by the predecessor auditor, B S R & Co. LLP, who have expressed an unmodified opinion on those standalone financial statements vide their audit report dated 20 May 2022.

Report on Other Legal and Regulatory Requirements

18. As required by section 197(16) of the Act based on our audit, we report that the Company has paid

INDEPENDENT AUDITORS' REPORT (continued)

- remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
19. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
 20. Further to our comments in Annexure I, as required by section 143(3) of the Act based on our audit, 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 purpose of our audit of the accompanying standalone financial statements;
 - 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 financial statements dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
 - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of section 164(2) of the Act;
 - f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company as on 31 March 2023 and the operating effectiveness of such controls, refer to our separate Report in Annexure II wherein we have expressed an unmodified opinion; and
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company, as detailed in note 39 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2023;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2023;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2023; ;
 - iv.a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 47(iv) to the standalone financial statement, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any persons or entities, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
 - b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 47(v) to the standalone financial statement, no funds have been received by the Company from any persons or entities including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall,

INDEPENDENT AUDITORS' REPORT (continued)

whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The final dividend paid by the Company during the year ended 31 March 2023 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend;

As stated in note 19 to the accompanying standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year ended 31 March 2023 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April, 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Manish Agrawal

Partner

Membership No: 507000

UDIN: 23507000BGYESJ5744

Bengaluru

29 May 2023.

Annexure I referred to in Paragraph 19 of the Independent Auditor's Report of even date to the members of Sobha Limited on the standalone financial statements for the year ended 31 March 2023

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant, and equipment, right of use assets and investment property.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a regular program of physical verification of its property, plant and equipment, right of use assets and investment property under which the assets are physically verified in a phased manner over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain property, plant, and equipment, right of use assets and investment property were verified during the year and no material discrepancies were noticed on such verification..
- (c) The title deeds of all the immovable properties (including investment properties) held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favor of the lessee) disclosed in note 4 and note 5 to the standalone financial statements are held in the name of the Company. For title deeds of immovable properties in the nature of Land and Building situated at Bengaluru, Karnataka with gross carrying values of ₹ 1,942.40 million as at 31 March 2023, which have been mortgaged as security for loans or borrowings taken by the Company, confirmations with respect to title of the Company have been directly obtained by us from the respective lenders..
- (d) The Company has not revalued its Property, Plant and Equipment including Right of Use assets or intangible assets during the year.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.
- (ii) (a) The inventories held by the Company primarily real estate segment comprise of stock of units in completed projects, work in progress of projects under development (including land stock). Having regard to the nature of inventory, the management has conducted physical verification of inventory by way of verification of title deeds, site visits conducted and continuous project progress monitoring by competent persons, at reasonable intervals during the year and no material discrepancies were noticed on such physical verification. The other inventories comprising of raw material (including that of real estate segment), work in progress and finished goods has been physically verified by the management at reasonable intervals during the year. In our opinion, the coverage and procedures of such verification by the management is appropriate and no discrepancy of 10% or more in aggregate for each class of inventory were noticed. In respect of inventory lying with third parties, these have substantially been confirmed by the third parties
- (b) As disclosed in note 20 to the standalone financial statements, the Company has been sanctioned a working capital limit in excess of ₹ 5 crore by banks and financial institutions based on the security of current assets. The quarterly returns/statements, in respect of the working capital limits have been filed by the Company with such banks and financial institutions and such returns/statements are in agreement with the books of account of the Company for the respective periods which were not subject to audit/review.

Annexure I referred to in Paragraph 19 of the Independent Auditor's Report of even date to the members of Sobha Limited Sobha limited on the standalone financial statements for the year ended 31 March 2023 (continued)

- (iii) (a) The Company has made investments in and provided loans to Subsidiaries during the year as per details given below:

(In ₹ million)

Particulars	Guarantees	Loans
Aggregate amount provided/granted during the year: Subsidiaries	-	850.00
Balance outstanding as at balance sheet date in respect of above cases: Subsidiaries	998.78	675.51

- (b) The Company has not provided any guarantee or given any security or granted any advances in the nature of loans during the year. Further, in our opinion, and according to the information and explanations given to us, the investments made and terms and conditions of the grant of all loans are, prima facie, not prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us, loans granted by the Company amounting to ₹675.51 million are repayable on demand and terms and conditions for payment of interest thereon have not been stipulated. Further, such loans and interest thereon have not been demanded for repayment as on date.
- (d) There is no overdue amount in respect of loans or advances in the nature of loans granted to such companies.
- (e) The Company has not granted any loan or advance in the nature of loan which has fallen due during the year. Further, no fresh loans were granted to any party to settle the overdue loans/advances in nature of loan that existed as at the beginning of the year.
- (f) The Company has granted loans which are repayable on demand as per details below:

(In ₹ million)

Particulars	All Parties	Promoters	Related Parties
Aggregate of loans/advances in nature of loan	850.00	-	850.00
- Repayable on demand (A)	-	-	-
- Agreement does not specify any terms or period of repayment (B)	-	-	-
Total (A+B)	850.00	-	850.00
Percentage of loans/advances in nature of loan to the total loans	100%	-	100%

- (iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 of the Act in respect of loans and guarantees and security provided by it, as applicable. As the Company is engaged in providing infrastructural facilities as specified in Schedule VI of the Act, provisions of section 186 except sub-section (1) of the Act are not applicable to the Company. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of sub-section (1) of section 186 in respect of investments, as applicable.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there are no amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as

Annexure I referred to in Paragraph 19 of the Independent Auditor's Report of even date to the members of Sobha Limited Sobha limited on the standalone financial statements for the year ended 31 March 2023 (continued)

amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.

- (vi) The Central Government has specified maintenance of cost records under sub-section (1) of section 148 of the Act in respect of the business activities of the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records 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 cost records with a view to determine whether they are accurate or complete.
- (vii)(a) In our opinion, and according to the information and explanations given to us, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, goods and service tax, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities by the Company, though there have been slight delays in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of dues	Gross Amount (₹ million)	Amount paid under Protest (₹ million)	Period to which the amount relates (Financial year)	Forum where dispute is pending
Karnataka Value added tax, 2003	Demand of Tax, Interest and/or penalty	683.68	207.74	2007-08 to 2017-18	High Court of Karnataka
Kerala Value added tax, 2003	Demand of Tax, Interest and/or penalty	63.20	13.66	2010-11 and 2012-13 to 2013-14	Appeal filed with VAT Appellate Tribunal at Trivandrum
Andhra Pradesh, Value added tax, 2005	Demand of Tax, Interest and/or penalty	40.00	16.28	2004-05 and 2006-07 to 2007-08	Sales Tax Appellate Tribunal, Andhra Pradesh
Customs Act, 1962	Demand of Tax, Interest and/or penalty	1.30	-	2010-11	Central Excise and Service Tax Appellate Tribunal, Bangalore
Income Tax Act, 1961	Demand of Tax, Interest and/or penalty	101.46	12.89	2010-11, 2017-18 and 2019-20 to 2020-21	Commissioner of Income Tax, Bangalore
Income Tax Act, 1961	Demand of Tax, Interest and/or penalty	8.21	-	2008-09 to 2009-10	ITAT- Income tax appellate tribunal
Income Tax Act, 1961	ITAT- Income tax appellate tribunal	406.33	-	2013-14 and 2015-16	Deputy Commissioner of Income tax, Bangalore
Finance Act, 1994 (Service Tax provisions)	Demand of Tax, Interest and/or penalty	560.34	125.78	2006-07 to 2017-18	Central Excise and Service Tax Appellate Tribunal, Bangalore
The West Bengal, Value added tax, 2003	Demand of Tax, Interest and/or penalty	1.86	0.86	2009-10	WBCTO Appellate and Revision Board

- (viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts.
- (ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender. Further, according to the information and explanations given to us, loans amounting to ₹ 6,321.45 million are repayable on demand and terms and conditions for payment of interest thereon have been stipulated and the payment of interest is regular. Further, such loans have not been demanded for repayment as on date.

Annexure I referred to in Paragraph 19 of the Independent Auditor's Report of even date to the members of Sobha Limited Sobha limited on the standalone financial statements for the year ended 31 March 2023 (continued)

- (b) According to the information and explanations given to us including representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.
- (d) In our opinion and according to the information and explanations given to us, and on an overall examination of the standalone financial statements of the Company, funds raised by the Company on short term basis have, prima facie, not been utilized for long term purposes.
- (e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company has been noticed or reported during the period covered by our audit.
- (b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.
- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.
- (xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as per the provisions of section 138 of the Act which is commensurate with the size and nature of its business.
- (b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-

Annexure I referred to in Paragraph 19 of the Independent Auditor's Report of even date to the members of Sobha Limited Sobha limited on the standalone financial statements for the year ended 31 March 2023 (continued)

cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.

- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clauses 3(xvi)(a),(b) and (c) of the Order are not applicable to the Company.
 - (d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.
- (xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- (xx) According to the information and explanations given to us, the Company does not have any unspent amounts towards Corporate Social Responsibility in respect of any ongoing or other than ongoing project as at the end of the financial year. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.
- (xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Agrawal
Partner
Membership No: 507000
UDIN: 23507000BGYESJ5744

Bengaluru
29 May 2023

Annexure II to the Independent Auditor's Report of even date to the members of Sobha Limited on the standalone financial statements for the year ended 31 March 2023

Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Sobha Limited ('the Company') as at and for the year ended 31 March 2023, we have audited the internal financial controls with reference to standalone financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone 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 ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements includes 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.
5. 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 standalone financial statements.

Meaning of Internal Financial Controls with Reference to Standalone Financial Statements

6. A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone 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 standalone financial statements in accordance with generally accepted accounting

Annexure II to the Independent Auditor's Report of even date to the members of Sobha Limited on the standalone financial statements for the year ended 31 March 2023 (continued)

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 standalone financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to standalone 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 standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such controls were operating effectively as at 31 March 2023, based on the internal financial control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Manish Agrawal

Partner

Membership No: 507000

UDIN: 23507000BGYESJ5744

Bengaluru

29 May 2023.

SOBHA LIMITED STANDALONE BALANCE SHEET AS AT 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

Particulars	Note	As at 31 March 2023	As at 31 March 2022 Restated(*)	As at 1 April 2021 Restated(*)
ASSETS				
Non-current assets				
Property, plant and equipment	4	2,315.59	2,346.13	2,720.52
Investment property	5	2,767.92	2,168.14	2,119.03
Investment property under development	6	-	-	700.58
Intangible asset under development	7	17.62	-	-
Other intangible assets	8	0.06	0.14	0.21
Right of use assets	38	187.36	229.25	278.21
Financial assets				
(i) Investments	9	4,521.29	4,398.54	3,975.63
(ii) Trade receivables	11	795.18	654.56	521.01
(iii) Loans	12	229.52	-	-
(iii) Other financial assets	13	373.55	1,372.18	1,263.47
Income tax assets (net)	33	70.96	-	-
Deferred tax asset (net)	33	138.80	189.27	215.91
Other non-current assets	14	9,297.10	3,699.54	4,542.44
		20,714.95	15,057.75	16,337.01
Current assets				
Inventories	10	82,866.90	72,830.38	71,388.28
Financial assets				
(i) Trade receivables	11	2,097.60	3,502.14	1,934.98
(ii) Cash and cash equivalents	15	2,723.51	1,346.04	1,572.88
(iii) Bank balance other than (ii) above	16	1,681.32	384.34	392.61
(iv) Loans	12	437.65	342.88	303.45
(v) Other financial assets	13	4,718.79	4,884.69	5,802.94
Other current assets	14	6,078.94	12,783.64	12,948.23
		100,604.71	96,074.11	94,343.37
		121,319.66	111,131.86	1,10,680.38
Total assets				
EQUITY AND LIABILITIES				
Equity				
Equity share capital	17	948.46	948.46	948.46
Other equity	18	22,462.22	21,833.80	20,483.29
Total equity		23,410.68	22,782.26	21,431.75
Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	20	5,586.13	3,006.79	2,767.76
(ii) Lease liabilities	38	204.77	202.79	218.20
Provisions	22	228.85	174.70	151.46
		6,019.75	3,384.28	3,137.42
Current liabilities				
Financial liabilities				
(i) Borrowings	20	13,808.23	21,304.74	26,524.02
(ii) Lease liabilities	38	28.04	50.70	60.98
(iii) Trade payables				
(A) Total outstanding dues of micro enterprises and small enterprises; and	23	-	-	-
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises	23	5,956.15	4,415.08	5,008.76
(iv) Other financial liabilities	21	8,585.15	6,982.88	6,660.30
Other current liabilities	24	63,308.89	51,854.43	47,631.57
Provisions	22	202.77	154.55	138.50
Current tax Liabilities (net)	33	-	202.94	87.08
		91,889.23	84,965.32	86,111.21
		97,908.98	88,349.60	89,248.63
Total liabilities		121,319.66	111,131.86	110,680.38
Total equity and liabilities		121,319.66	111,131.86	110,680.38

(*) The comparative information is restated on account of correction of errors. Refer Note 45

Summary of significant accounting policies

2.2

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

As per our report of even date

For **Walker Chandio & Co LLP**

Chartered Accountants

ICAI Firm registration number: 001076N/N500013

Manish Agrawal

Partner

Membership No.: 507000

Bengaluru

29 May 2023

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

Ravi PNC Menon

Chairman

DIN: 02070036

Yogesh Bansal

Chief Financial Officer

Bengaluru

29 May 2023

Jagadish Nangineni

Managing Director

DIN: 01871780

Vighneshwar G Bhat

Company Secretary and

Compliance Officer

ACS16651

SOBHA LIMITED
STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2023
 (All amounts in ₹ millions, unless otherwise stated)

Particulars	Note	Year ended 31 March 2023	Year ended 31 March 2022 Restated(*)
Income			
Revenue from operations	25	33,280.86	25,471.27
Other income	26	977.79	880.97
Total income		34,258.65	26,352.24
Expenses			
Land purchase cost		10,493.24	2,070.99
Cost of materials consumed	27	3,659.79	1,982.21
Purchase of project materials		9,491.24	5,180.10
Changes in Inventories of raw materials, land stock, work in progress and finished goods	28	(9,955.85)	(1,225.29)
Sub-contractor cost		8,100.68	6,381.37
Employee benefits expense	29	2,944.75	2,512.16
Finance cost	30	2,423.80	2,993.70
Depreciation and amortisation expense	31	638.71	678.16
Other expenses	32	5,145.19	3,468.11
Total expenses		32,941.55	24,041.51
Profit before tax		1,317.10	2,310.73
Tax expenses			
Current tax	33	300.31	589.58
Deferred tax charge	33	63.90	29.67
Tax expense		364.21	619.25
Profit for the year		952.89	1,691.48
Other comprehensive income			
Item that will not be reclassified to profit or loss			
Re-measurement on defined benefit plan	37	(53.36)	(12.04)
Income tax relating to above	33	13.43	3.03
Other comprehensive income for the year, net of tax		(39.93)	(9.01)
Total comprehensive income for the year		912.96	1,682.47
Earnings per equity share [nominal value of ₹ 10 per share]			
Basic and diluted (in ₹)		10.05	17.83
(*) The comparative information is restated on account of correction of errors. Refer Note 45			
Summary of significant accounting policies	2.2		

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

As per our report of even date

For **Walker Chandiok & Co LLP**
 Chartered Accountants
 ICAI Firm registration number: 001076N/N500013

Manish Agrawal
 Partner
 Membership No.: 507000

Bengaluru
 29 May 2023

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

Ravi PNC Menon
 Chairman
 DIN: 02070036

Yogesh Bansal
 Chief Financial Officer

Bengaluru
 29 May 2023

Jagadish Nangineni
 Managing Director
 DIN: 01871780

Vigneshwar G Bhat
 Company Secretary and
 Compliance Officer
 ACS16651

SOBHA LIMITED

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

Particulars	Year ended 31 March 2023	year ended 31 March 2022 Restated
A. Cash flows from operating activities		
Profit before tax	1,317.10	2,310.73
Adjustments to reconcile profit before tax to net cash flows from operating activities		
Depreciation and amortization	638.71	678.16
Gain on sale of property, plant and equipment and Investment property	(1.00)	(351.00)
Finance costs (including fair value change in financial instruments)	2,423.80	2,993.70
Finance income (including fair value change in financial instruments)	(329.53)	(331.72)
Reversal of impairment loss on financial assets	(50.55)	
Share of (profit) /loss from partnership firm	(19.06)	5.73
Impairment of property, plant and equipment	58.70	-
Allowance for credit losses	313.83	14.98
Bad debts written off	-	3.54
Provision for land advances	168.16	-
Liabilities written back	(327.56)	(6.00)
Other advances written off	60.95	-
Operating profit before working capital changes	4,253.55	5,318.12
Working capital adjustments		
Changes in trade receivables	959.16	(1,717.17)
Changes in inventories	(10,036.52)	(1,442.10)
Changes in other current and non-current financial assets	1,181.92	1,284.00
Changes in other current and non-current assets	880.00	978.60
Changes in trade payables	1,868.63	(593.68)
Changes in provisions	102.37	39.29
Changes in other current financial liabilities	1,602.26	325.00
Changes in other current liabilities	11,472.69	4,306.00
Cash generated from operating activities	12,284.06	8,498.06
Income tax paid (net of refund)	(557.35)	(465.00)
Net cash flows from operating activities (A)	11,726.71	8,033.06
B. Cash flow from investing activities		
Purchase of property, plant and equipment, investment property and intangible assets	(1,221.37)	(256.52)
Proceeds from sale of property, plant and equipment and investment property	68.00	661.31
Loans to subsidiaries	(850.00)	(9.43)
Loans repaid by subsidiaries	549.84	-
Contribution to Partnership firm	(103.69)	(417.13)
Investments in fixed deposits (net)	(1,304.97)	(74.00)
Interest income	98.24	32.05
Net cash flows used in investing activities (B)	(2,763.95)	(63.72)
C. Cash flow from financing activities		
Repayments of current borrowings (net)	(6,438.87)	(8,842.36)
Proceeds from non-current borrowings	2,723.80	4,286.72
Repayment of non-current borrowings	(1,311.45)	(419.99)
Repayment of principal portion of lease liabilities	(52.10)	(48.17)
Repayment of interest portion of lease liabilities	(27.26)	(30.83)
Interest paid	(2,194.55)	(2,809.70)
Dividend paid on equity shares	(284.86)	(331.97)
Net cash flows used in financing activities (C)	(7,585.29)	(8,196.30)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	1,377.47	(226.96)
Cash and cash equivalents at the beginning of the year	1,346.04	1,573.00
Cash and cash equivalents at the end of the year (Refer Note 15)	2,723.51	1,346.04
Less: Book overdraft from scheduled banks (Refer Note 21)	(1,025.86)	(271.10)
Net Cash and cash equivalents at the end of the year	1,697.65	1,074.94

SOBHA LIMITED**STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023 (continued)**

(All amounts in ₹ millions, unless otherwise stated)

Note:

(i) Changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes:

Liabilities	As at 1st April 2022	Cash flow	Non-cash changes			As at 31 March 2023
			Amortization of transaction cost	Accrued Interest	Initial recognition of Lease Liability	
Borrowings from bank and other parties	23,816.44	(4,531.43)	109.35	-	-	19,394.36
Non-convertible debentures	495.09	(495.09)	-	-	-	-
Interest on Borrowings	34.05	(2,194.55)	-	2,188.65	-	28.15
Unclaimed dividend	2.32	(0.32)	-	-	-	2.00
Lease liabilities	253.49	(79.36)	-	27.26	31.42	232.81

Liabilities	As at 1st April 2021	Cash flow	Non-cash changes			As at 31 March 2022
			Amortization of transaction cost	Accrued Interest	Initial recognition of Lease Liability	
Borrowings from bank and other parties	29,291.78	(5,475.63)	0.29	-	-	23,816.44
Non-convertible debentures	-	500.00	(4.91)	-	-	495.09
Interest on Borrowings	10.85	(2,809.70)	-	2,832.90	-	34.05
Unclaimed dividend	2.33	(0.01)	-	-	-	2.32
Lease liabilities	279.18	(79.00)	-	30.83	22.48	253.49

The comparative information is restated on account of correction of errors. Refer Note 45

The above Standalone Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Ind AS 7, 'Statement of Cash flow'

Summary of significant accounting policies

2.2

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

As per our report of even date

For **Walker Chandiook & Co LLP**

Chartered Accountants

ICAI Firm registration number: 001076N/N500013

Manish Agrawal

Partner

Membership No.: 507000

Bengaluru

29 May 2023

For and on behalf of the Board of Directors of **Sobha Limited****Ravi PNC Menon**

Chairman

DIN: 02070036

Yogesh Bansal

Chief Financial Officer

Bengaluru

29 May 2023

Jagadish Nangineni

Managing Director

DIN: 01871780

Vigneshwar G Bhat

Company Secretary and

Compliance Officer

ACS16651

SOBHA LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

A. Equity share capital*

	Amount
Balance as at 1 April 2021	948.46
Changes in equity share capital during the year	-
Balance as at 31 March 2022	948.46
Balance as at 1 April 2022	948.46
Changes in equity share capital during the year	-
Balance as at 31 March 2023	948.46

B. Other equity**

	Attributable to owners of the Company				Items of OCI Other items of OCI	Total
	Capital redemp- tion reserve	Securities premium	General reserve	Retained earnings		
Balance as at 1 April 2021 (as previously reported)	119.47	9,328.92	4,235.65	8,239.58	(1.34)	21,922.28
Impact of correction of errors (Refer Note 45)	-	-	-	(1,438.99)	-	(1,438.99)
Balance as at 1 April 2021 (Restated)	119.47	9,328.92	4,235.65	6,800.59	(1.34)	20,483.29
Total comprehensive income for the year ended 31 March 2022 (Restated)						
Profit for the year	-	-	-	1,691.98	-	1,691.98
Other comprehensive income	-	-	-	-	(9.01)	(9.01)
Total comprehensive income for the year (restated)	-	-	-	1,691.48	(9.01)	1,682.47
Transfer to other reserves						
General reserve	-	-	112.85	(112.85)	-	-
Total transfer to other reserves	-	-	112.85	(112.85)	-	-
Transaction with owners, recorded directly in equity						
Dividend	-	-	-	(331.96)	-	(331.96)
Total distribution to owners	-	-	-	(331.96)	-	(331.96)
Balance as at 31 March 2022 (Restated)	119.47	9,328.92	4,348.50	8,039.42	(10.35)	21,833.80
Balance as at 31 March 2022 (previously reported)	119.47	9,328.92	4,348.50	8,923.29	(10.35)	22,709.83
Impact of correction of errors (Refer Note 45)	-	-	-	(876.03)	-	(876.03)
Balance as at 31 March 2022 (Restated)	119.47	9,328.92	4,348.50	8,047.26	(10.35)	21,833.80
Total comprehensive income for the year ended 31 March 2023						
Profit for the year	-	-	-	952.89	-	952.89
Other comprehensive income	-	-	-	-	(39.93)	(39.93)
Total comprehensive income for the year	-	-	-	952.89	(39.93)	912.96
Transfer to other reserves						
General reserve	-	-	95.29	(95.29)	-	-
Total transfer to other reserves	-	-	95.29	(95.29)	-	-
Transaction with owners, recorded directly in equity						
Dividend	-	-	-	(284.54)	-	(284.54)
Total distribution to owners	-	-	-	(284.54)	-	(284.54)
Balance As at 31 March 2023	119.47	9,328.92	4,443.79	8,620.32	(50.28)	22,462.22

(*) Refer Note 17

(**) Refer Note 18

Summary of significant accounting policies 2.2

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

As per our report of even date

For **Walker Chandio & Co LLP**

Chartered Accountants

ICAI Firm registration number: 001076N/N500013

Manish Agrawal

Partner

Membership No.: 507000

Bengaluru
29 May 2023

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

Ravi PNC Menon

Chairman

DIN: 02070036

Yogesh Bansal

Chief Financial Officer

Bengaluru
29 May 2023

Jagadish Nangineni

Managing Director

DIN: 01871780

Vigneshwar G Bhat

Company Secretary and

Compliance Officer

ACS16651

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1 Corporate information

Sobha Limited (the 'Company') was incorporated on 07 August 1995 under the provision of erstwhile Companies Act, 1956. The Company is engaged in the business of real estate 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 Sobha's turnkey projects.

The Company is a public limited company, incorporated and domiciled in India and has its registered office at, Sarjapur – Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bengaluru - 560 103. The Company's equity shares are listed on two recognized stock exchanges in India namely National Stock Exchange of India Limited and BSE Limited.

2.1 Basis of preparation

a. Statement of Compliance

The standalone financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind-AS) specified under section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules 2015 and other accounting principles generally accepted in India.

The standalone financial statements for the year ended 31 March 2023 were authorized and approved for issue by the Board of Directors on 29 May 2023. The revision to financial statements is permitted by Board of Directors after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of Companies Act, 2013.

b. Functional and presentation currency

These standalone financial statements are presented in Indian Rupee ('₹') which is also the functional and presentation currency of the Company. All amounts have been rounded-off to the nearest million (two decimals), unless otherwise indicated.

c. Basis of measurement

These standalone financial statements have been prepared on going concern basis under the historical cost basis except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

d. Use of estimates

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. The Management believes that, although these estimates used in preparation of the financial statements are prudent and reasonable and are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities. The effect of change in an accounting estimate is recognized prospectively. Significant management judgement in applying accounting policies and estimation uncertainty have been disclosed in note 2.3.

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

e. Fair value measurement

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116, 'Leases', and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2, 'Inventories', or value in use in Ind AS 36, 'Impairment of assets'.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques have been disclosed in note 2.2(o)(xi).

f. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

The Company classifies an asset as current asset when:

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the asset primarily for the purpose of trading;
- it expects to realise the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent unless the asset is 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 classified as current when –

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

The real estate development projects undertaken by the Company generally run over a period ranging up to 5 years. Based on the nature of service and the time between the acquisition of assets for development and their realization in cash and cash equivalents, Operating assets and liabilities relating to such projects are classified as current based on an operating cycle as 5 years. For all other assets and liabilities the Company has considered twelve months.

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2.2 Significant accounting policies

a) Revenue recognition

I. Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts and other credits, if any, as specified in the contract with the customer. The Company presents revenue from contracts with customers net of indirect taxes in its statement of profit and loss.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

The Company has applied five step model as per Ind AS 115 'Revenue from contracts with customers' to recognise revenue in the standalone financial statements. The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- a)** The Customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- b)** The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- c)** The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where any of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue is recognised either at point of time or over a period of time based on various conditions as included in the contracts with customers.

The billing schedules agreed with customers include periodic performance-based billing and/or milestone-based progress billings. Revenues in excess of billing are classified as unbilled revenue, while billing in excess of revenues is classified as contract liabilities (which we refer to as deferred revenues).

i) Recognition of revenue from sale of real estate property

Revenue from real estate development of residential unit is recognised at the point in time, when the control of the asset is transferred to the customer, which generally coincides with transfer of physical possession of the residential unit to the customer ie., handover/deemed handover of the residential units. Deemed handover of the residential units is considered upon intimation to the customers about receipt of occupancy certificate and receipt of substantial sale consideration.

Revenue consists of sale of undivided share of land and constructed area to the customer, which have been identified by the Company as a single performance obligation, as they are highly interrelated/interdependent.

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Further, for projects executed through joint development arrangements not being jointly controlled operations, wherein the land owner/possessor provides land and the Company undertakes to develop properties on such land and in lieu of land owner providing land, the Company has agreed to transfer certain percentage of constructed area or certain percentage of the revenue proceeds, the revenue from the development and transfer of constructed area/revenue sharing arrangement in exchange of such development rights/land is being accounted on gross basis on launch of the project. Revenue is recognised over time using input method, on the basis of the inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation.

The revenue is measured at the fair value of the land received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the land received cannot be measured reliably, the revenue is measured at the fair value of the estimated construction service rendered to the land owner, adjusted by the amount of any cash or cash equivalents transferred. The fair value so estimated is considered as the cost of land in the computation of percentage of completion for the purpose of revenue recognition as mentioned above.

For contracts involving sale of real estate unit, the Company receives the consideration in accordance with the terms of the contract in proportion of the percentage of completion of such real estate project and represents payments made by customers to secure performance obligation of the Company under the contract enforceable by customers. Such consideration is received and utilised for specific real estate projects in accordance with the requirements of the Real Estate (Regulation and Development) Act, 2016. Consequently, the Company has concluded that such contracts with customers do not involve any financing element since the same arises for reasons explained above, which is other than for provision of finance to/from the customer.

ii) Recognition of revenue from contractual projects

Revenue from contractual project is recognised over time, using an input method with reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

The Company recognises revenue only when it can reasonably measure its progress in satisfying the performance obligation. Until such time, the Company recognises revenue to the extent of cost incurred, provided the Company expects to recover the costs incurred towards satisfying the performance obligation.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately when such probability is determined.

iii) 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.

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

iv) Recognition of revenue from glazing works

Revenue from glazing projects is recognised over time, using an output method with reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of the budgeted cost associated to the units produced/installed for work performed to date relative to the total contractual obligation of production/installation of such units.

The Company recognises revenue only when it can reasonably measure its progress in satisfying the performance obligation. Until such time, the Company recognises revenue to the extent of cost incurred, provided the Company expects to recover the costs incurred towards satisfying the performance obligation.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately when such probability is determined.

v) Recognition of revenue from interior works and sale of concrete products and scrap

Revenue is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. Revenue excludes indirect taxes and is after deduction of any trade discounts.

vi) Recognition of revenue from maintenance and other services

Revenue in respect of maintenance services and other services is recognised on an accrual basis, in accordance with the terms of the respective contract as and when the Company satisfies performance obligations by delivering the services as per contractual agreed terms.

vii) Other operating income

Interest on delayed receipts, cancellation/forfeiture income, transfer fees, marketing fee from customers are recognised based upon underlying agreements with customers and when reasonable certainty of collection is established.

viii) Contract balances

Contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

ix) Cost to obtain a contract

The Company recognises as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. The Company incurs costs such as sales commission when it enters into a new contract, which are directly related to winning the contract. The asset recognised is amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

II. 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.

III. 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.

IV. Share in profit/loss of Limited liability partnership (LLPs) and partnership firms

The Company's share in profits/losses from LLPs and partnership firm, where the Company is a partner, is recognised as income/loss in the statement of profit and loss as and when the right to receive its profit/loss share is established by the Company in accordance with the terms of contract between the Company and the partnership entity. Share in profit/loss is recorded under Partners Current Account.

V. Interest income

Interest income, including income arising from other financial instruments, is recognised using the effective interest rate method.

b) Borrowing cost

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

The Company treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

c) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined based on a weighted average basis. Net realizable 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.

I. Related to real estate and contractual activity

Direct expenditure relating to real estate 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

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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 real estate activity. Cost incurred/items purchased specifically for projects are taken as consumed as and when incurred/received.

i)	Work-in-progress (Real estate)	Represents cost incurred in respect of projects where the revenue is yet to be recognized and includes cost of land (including development rights and non-refundable deposits paid, if any under joint development arrangements ('JDA')), internal development costs, external development charges, construction costs, overheads, borrowing cost etc. Land/development rights received under JDA is measured at the fair value of the estimated construction service rendered to the land owner and the same is accounted on launch of the project.
ii)	Stock of units/plots in completed real estate projects	Represents cost incurred in respect of completed real estate project net cost of revenue.
iii)	Building materials	Cost comprises of purchase price and other costs incurred in bringing the inventories to their present location and condition.
iv)	Land stock	Represents land other than area transferred to work-in-progress at the commencement of construction. Cost comprises of purchase price under agreement to purchase, stamp duty, registration charges, brokerage cost and other incidental expenses.

II. Related to glazing, interiors and concrete products activity

i)	Raw material, components and stores	Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
ii)	Work-in-progress and Finished goods	Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

d) Advance paid towards land procurement

Advances paid by the Company to the seller/intermediary towards outright purchase of land is recognised as land advance under other assets 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. Management is of the view that these advances are given under normal trade practices and are neither in the nature of loans nor advance in the nature of loans. (Refer note 14)

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**e) Foreign currency transactions and balances****i) Initial recognition**

Foreign currency transactions are recorded in the functional currency, by applying the exchange rate between the functional currency and the foreign currency at the date of the transaction.

ii) Conversion

Foreign currency monetary items are retranslated 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. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

iii) Exchange differences

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as income or as expense in the period in which they arise.

f) Property, plant and equipment**i) Recognition and initial measurement**

Property, plant and equipment at their initial recognition are stated at their cost of acquisition. Cost of an item of property, plant and equipment comprises its purchase price, borrowing costs (if capitalization criteria are met), import duties, non-refundable taxes and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The Company identifies and determines cost of each component/part of the asset separately, if the component/part have a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour, borrowing costs (if capitalization criteria are met) and any other costs directly attributable to bringing the asset to working condition for its intended use.

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.

ii) Subsequent measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses, if any. 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 recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

iii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

iv) Derecognition

An item of Property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the Property, plant and equipment is de-recognized.

g) Investment property

i) Recognition and initial measurement

Investment property is property held either to earn rental income or for capital appreciation or for both. Upon initial recognition, an investment property is measured at cost, including related transaction costs. The cost comprises purchase price, cost of replacing parts, borrowing cost, if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

The cost of a self-constructed item of Investment property comprises the cost of materials, direct labour, borrowing costs (if capitalization criteria are met) and any other costs directly attributable to bringing the asset to working condition for its intended use.

ii) Subsequent measurement

Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

iii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

iv) Derecognition

Investment property is derecognised either when control of the same is transferred to the buyer or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

v) Reclassification from / to investment property

Transfers to (or from) investment property are made only when there is a change in use. Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

vi) Fair value disclosure

Though the Company measures investment property using cost-based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

h) Depreciation on property, plant and equipment and Investment property

Depreciation is calculated on written down value basis using the following useful lives prescribed under Schedule II of the Act, except where specified.

Particulars	Useful lives estimated by the management (in years)
Property, plant and equipment	
Factory buildings	30
Buildings - other than factory buildings	60
Buildings - temporary structure for precast plant	8
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
iv. Plant and machinery - Precast plant	8
v. Plant and machinery - Others	3-5
Furniture and fixtures	10
Motor vehicles - Two wheelers	10
Motor vehicles - Four wheelers	8
Computers	
i. Computer equipment	3
ii. Servers and network equipment	6
Office equipment	5
Investment property	
Buildings - other than factory buildings	60
Buildings - One Sobha	46-48
Plant and machinery	
i. General plant and machinery	15
ii. Plant and machinery	12
Office equipments	5
Furniture and fixtures	10

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of building and plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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.

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Leasehold land is amortized on a straight-line basis over the balance period of lease

Freehold land is not depreciated and is stated at cost less impairment loss, if any.

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.

i) Capital work-in-progress and intangible assets under development

Capital work-in-progress and intangible assets under development represents expenditure incurred in respect of capital projects/intangible assets under development which are not yet ready for their intended use and are carried at cost less accumulated impairment loss, if any.

Depreciation/amortisation is not provided on capital work-in-progress and intangible assets under development until construction/installation are complete and the asset is ready for its intended use.

j) 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. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is derecognised.

k) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

I. Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 2.2(p)(ii) on impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

II. Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Assets subject to operating leases are included under Investment property.

Lease income from operating lease is recognized on a straight-line basis over the term of the relevant lease including lease income on fair value of refundable security deposits, unless the lease agreement explicitly states that increase is on account of inflation. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

l) Retirement and other employee benefits

i) Employee Provident Fund and Employee State Insurance

Retirement benefits in the form of state governed Employee Provident Fund and Employee State Insurance are defined contribution schemes (collectively the 'Schemes'). The Company has no obligation, other than the contribution payable to the Schemes. The Company recognizes contribution payable to the Schemes as expenditure, when an employee renders the related service. The contribution paid in excess of amount due is recognized as an asset and the contribution due in excess of amount paid is recognized as a liability.

ii) Gratuity

Gratuity is a post-employment benefit and is in the nature of a defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit/ obligation at the balance sheet date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit/ obligation is calculated at or near the balance sheet date by an independent actuary using the projected unit credit method. This is based on standard rates of inflation, salary growth rate and mortality. Discount factors are determined close to each year-end by reference to market yields on government bonds that have terms to maturity approximating the terms of the related liability. Service cost and net interest expense on the Company's defined benefit plan is included in statement of profit and loss. Actuarial gains/ losses resulting from re-measurements of the liability are included in other comprehensive income in the period in which they occur and are not reclassified to profit or loss in subsequent periods.

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.

iii) Compensated absences

Accumulated leave, which is expected to be utilized within the next twelve 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 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.

iv) Other short-term benefits

Short-term employee benefits comprising employee costs including performance bonus is recognized in the statement of profit and loss on the basis of the amount paid or payable for the period during which services are rendered by the employee.

m) Provisions, contingent assets and contingent liabilities

i) Provisions

Provisions are recognized only when there is a present obligation (legal or constructive), as a result of past events and it is probable that an outflow of resources embodying economic

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

benefits will be required to settle the obligation and when a reliable estimate of the amount of obligation can be made at the reporting date. Provisions are discounted to their present values, where the time value of money is material, 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.

When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

ii) Onerous contracts

If the Company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Company recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e. the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

iii) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within 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 it in the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

iv) Contingent assets

Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

n) Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognized in the statement of profit and loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

i) Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for that period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

ii) Deferred income tax

Deferred income tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

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.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

o) 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.

i) Initial recognition and measurement of financial assets and liabilities

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value, however, trade receivables and trade payables that do not contain a significant financing component are measured at transaction value and investments in subsidiaries are measured at cost in accordance with Ind AS 27 - Separate financial statements. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

ii) Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii) Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iv) Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in statement of profit and loss.

v) Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized 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 amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

vi) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments. Gains or losses on liabilities held for trading are recognized in the profit or loss.

vii) Financial liabilities at amortized cost

Financial liabilities are subsequently carried at amortized cost using the effective interest ('EIR') method.

Interest-bearing loans and borrowings are subsequently measured at amortized cost using EIR method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

viii) De-recognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

ix) Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial instruments.

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

x) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

xi) Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

Fair value hierarchy:

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

xii) Investment in equity instruments of subsidiaries (including partnership firms), joint ventures and associates

Investment in equity instruments of subsidiaries, joint ventures and associates are stated at cost as per Ind AS 27 'Separate Financial Statements'. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is assessed for recoverability and in case of permanent diminution, provision for impairment is recorded in statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

p) Impairment

i) Financial assets

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets (except financial assets valued through fair value through profit or loss) is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes 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.

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**ii) Non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognized in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

- iii)** Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit and loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase .

q) Segment reporting**i) Identification of segments**

In accordance with Ind AS 108 – Operating Segment, the operating segments used to present segment information are identified on the basis of information reviewed by the Company's management to allocate resources to the segments and assess their performance. An operating segment is a component of the Company that engages in business activities from which it earns revenues and incurs expenses, including revenues and expenses that relate to transactions with any of the Company's other components. Results of the operating segments are reviewed regularly by the Managing Director who has been identified as the chief operating decision maker (CODM), to make decisions about resources to be allocated to the segment and assess its performance.

ii) Inter-segment transfers

The Company generally accounts for intersegment sales and transfers at appropriate margins.

iii) Unallocated items

Unallocated items include general corporate asset, liability, income and expense items which are not allocated to any business segment.

iv) Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the standalone financial statements of the Company as a whole.

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

r) Cash dividend to equity holders of the Company

The Company recognizes a liability to make cash distributions to equity holders of the Company when the distribution is authorized 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.

s) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

t) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

u) Restatement

The Company restates its financial statements and presents a third balance sheet as at the beginning of the preceding period if it applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements that has a material effect on the information in the balance sheet at the beginning of the preceding period.

The Company corrects material prior period errors retrospectively in the first set of financial statements approved for issue after their discovery by (a) restating the comparative amounts for the prior periods presented in which the error occurred; or (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

2.3 Significant accounting judgements, estimates and assumptions

Significant accounting judgements, estimates and assumptions used by management are as below

Determination of performance obligations and timing of revenue recognition on revenue from real estate development [Refer note 2.2(a)(l)(i)]

Existence of a significant financing component in contract with customers [Refer note 2.2(a)(l)(i)]

Accounting for revenue and land cost for projects executed through joint development arrangement [Refer note 2.2(a)(l)(i)]

Computation of percentage completion for projects in progress, project cost, revenue and saleable area estimates [Refer note 2.2(a)(l)(ii)]

Estimation of net realizable value for inventory [Refer note 2.2(c)], land advance and refundable deposits paid under JDA [Refer note 2.2 (d)]

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Provision for litigations and contingencies [Refer note 2.2(m)]

Useful life and residual value of property, plant and equipment, investment property and intangible assets [Refer note 2.2(h)]

Evaluation of indicators and impairment of financial and non-financial assets [Refer note 2.2(p)]

Classification of property as investment property or inventory [Refer note 2.2(g)]

Fair value measurement disclosures [Refer note 2.2(o)]

Provision for tax [Refer note.2.2(n)]

3 Recent accounting pronouncements

The Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1, Presentation of Financial Statements – This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after 01 April 2023.

Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors – This amendment has introduced a definition of ‘accounting estimates’ and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after 01 April 2023.

Ind AS 12, Income Taxes – This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after 01 April 2023.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

New and amended standards adopted by the Company.

The Ministry of Corporate Affairs had vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amended certain accounting standards, and are effective 1 April 2022. These amendments did not have any impact on the amounts recognised in current period and are not expected to significantly affect the future periods.

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

4. Property, plant and equipment

Cost	Freehold land	Factory buildings	Other buildings	Plant and machinery	Scaffolding items	Furniture and fixtures	Vehicles	Computers	Office equipment	Total
As at 1 April 2021 (Restated)	81.90	664.81	1,085.02	1,919.44	1,891.19	44.93	12.71	164.76	31.60	5,896.36
Additions during the year	-	-	0.01	54.27	118.97	2.89	0.03	32.97	4.14	213.28
Disposal during the year	(14.82)	(12.24)	-	(11.84)	(28.79)	-	(0.11)	(1.61)	(0.04)	(69.45)
As at 31 March 2022 (Restated)	67.08	652.57	1,085.03	1,961.87	1,981.37	47.82	12.63	196.12	35.70	6,040.19
Additions during the year	-	-	38.92	59.86	383.61	4.36	3.59	34.45	5.26	530.05
Disposal during the year	-	-	-	(24.40)	(12.52)	(0.18)	(0.01)	(2.72)	(0.34)	(40.17)
As at 31 March 2023	67.08	652.57	1,123.95	1,997.33	2,352.46	52.00	16.21	227.85	40.62	6,530.07
Accumulated depreciation and impairment loss										
As at 1 April 2021 (Restated)	-	400.00	349.22	1,106.45	1,126.92	33.01	7.96	128.03	24.25	3,175.84
Charge for the year	-	68.69	39.95	209.57	187.69	2.95	0.84	27.79	3.79	541.27
Disposal during the year	-	(7.49)	-	(9.52)	(4.39)	-	(0.07)	(1.54)	(0.04)	(23.05)
As at 31 March 2022 (Restated)	-	461.20	389.17	1,306.50	1,310.22	35.96	8.73	154.28	28.00	3,694.06
Charge for the year	-	67.93	46.85	140.44	199.58	3.08	1.04	28.95	4.34	492.21
Impairment loss	2.85	-	55.62	0.24	-	-	-	-	-	58.71
Disposal during the year	-	-	-	(20.13)	(7.48)	(0.14)	(0.01)	(2.43)	(0.31)	(30.50)
As at 31 March 2023	2.85	529.13	491.64	1,427.05	1,502.32	38.90	9.76	180.80	32.03	4,214.48
Net carrying value										
As at 31 March 2023	64.23	123.44	632.31	570.28	850.14	13.10	6.45	47.05	8.59	2,315.59
As at 31 March 2022 (Restated)	67.08	191.37	695.86	655.37	671.15	11.86	3.90	41.84	7.70	2,346.13

Note:

- a) **Contractual obligations**
The contractual commitments pending for the acquisition of property, plant and equipment as at 31 March 2023 is ₹ 250.03 (31 March 2022: ₹ 146.80)
- b) **Property, plant and equipment pledged as security**
Refer Note.43 for details of Property, plant and equipment pledged as security for borrowings.
- c) The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favor of the lessee), are held in the name of the Company.
- d) The Company has not revalued its property, plant and equipment during the current or previous year.
- e) The comparative information is restated on account of correction of errors. Refer Note 45

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

5 Investment property

Particulars	Other assets forming part of Building					Total
	Right to Use - Land	Buildings	Plant and machinery	Furniture and fixtures	Office equipment	
Cost						
As at 1 April 2021 (Restated)	142.84	1,924.60	143.49	0.66	0.28	2,211.87
Additions during the year	-	114.23	-	-	-	114.23
Disposal during the year	-	-	-	-	-	-
As at 31 March 2022 (Restated)	142.84	2,038.83	143.49	0.66	0.28	2,326.10
Additions during the year	-	671.30	1.67	0.07	3.76	676.80
Disposal during the year	-	-	-	-	-	-
As at 31 March 2023	142.84	2,710.13	145.16	0.73	4.04	3,002.90
Accumulated depreciation and amortisation						
As at 1 April 2021 (Restated)	-	62.50	29.61	0.54	0.19	92.84
Charge for the year	3.01	41.49	20.61	0.01	-	65.12
Disposal during the year	-	-	-	-	-	-
As at 31 March 2022 (Restated)	3.01	103.99	50.22	0.55	0.19	157.96
Charge for the year	3.01	56.39	16.95	0.01	0.66	77.02
Disposal during the year	-	-	-	-	-	-
As at 31 March 2023	6.02	160.38	67.17	0.56	0.85	234.98
Carrying amount						
As at 31 March 2023	136.82	2,549.75	77.99	0.17	3.19	2,767.92
As at 31 March 2022 (Restated)	139.83	1,934.84	93.27	0.11	0.09	2,168.14

- a. The investment property is constructed/ developed on a leasehold land where the company is the lessee and the lease agreement is duly executed in favour of the lessee. As the Right-of-use assets meet the definition of investment property, and hence presented within 'investment property.
- b. Investment property comprises of commercial property and various clubhouses, that is leased to third parties. Each of the leases contains an initial non-cancellable period of 2-3 years. The Company has no restrictions on the realisability of its investment property.
- c. **Fair value of investment property**
The fair value of Investment property is ₹ 5,878.10 (31 March 2022: ₹ 4,432). The valuations is based on valuation performed by an accredited independent valuer and is a registered valuer as defined under Rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. The fair value of the Company's investment properties have been arrived at using discounted cash flow method, direct comparison approach, and depreciated replacement cost method. Under discounted cash flow method, cash flow projections based on reliable estimates of cash flow are discounted. The main inputs used are rental growth rate, expected vacancy rates, discount rates, and transacted values of similar properties which are based on comparable transactions and industry data. The fair value measurement of the investment property has been categorised as a Level 3 fair value (discounted cash flow method) and level 2 fair value (direct comparison and depreciated replacement cost method) based on the inputs to the valuation technique used (Refer Note 40b)
- d. **Investment property pledged as security**
Refer Note.43 for details of investment property pledged as security for borrowings.
- e. **Amounts recognised in profit or loss**

Particulars	31 March 2023	31 March 2022
Rental income derived from investment properties (Refer Note 25B)	318.09	310.48
Direct operating expenses (including repairs and maintenance) that generated rental income	(31.10)	(55.50)
Direct operating expenses (including repairs and maintenance) that did not generate rental income	-	-
Profit arising from investment properties before depreciation and indirect expenses	286.99	254.98
Less: Depreciation	(77.02)	(65.12)
Profit arising from investment properties before indirect expenses	209.97	189.86

- f. The comparative information is restated on account of correction of errors. Refer Note 45

SOBHA LIMITED**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

6 Investment property under development

	Amount
As at 1 April 2021	700.58
Additions during the year	-
Disposals during the year (refer note 'a')	(637.27)
Capitalised during the year	(63.31)
As at 31 March 2022	-
Additions during the year	-
Disposals during the year	-
Capitalised during the year	-
As at 31 March 2023	-

a. During the year ended 31 March 2022, the Company has relinquished its right over partial constructed property in favour of a third party for a upfront consideration as mutually agreed upon and the resultant gain amounting to ₹31.74 is disclosed under 'Other income' as 'Profit on sale of investment property'.

7 Intangible asset under development

	Software
As at 1 April 2021	-
Additions during the year	-
As at 1 April 2022	-
Additions during the year	17.62
As at 31 March 2023	17.62

Contractual obligations

The contractual commitments pending for the acquisition of intangible asset under development as at 31 March 2023 is ₹ 13.93 (31 March 2022: ₹Nil)

Ageing of intangible assets under development as at 31 March 2023

Particulars	Amount in intangible assets under development for a period of				Total
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
Projects in progress *	17.62	-	-	-	17.62
Projects temporarily suspended	-	-	-	-	-
Total	17.62	-	-	-	17.62

(*) There are no projects in progress under 'Intangible assets under development' whose completion is overdue or has exceeded its cost compared to its original plan.

8 Intangible assets

	Software	Intellectual property rights	Total
Cost			
As at 1 April 2021	15.33	0.05	15.38
Additions during the year	0.26	-	0.26
As at 31 March 2022	15.59	0.05	15.64
Additions during the year	-	-	-
As at 31 March 2023	15.59	0.05	15.64
Amortisation			
As at 1 April 2021	15.12	0.05	15.17
Charge for the year	0.33	-	0.33
As at 31 March 2022	15.45	0.05	15.50
Charge for the year	0.08	-	0.08
As at 31 March 2023	15.53	0.05	15.58
Carrying amount			
As at 31 March 2023	0.06	-	0.06
As at 31 March 2022	0.14	-	0.14

Note: The Company has not revalued its intangible assets during the current or previous year.

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

9 Investments (Non-Current)

Particulars	Note	As at 31 March 2023	As at 31 March 2022
Investment in equity instruments	A	1,385.32	1,385.32
Investment in preference shares	B	77.00	77.00
Investments in partnership firm	C	1,909.56	1,787.41
Investments in Limited Liability Partnership (LLP) firm	D	1,149.33	1,148.73
Investments in Government or trust securities	E	0.08	0.08
		4,521.29	4,398.54

No. of shares				Amount	
31 March 2023	% of holding	31 March 2022	% of holding	As at 31 March 2023	As at 31 March 2022

Investments carried at cost

Trade investments (valued at cost unless stated otherwise)

A Investment in equity instruments (Unquoted)

Investment in subsidiaries

(i) Sobha Highrise Ventures Private Limited (#)

Class A equity shares of ₹ 10 each (in ₹) fully paid-up	199,999	100%	199,999	100%	2.00	2.00
Class C equity shares of ₹ 33.90 each (in ₹) fully paid-up	10,200,000	100%	10,200,000	100%	345.78	345.78
Class D equity shares of ₹ 10 each (in ₹) fully paid-up	2,500,000	100%	2,500,000	100%	25.00	25.00
(ii) Sobha Developers (Pune) Limited (*)	5,26,320	100%	5,26,320	100%	986.41	986.41
(iii) Sobha Nandambakkam Developers Limited (^)	50,000	100%	50,000	100%	13.74	13.74
(iv) Sobha Tambaram Developers Limited (^)	50,002	100%	50,002	100%	2.24	2.24
(v) Sobha Assets Private Limited (^)	10,000	100%	10,000	100%	0.10	0.10
(vi) Sobha Construction Products Private Limited (^)	1,000,000	100%	1,000,000	100%	10.00	10.00
					1,385.27	1,385.27

Investment in associate

(i) C.V.S.Tech Park Private Limited	4,900	49%	4,900	49%	0.05	0.05
-------------------------------------	-------	-----	-------	-----	------	------

B Investment in preference shares (Unquoted) (Refer note '(i)' below)

Investment in subsidiary

Sobha Highrise Ventures Private Limited (#)	7,700,000	100%	7,700,000	100%	77.00	77.00
---	-----------	------	-----------	------	-------	-------

C Investments in partnership firm (refer note '(ii)' below)

In Subsidiary

99% (31 March 2023 - 99%) share in the profits of partnership firm:

Sobha City

- Capital account					399.99	399.99
- Current account					1,381.57	1,259.42
- Additional consideration paid for acquisition of capital					128.00	128.00
					1,909.56	1,787.41

D Investments in Limited Liability Partnership (LLP) firm

In Joint Venture

50% (31 March 2023 - 50%) share in the profits of partnership firm:

Kondhwa Projects LLP

- Capital account					0.05	0.05
- Current account					1,149.28	1,148.68
					1,149.33	1,148.73

Total investments carried at cost

					4,521.21	4,398.46
--	--	--	--	--	-----------------	-----------------

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

Investments at amortized cost		
E Investment in Government or trust securities (unquoted)		
National savings certificates	0.08	0.08
Total investments carried at amortised cost	0.08	0.08
Total investments	4,521.29	4,398.54
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments	4,521.29	4,398.54
Aggregate amount of impairment in value of investments	-	-

(*) Represents equity shares of ₹10/- each (in ₹) and fully paid up

(*) Represents equity shares of ₹ 1/- each (in ₹) and fully paid up

(#) Represents multiple class of equity shares (Class A, Class C and Class D) of face value ₹10/- each (in ₹) and fully paid up and compulsorily convertible preference shares of ₹10/- (in ₹) each and fully paid up

The principle place of business of all the investments of the Company is India

Note

(i) The Company has subscribed to 0.001% unsecured, non-cumulative, Compulsorily Convertible Preference shares (CCPSs) of ₹10/- each (in ₹). At the option of holder, these CCPSs are convertible into fixed number of equity shares in one or more tranches within a period of 19 years from the date of allotment.

(ii) The particulars of partners of the partnership firm, their capital contribution and profit sharing ratio is as under:

Name of partners	As at 31 March 2023		As at 31 March 2022	
	Share of profit (%)	Capital	Share of profit (%)	Capital
Investment in Sobha City				
Sobha Limited	99%	399.99	99%	399.99
Sobha Developers (Pune) Limited	1%	0.01	1%	0.01
	100%	400.00	100%	400.00

(iii) The Company has complied with number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

10 Inventories

(Valued at cost or net realisable value, which ever is lower)

Particulars	As at	As at
	31 March 2023	31 March 2022
		Restated
Raw materials, components and stores	717.54	636.87
Building materials	1,336.47	75.80
Land stock (*)	5,635.90	3,232.70
Work-in-progress		
- Real estate projects (*)	60,665.72	56,880.19
- Others	491.94	955.86
Stock of units in completed real estate projects (*)	13,957.80	10,990.05
Finished goods	61.53	58.91
	82,866.90	72,830.38

(*)Refer note 43 for details of inventories pledged as security for borrowings.

Note:

The write-down (net) of inventories to net realisable value for the year ended 31 March 2023 is ₹ 124 (31 March 2022: ₹ Nil). This was recorded as an initially expense during the respective years and included in 'changes in inventories' in standalone statement of profit and loss.

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

11 Trade receivables

	Non-current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
		Restated		Restated
Trade receivables considered good - unsecured	795.18	654.56	2,669.94	3,792.07
Trade receivables - credit impaired	-	-	29.12	29.12
	795.18	654.56	2,699.06	3,821.19
Less: Impairment allowance (allowance for credit loss)				
Trade receivables considered good - unsecured	-	-	(572.34)	(289.93)
Trade receivables - credit impaired	-	-	(29.12)	(29.12)
Net trade receivables	795.18	654.56	2,097.60	3,502.14

Note:

- a. Trade receivables due by firms or private companies in which the director of the Company is a partner or a director or a member
- b. Trade receivables from other related parties
- c. Refer Note.43 for details of Trade receivables pledged as security for borrowings.

d. Trade receivable ageing schedule

As at 31 March 2023	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables-considered good	1,006.41	1,029.70	508.66	268.28	202.33	449.74	3,465.12
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivables-credit impaired	-	-	-	-	-	29.12	29.12
Disputed Trade receivables-considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables-credit impaired	-	-	-	-	-	-	-
Total	1,006.41	1,029.70	508.66	268.28	202.33	478.86	3,494.24

As at 31 March 2022 (Restated)	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables-considered good	817.14	869.54	1,875.92	261.34	270.32	352.37	4,446.63
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivables-credit impaired	-	-	-	-	-	29.12	29.12
Disputed Trade receivables-considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables-credit impaired	-	-	-	-	-	-	-
Total	817.14	869.54	1,875.92	261.34	270.32	381.49	4,475.75

- e. Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

12 Loans

	Non-current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
				Restated
Loans to related parties (refer note 35)				
Loans receivables considered good – unsecured	229.52	-	437.65	342.88
Loans receivables – credit impaired	8.34	-	-	-
	237.86	-	437.65	342.88
Less: Allowances for credit loss				
Loans receivables – credit impaired	(8.34)	-	-	-
Net loans	229.52	-	437.65	342.88

Note

Loans and advances to Directors / KMP / Related Parties repayable on demand	As at 31 March 2023		As at 31 March 2022	
	Amount outstanding	Percentage of Total	Amount outstanding	Percentage of Total
Related parties	675.51	100%	342.88	100%
	675.51	100%	342.88	100%

There are no loans due from directors or other officers either severally or jointly with any other person.

13 Other financial assets

	Non- Current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
		Restated		Restated
Unsecured, considered good				
Refundable deposits towards joint development agreement	180.00	1,190.56	3,226.74	2,772.61
Security deposits	42.51	38.57	127.21	133.38
External/Internal development charges	-	-	1,284.84	1,893.82
Other advances	-	-	80.00	84.88
Fixed deposits with maturity for more than 12 months				
- Pledged/ under lien/ earmarked/ margin money	151.04	143.05	-	-
Unsecured, credit impaired				
Refundable deposits towards joint development agreement	-	-	-	50.55
Allowances for credit loss	-	-	-	(50.55)
	373.55	1,372.18	4,718.79	4,884.69

Note: Refer Note 43 for details of deposits pledged as security for borrowings

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

14 Other assets

	Non-current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
		Restated		Restated
Unsecured, considered good				
Land advances *	9,021.93	3,376.17	627.03	7,160.77
Advances recoverable in kind	-	-	883.18	499.87
Prepaid expenses	-	-	1,013.08	711.40
Balances with statutory/ government authorities	-	-	982.03	1,086.89
Unbilled revenue ^	-	-	1,801.76	3,324.71
Other receivables	275.17	323.37	771.86	-
Unsecured, considered doubtful				
Land advances	168.16	15.00	-	-
Less: Provision for doubtful advances	(168.16)	(15.00)	-	-
	9,297.10	3,699.54	6,078.94	12,783.64

(*) 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.

(^) Classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

Note

	Non-current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
		Restated		Restated
a Advances recoverable in kind from firms or companies in which the director of the Company is a partner or a director	-	-	10.02	-
b Includes from related parties				
Land advances (refer note 35)	8,212.92	2,914.29	-	5,547.84
Advances recoverable in kind (refer note 35)	-	-	304.91	253.93
Unbilled revenue	-	-	73.47	237.24

15 Cash and cash equivalents

	As at 31 March 2023	As at 31 March 2022
Balances with banks in current accounts	2,590.10	1,255.23
Cash on hand	8.36	15.83
Cheques/ drafts on hand	125.05	74.98
	2,723.51	1,346.04

Note: Includes amount held in escrow account for projects under Real Estate Regulation and Development Act, 2016, to be utilised for project specific purposes.

1,755.66

546.54

SOBHA LIMITED**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

16 Bank balance other than cash and cash equivalents

	As at 31 March 2023	As at 31 March 2022
Earmarked bank balances		
- On unclaimed dividend account	2.00	2.32
Fixed deposits with banks with maturity less than 12 months (*)		
- Pledged/ under lien/ earmarked/margin money	1,679.32	382.02
	1,681.32	384.34

(*) Refer Note 43 for details of deposits pledged as security for borrowings.

17 Equity share capital

	31 March 2023		31 March 2022	
	No of shares	Amount	No of shares	Amount
Authorised shares (*)				
Equity shares of ₹10 each (in ₹)	150,000,000	1,500.00	150,000,000	1,500.00
Issued, subscribed and fully paid-up shares				
Equity shares of ₹10 each (in ₹) fully paid up	94,845,853	948.46	94,845,853	948.46
Total issued, subscribed and fully paid-up share capital	94,845,853	948.46	94,845,853	948.46

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

	31 March 2023		31 March 2022	
	No of shares	Amount	No of shares	Amount
Equity shares				
At the beginning of the year	94,845,853	948.46	94,845,853	948.46
Outstanding at the end of the year	94,845,853	948.46	94,845,853	948.46

(*) Excludes 5,000,000, 7% Redeemable preference shares of ₹ 100 each (in ₹) amounting to ₹ 500 (31 March 2022: ₹ 500)

(b) Terms/rights attached to equity shares

The Company has issued only one class of equity shares having a par value of ₹10 per share (in ₹) fully paid up. 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 the 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 equity shareholders holding more than 5% shares in the Company

Name of the Shareholder	31 March 2023		31 March 2022	
	No of shares	% Holding	No of shares	% Holding
Equity shares of ₹10 each (in ₹) fully paid up				
Mrs. Sobha Menon	2,87,26,420	30.29%	2,87,26,420	30.29%
Mr. P.N.C. Menon	1,23,19,259	12.99%	1,20,61,259	12.72%
Mr. P.N.C. Menon (inclusive of joint holding with Mrs. Sobha Menon)	52,89,054	5.58%	52,89,054	5.58%
Anamudi Real Estates LLP	94,75,096	9.99%	94,75,096	9.99%
Schroder International Selection Fund Emerging Asia	55,41,913	5.84%	55,41,913	5.84%
Franklin India Focused Equity Fund	58,28,613	6.15%	55,75,003	5.88%

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

(d) Details of shares held by promoters

As at 31 March 2023

Promoter Name	31 March 2023			31 March 2022		
	No. of shares	% of total shares	% change during the year	No. of shares	% of total shares	% change during the year
Mrs. Sobha Menon	28,736,420	30.29 %	-	28,726,420	30.29%	-
Mr. P.N.C. Menon	12,319,259	12.99%	0.27%	12,061,259	12.72%	-
Mr. P.N.C. Menon (inclusive of joint holding with Mrs. Sobha Menon)	5,289,054	5.58%	-	5,289,054	5.58%	-
Mr. Ravi PNC Menon	3,185,930	3.36%	-	3,185,930	3.36%	-

(e) There have been no buy back of shares, issue of bonus shares and issue of shares pursuant to contract without payment being received in cash for the period of 5 years immediately preceding the reporting date.

(f) There are no shares reserved for issue under options and contracts/ commitments for sale of shares/disinvestments.

18 Other equity

	As at 31 March 2023	As at 31 March 2022
		Restated
Capital redemption reserve	119.47	119.47
Securities premium	9,328.92	9,328.92
General reserve	4,443.79	4,348.50
Retained earnings	8,570.04	8,036.91
	22,462.22	21,833.80

Nature and purpose of reserve

(a) Capital redemption reserve

The Company recognises profit and loss on purchase, sale, issue or cancellation of the Company's own equity instruments to capital redemption reserve.

(b) Securities premium

Securities premium reserve is used to record the premium received on issue of shares by the Company. The reserve can be utilised in accordance with the provision of Section 52(2) of Companies Act, 2013.

(c) General reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in general reserve will not be reclassified subsequently to profit and loss.

(d) Retained earnings

The cumulative gain or loss arising from the operations which is retained by the Company is recognised and accumulated under surplus in the statement of profit and loss.

19 Distribution made and proposed

	31 March 2023	31 March 2022
Final dividend on equity shares declared and paid		
₹3 per share for the year ended 31 March 2022	284.54	-
₹3.5 per share for the year ended 31 March 2021	-	331.96
	284.54	331.96
Details of proposed final dividend on equity shares (*)		
₹3 per share for the year ended 31 March 2023	284.54	-
₹3 per share for the year ended 31 March 2022	-	284.54
	284.54	284.54

(*) Proposed dividend on equity shares are subject to the approval of the shareholders at the ensuing annual general meeting and are not recognised as a liability as at respective balance sheet dates.

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

20 Borrowings

	As at 31 March 2023	As at 31 March 2022 Restated
Non-current borrowings		
Term loans (Secured)		
- from banks	8,301.62	9,228.51
- from other parties	3,033.83	2,044.38
	11,335.45	11,272.89
Less: Current maturities of long term borrowings	(5,749.32)	(8,266.10)
Total non-current borrowings	5,586.13	3,006.79
Current borrowings		
Debentures (Secured)		
8.75%, unlisted, redeemable, Non Convertible Debentures of ₹ 500 each	-	495.09
Term loans (Secured)		
- from banks	813.04	4,585.99
- from other parties	928.02	1,688.08
Loans repayable on demand		
- from banks	3,991.21	3,276.22
Cash credit from banks	2,326.64	2,993.26
Current maturities of long term borrowings	5,749.32	8,266.10
Total current borrowings	13,808.23	21,304.74

Note:

(i) The Company has borrowings from banks and financial institutions on the basis of security of current assets. The quarterly returns or statements of current assets filed by the Company with banks and financial institutions are in agreement with the books of accounts.

(ii) The Company has not been declared willful defaulter by any bank, financial institution, government or any government authority.

Particulars	As at 31 March 2023	As at 31 March 2022	Effective interest rate	Security Details	Repayment terms
Non-current borrowings					
Term loans from banks	2,789.15	4,094.41	8%-10%	Secured by way of a. equitable mortgage on immovable properties of the project b. equitable mortgage on vacant land parcels c. hypothecation of Escrow balances, other current assets and receivables (both present and future) of the project	Repayable in 10 equal quarterly installments, after a moratorium period of 39 months from the date of first disbursement.
Term loans from banks	1,475.98	1,527.98	8%-10%	Secured by way of a. mortgage of Investment Property and hypothecation of current assets and receivables relating to the Investment Property b. hypothecation of Escrow account and Debt Service Reserve account	Repayable in 153 monthly installments, after a moratorium period of 3 months from the date of first disbursement.

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022	Effective interest rate	Security Details	Repayment terms
Term loans from banks	1,387.87	1,794.87	8%-10%	Secured by way of a. first charge on the Company's share of Inventory in the project b. equitable mortgage on vacant land parcels c. hypothecation of Escrow balances, other current assets and Company's share of receivables (both present and future) of the project and Debt Service Reserve account	Repayable in 10 equal quarterly installments, after a moratorium period of 42 months from the date of first disbursement.
Term loans from banks	558.39	698.28	7%-9%	Security charge by way of a. equitable mortgage of immovable property of the Subsidiary project b. first Charge on Escrow balances and all assets of the Subsidiary project c. Corporate security from subsidiary	Repayable in 15 equal quarterly installments, after a moratorium period of 3 months from the date of first disbursement.
Term loans from banks	462.51	456.29	8%-10%	Secured by way of a. equitable mortgage on immovable properties of the project b. equitable mortgage on vacant land parcels c. hypothecation of Escrow balances, other current assets and receivables (both present and future) of the project and Debt Service Reserve account	Repayable in 10 equal quarterly installments, after a moratorium period of 51 months from the date of first disbursement.
Term loans from banks	222.43	370.69	8%-10%	Secured by way of a. first charge on Property, Plant and Equipment b. equitable mortgage on vacant land parcels	Repayable in 16 equal quarterly installments from the date of first disbursement
Term loans from banks	195.78	194.71	8%-10%	Secured by way of a. equitable mortgage on immovable properties of the project b. hypothecation of receivables (both present and future)	Repayable in 48 quarterly installments, after a moratorium period of 30 months from the date of first disbursement.
Term loans from banks	684.96	-	8%-10%	Security charge by way of a. equitable mortgage of immovable property of the Subsidiary project b. first charge on all assets of the Subsidiary project	Repayable in 36 equal quarterly installments, after a moratorium period of 12 months from the date of first disbursement.
Term loans from banks	524.55	-	8%-10%	Secured by way of a. first charge on the Company's share of Inventory of the project b. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project and Debt Service Reserve account	Repayable in 24 monthly installments, after a moratorium period of 36 months from the date of first disbursement.
Term loans from banks	-	91.17	8%-10%	Secured by way of a. first charge on the Company's share of Inventory in the project b. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project	Repayable in 6 quarterly installments, after a moratorium period of 12 months from the date of first disbursement.
Term loans from banks	-	0.11	8%-10%	Secured by way of a. hypothecation of receivables (both present and future) of the project b. exclusive charge on immovable property of the Company	Repayable in 8 quarterly installments from the date of disbursement
Term loans from others	603.81	873.69	8%-10%	Secured by way of a. mortgage of property owned by Subsidiary Company b. mortgage of building owned by the Company c. corporate guarantee of Subsidiary Company	Repayable in 20 equal quarterly installments, after a moratorium period of 6 months from the date of first disbursement.

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022	Effective interest rate	Security Details	Repayment terms
Term loans from others	1,012.98	-	8%-10%	Secured by way of a. first charge on the Company's share of Inventory of the project b. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project	Repayable in 24 monthly installments, after a moratorium period of 48 months from the date of first disbursement.
Term loans from others	797.90	-	8%-10%	Secured by way of a. equitable mortgage on the Company's share of Inventory of the project b. equitable mortgage on vacant land parcels c. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project	Repayable in 24 equal monthly installments, after a moratorium period of 24 months from the date of first disbursement.
Term loans from others	595.47	-	8%-10%	Secured by way of a. equitable mortgage on the Company's share of Inventory of the project b. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project	Repayable in 24 monthly installments, after a moratorium period of 24 months from the date of first disbursement.
Term loans from others	23.67	-	9%-11%	Secured by way of a. equitable mortgage on the Company's share of Inventory of the project b. first charge on the vacant land parcels c. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project	Repayable in 24 monthly installments, after a moratorium period of 24 months from the date of first disbursement.
Term loans from others	-	375.22	9%-11%	Secured by way of a. first charge on the Company's share of Inventory in the project b. equitable mortgage on vacant land parcels c. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project and Debt Service Reserve account	Repayable in 30 monthly installments, after a moratorium period of 6 months from the date of first disbursement.
Term loans from others	-	369.27	9%-11%	Secured by way of a. equitable mortgage on the Company's share of Inventory of the project b. equitable mortgage on vacant land parcels c. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project	Repayable in 18 monthly installments, after a moratorium period of 24 months from the date of first disbursement.
Term loans from others	-	192.30	9%-11%	Secured by way of a. equitable mortgage on vacant land parcels b. hypothecation of Company's share of receivables (both present and future) of the project	Repayable in 48 monthly installments from the date of first disbursement.
Term loans from others	-	185.14	9%-11%	Secured by way of a. equitable mortgage on immovable properties of the project b. equitable mortgage on vacant land parcels c. hypothecation of receivables (both present and future) of the project	Repayable in 12 quarterly installments, after a moratorium period of 54 months from the date of first disbursement.
Term loans from others	-	48.76	9%-11%	Secured by way of a. first charge on the Company's share of Inventory in the project b. equitable mortgage on vacant land parcels c. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project and Debt Service Reserve account	Repayable in 11 quarterly installments, after a moratorium period of 6 months from the date of first disbursement.
Sub - total	11,335.45	11,272.89			

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022	Effective interest rate	Security Details	Repayment terms
Current borrowings					
Debentures (Secured)	-	495.09	8.75%	Secured by way of a. first charge on the Company's share of Inventory in the project b. hypothecation of Escrow balances, other current assets and Company's share of receivables (both present and future) of the project	Repayable in 30 equal monthly installments, after a moratorium period of 24 months from the date of first disbursement.
Loans from banks	1,178.53	1,783.96	8%-10%	Secured by way of a. first charge on receivables and inventory of the contracting business and concrete product division b. first charge on identified moveable fixed assets of the company c. hypothecation of receivables of project d. equitable mortgage on vacant land parcels	Repayable on demand.
Loans from banks	696.42	697.69	8%-10%	Secured by way of a. first charge on inventory, receivables and other current assets of the Manufacturing division. b. Equitable mortgage on vacant land parcels	Repayable on demand.
Term loans from banks	551.03	479.30	8%-10%	Security charge by way of a. equitable mortgage of immovable property of the project b. equitable mortgage on vacant land parcels c. hypothecation of other current assets and receivables (both present and future) of the project	Repayable in 10 quarterly installments, after a moratorium period of 30 months from the date of first disbursement.
Loans from banks	406.26	150.00	8%-11%	Secured by way of a. first charge on the Company's share of Inventory in the project b. hypothecation of Escrow balances, other current assets and Company's share of receivables (both present and future) of the project and Debt Service Reserve account	Repayable on demand.
Loans from banks	1,490.25	-	8%-10%	Secured by way of a. first charge on inventory of the project b. first charge on identified moveable fixed assets of the company c. hypothecation of receivables of project d. equitable mortgage on vacant land parcels	Repayable on demand.
Term loans from banks	262.01	-	8%-10%	Secured by way of a. first charge on the Company's share of Inventory of the project b. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project and Debt Service Reserve account c. fund shortfall undertaking by the director of the Company towards funding of underlying projects*	Repayable in 24 monthly installments, after a moratorium period of 36 months from the date of first disbursement.
Loans from banks	219.75	-	8%-10%	Secured by way of a. first charge on the Company's share of Inventory of the project b. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project and Debt Service Reserve account	Repayable on demand.
Term loans from banks	-	787.06	8%-10%	Secured by way of a. first charge on the Company's share of Inventory in the project b. hypothecation of Escrow balances, other current assets and Company's share of receivables (both present and future) of the project and Debt Service Reserve account c. fund shortfall undertaking by the director of the Company towards funding of underlying projects*	Repayable in 24 monthly installments, after a moratorium period of 33 months from the date of first disbursement.

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022	Effective interest rate	Security Details	Repayment terms
Term loans from banks	-	569.16	8%-10%	Secured by way of a. first charge on the Company's share of Inventory in the project b. equitable mortgage on vacant land parcels c. hypothecation of Escrow balances, other current assets and Company's share of receivables (both present and future) of the project and Debt Service Reserve account	Repayable in 24 equal monthly installments, after a moratorium period of 30 months from the date of first disbursement.
Term loans from banks	-	511.60	8%-10%	Secured by way of equitable mortgage on immovable properties of the project	Repayable in 10 quarterly installments, after a moratorium period of 16 months from the date of first disbursement.
Loans from banks	-	510.00	8%-10%	Secured by way of a. equitable mortgage on vacant land parcels b. hypothecation of receivables (both present and future) of the project	Repayable on demand.
Term loans from banks	-	500.00	8%-10%	Secured by way of a. equitable mortgage on immovable properties of the project b. hypothecation of Escrow balances, other current assets and receivables (both present and future) of the project	Repayable in 12 monthly installments from the date of first disbursement.
Term loans from banks	-	450.36	8%-10%	Secured by way of a. first charge on the immoveable property of the project b. first charge over the receivables of the project	Repayable in equal monthly installments, after a moratorium period of 6 months from the date of first disbursement.
Term loans from banks	-	407.56	8%-10%	Secured by way of a. first charge on the Company's share of Inventory in the project b. equitable mortgage on vacant land parcels c. hypothecation of Escrow balances, other current assets and Company's share of receivables (both present and future) of the project and Debt Service Reserve account	Repayable in 30 equal monthly installments, after a moratorium period of 30 months from the date of first disbursement.
Term loans from banks	-	372.63	8%-10%	Secured by way of a. first charge on the immoveable property of the project b. first charge over the receivables of the project	Repayable in 36 monthly installments from the date of disbursement.
Term loans from banks	-	346.12	8%-10%	Secured by way of a. equitable mortgage on vacant land parcels b. hypothecation of receivables (both present and future) of the project	Repayable in 10 equal quarterly installments, after a moratorium period of 30 months from the date of first disbursement.
Term loans from banks	-	134.56	8%-10%	Secured by way of a. equitable mortgage on immovable properties of the project b. hypothecation of Escrow balances, other current assets and receivables (both present and future) of the project	Repayable in 12 monthly installments from the date of first disbursement.
Term loans from banks	-	102.21	8%-10%	Secured by way of a. first charge on inventory, receivables and other current assets (both present and future) of the project. b. equitable mortgage on vacant land parcels c. hypothecation of Escrow balances	Repayable in 5 quarterly installments, after a moratorium period of 36 months from the date of first disbursement.
Loans from banks	-	60.00	8%-10%	Secured by way of a. equitable mortgage on vacant land parcels b. hypothecation of receivables (both present and future) of the project	Repayable on demand.

SOBHA LIMITED NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022	Effective interest rate	Security Details	Repayment terms
Term loans from other parties	678.68	-	8.40%	Secured by way of a. equitable mortgage on immovable properties of the project b. hypothecation of receivables (both present and future) of the project.	Repayable in 30 monthly installments, after a moratorium period of 24 months from the date of first disbursement.
Term loans from other parties	249.34	-	8%-10%	Secured by way of a. equitable mortgage on the Company's share of Inventory of the project b. equitable mortgage on vacant land parcels c. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project	Repayable in 24 equal monthly installments, after a moratorium period of 24 months from the date of first disbursement.
Term loans from other parties	-	645.55	9%-11%	Secured by way of a. equitable mortgage on the Company's share of Inventory of the project b. first charge on the vacant land parcels c. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project	Repayable in 24 monthly installments, after a moratorium period of 24 months from the date of first disbursement.
Term loans from other parties	-	414.23	9%-11%	Secured by way of a. equitable mortgage on the Company's share of Inventory of the project b. equitable mortgage on vacant land parcels c. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project	Repayable in 18 monthly installments, after a moratorium period of 24 months from the date of first disbursement.
Term loans from other parties	-	406.58	9%-11%	Secured by way of a. equitable mortgage on vacant land parcels b. hypothecation of Escrow balances, Company's share of receivables (both present and future) of the project	Repayable in 48 monthly installments from the date of disbursement.
Term loans from other parties	-	172.90	9%-11%	Secured by way of a. equitable mortgage on the Company's share of Inventory of the project b. equitable mortgage on vacant land parcels c. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project	Repayable in 18 monthly installments, after a moratorium period of 24 months from the date of first disbursement.
Term loans from other parties	-	48.82	9%-11%	Secured by way of a. first charge on the Company's share of Inventory in the project b. hypothecation of Escrow balances, other current assets and Company's share of receivables (both present and future) of the project	Repayable in 30 equal monthly installments, after a moratorium period of 24 months from the date of first disbursement.
Cash credit	838.68	1,473.89	9%-11%	Secured by way of a. equitable mortgage on vacant land parcels b. hypothecation of receivables (both present and future) of projects	Repayable on demand.
Cash credit	707.77	574.66	8%-10%	Secured by way of receivables of the project	Repayable on demand.
Cash credit	276.72	231.02	8%-10%	Secured by way of a. first charge on receivables and inventory of the contracting business and concrete product division b. first charge on identified moveable fixed assets of the company c. hypothecation of receivables of project d. equitable mortgage on vacant land parcels	Repayable on demand.
Cash credit	85.00	173.54	7%-9%	Secured by way of a. first charge on inventory, receivables and other current assets of the Manufacturing division. b. Equitable mortgage on vacant land parcels	Repayable on demand.

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022	Effective interest rate	Security Details	Repayment terms
Cash credit	20.09	49.30	8%-11%	Secured by way of a. first charge on the Company's share of Inventory in the project b. hypothecation of Escrow balances, other current assets and Company's share of receivables (both present and future) of the project and Debt Service Reserve account	Repayable on demand.
Cash credit	4.92	6.08	7%-9%	Secured by way of a. first charge on inventory, receivables and other current assets of the Manufacturing division. b. Equitable mortgage on vacant land parcels	Repayable on demand.
Cash credit	7.40	0.04	7%-9%	Secured by way of a. first charge on inventory, receivables and other current assets of the Manufacturing division. b. Equitable mortgage on vacant land parcels	Repayable on demand.
Cash credit	9.93	11.62	8%-10%	Secured by way of a. first charge on receivables and inventory of the contracting business and concrete product division b. first charge on identified moveable fixed assets of the company c. hypothecation of receivables of project d. equitable mortgage on vacant land parcels	Repayable on demand.
Cash credit	3.65	301.15	8%-10%	Secured by way of a. first charge on receivables (both present and future) of the project b. equitable mortgage on the vacant lands	Repayable on demand.
Cash credit	0.72	0.76	8%-10%	Secured by way of a. first charge on receivables and inventory of the contracting business and concrete product division b. first charge on identified moveable fixed assets of the company c. hypothecation of receivables of project d. equitable mortgage on vacant land parcels	Repayable on demand.
Cash credit	0.04	0.24	7%-9%	Secured by way of a. first charge on inventory, receivables and other current assets of the Manufacturing division. b. Equitable mortgage on vacant land parcels	Repayable on demand.
Cash credit	272.54	-	8%-10%	Secured by way of a. first charge on the Company's share of Inventory of the project b. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project and Debt Service Reserve account	Repayable on demand.
Cash credit	50.20	-	8%-10%	Secured by way of a. first charge on receivables and inventory of the contracting business and concrete product division b. first charge on identified moveable fixed assets of the company c. hypothecation of receivables of project d. equitable mortgage on vacant land parcels	Repayable on demand.
Cash credit	30.00	-	8%-10%	Secured by way of a. first charge on receivables and inventory of the contracting business and concrete product division b. first charge on identified moveable fixed assets of the company c. hypothecation of receivables of project d. equitable mortgage on vacant land parcels	Repayable on demand.

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022	Effective interest rate	Security Details	Repayment terms
Cash credit	18.98	-	8%-10%	Secured by way of a. first charge on receivables and inventory of the contracting business and concrete product division b. first charge on identified moveable fixed assets of the company c. hypothecation of receivables of project d. equitable mortgage on vacant land parcels	Repayable on demand.
Cash credit	-	129.55	8%-10%	Secured by way of a. equitable mortgage on vacant land parcels b. hypothecation of receivables (both present and future) of the project	Repayable on demand.
Cash credit	-	26.95	8%-10%	Secured by way of a. equitable mortgage on vacant land parcels b. hypothecation of receivables (both present and future) of the project	Repayable on demand.
Cash credit	-	14.46	8%-10%	Secured by way of a. first charge on receivables and inventory of the contracting business and concrete product division b. first charge on identified moveable fixed assets of the company c. hypothecation of receivables of project d. equitable mortgage on vacant land parcels	Repayable on demand.
Cash credit	0.00	-	8%-10%	Secured by way of a. first charge on receivables and inventory of the contracting business and concrete product division b. first charge on identified moveable fixed assets of the company c. hypothecation of receivables of project d. equitable mortgage on vacant land parcels	Repayable on demand.
Cash credit	0.00	-	8%-10%	Secured by way of a. first charge on receivables and inventory of the contracting business and concrete product division b. first charge on identified moveable fixed assets of the company c. hypothecation of receivables of project d. equitable mortgage on vacant land parcels	Repayable on demand.
Cash credit	0.00	-	8%-10%	Secured by way of a. first charge on receivables and inventory of the contracting business and concrete product division b. first charge on identified moveable fixed assets of the company c. hypothecation of receivables of project d. equitable mortgage on vacant land parcels	Repayable on demand.
Cash credit	0.00	-	8%-10%	Secured by way of a. first charge on receivables and inventory of the contracting business and concrete product division b. first charge on identified moveable fixed assets of the company c. hypothecation of receivables of project d. equitable mortgage on vacant land parcels	Repayable on demand.
Sub - total	8,058.91	13,038.64			
Total borrowings	19,394.36	24,311.53			

(*) Refer Note 35

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

21 Other financial liabilities

	As at 31 March 2023	As at 31 March 2022
Current		Restated
Payable to land owner for acquisition of land/developmental rights	3,133.03	1,182.74
Security deposit received towards		
-Maintenance services	2,026.89	2,011.03
-Lease deposit	90.57	74.76
Letter of credit payable	1,346.96	2,701.64
Book overdraft	1,025.86	271.10
Revenue share payable under joint development agreement	604.00	380.93
Interest accrued but not due on borrowings	28.15	34.05
Deferred lease rental	9.23	3.53
Unclaimed dividend*	2.00	2.32
Capital creditors	2.19	2.36
Payable to related parties (refer note 35)	1.89	38.03
Others	314.38	280.39
Total other financial liabilities	8,585.15	6,982.88

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

22 Provisions

	Non-current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Provision for employee benefits				
Provision for gratuity (refer note 37)	228.85	174.70	85.68	73.12
Provision for compensated absence	-	-	117.09	81.43
	228.85	174.70	202.77	154.55

This space is intentionally left blank

SOBHA LIMITED NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

23 Trade payables

	As at		Outstanding for following periods from due date of payment				Total
	31 March 2023	31 March 2022	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Dues of creditors other than micro enterprises and small enterprises	5,956.15	4,415.08	-	103.65	61.65	153.62	5,956.15
	5,956.15	4,415.08					
Trade Payable Ageing							
	Unbilled dues / Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,289.86	3,348.16	103.65	61.65	153.62	5,956.15	5,956.15
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	2,289.86	3,348.16	103.65	61.65	153.62	5,956.15	5,956.15
	2,289.86	3,348.16	103.65	61.65	153.62	5,956.15	5,956.15
As at 31 March 2022 (Restated)							
	Unbilled dues / Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,456.22	2,146.03	151.66	113.73	547.44	4,415.08	4,415.08
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	1,456.22	2,146.03	151.66	113.73	547.44	4,415.08	4,415.08

Note

A Details of dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprises Development Act, 2006

The information as required under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

Particulars

	31 March 2023	31 March 2022
i. Principal amount remaining unpaid to any supplier as at the year end	-	-
ii. Interest due thereon	-	-
iii. Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year.	-	-
iv. Amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED, 2006	-	-
v. Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
vi. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

24 Other liabilities

	As at 31 March 2023	As at 31 March 2022
		Restated
Contract liabilities		
-Advance from customers	50,878.07	40,386.10
-Mobilisation advance	621.99	759.26
-Liability under joint development agreement*	11,414.70	10,384.34
-Deferred revenue	168.70	117.16
Withholding taxes payable	120.54	63.77
Others	104.89	143.80
	63,308.89	51,854.43

(*) Represents amount payable to landowners where the Company has entered into joint development arrangements with landowners for joint development of properties on land in lieu of which, the Company has agreed to transfer certain percentage of constructed area or certain percentage of the revenue proceeds, net of revenue recognised.

25 Revenue from operations

	Year ended 31 March 2023	Year ended 31 March 2022
		Restated
A Revenue from contract with customers		
I Sale of products		
Income from of constructed properties, plots and other development activities	23,512.01	16,150.03
Income from sale of land and development rights (net)	-	1,270.98
Income from glazing works	2,626.08	1,207.87
Income from interior works	863.37	737.70
Income from concrete blocks	649.08	520.10
II Sale of services		
Income from contractual activity	4,599.42	4,955.99
Income from maintenance and other services	363.80	183.62
III Other operating revenue		
Forfeiture income	138.64	-
Interest collected from customer	62.75	21.87
Transfer fees	67.30	33.67
Marketing fee	16.51	21.67
Scrap sales	63.81	57.29
Total (A)	32,962.77	25,160.79
B Rental income		
Rental income from operating leases (refer note 38)	318.09	310.48
Total (A+B)	33,280.86	25,471.27

Additional disclosures required under Ind AS 115

A Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers by timing of transfer of goods or services

	Year ended 31 March 2023	Year ended 31 March 2022
		Restated
Revenue recognition at a point of time	22,451.00	16,299.67
Revenue recognition over period of time	10,511.77	8,861.12
	32,962.77	25,160.79

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

B Contract balances

The following table provides information about receivables and contract liabilities from contract with customers:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Contract assets		Restated
Unbilled revenue	1,801.76	3,324.71
Total contract assets	1,801.76	3,324.71
Contract liabilities		
Advance from customers	51,500.06	41,145.36
Liability under joint development agreement	11,414.70	10,384.34
Deferred revenue	168.70	117.16
Total contract liabilities	63,083.46	51,646.86
Receivables		
Trade receivables	2,892.78	4,156.70
Total receivables	2,892.78	4,156.70

Unbilled revenue is initially recognised for revenue earned on account of contracts where revenue is recognised over the period of time as receipt of consideration is conditional on successful completion of performance obligations as per contract. Once the performance obligation is fulfilled and milestones for invoicing are achieved, contract assets are classified to trade receivables. Such unbilled revenue is classified as non-financial asset because the right to consideration depends on completion of contractual milestones.

Contract liabilities include advances received from customers as well as deferred revenue representing transaction price allocated to outstanding performance obligations.

C Significant changes in contract liabilities balances during the year are as follows:

Particulars	As at 31 March 2023			As at 31 March 2022 (Restated)		
	Advances from customers	Payable to land owner	Deferred Revenue	Advances from customers	Payable to land owner	Deferred Revenue
Opening balance	41,145.36	10,384.34	117.16	34,207.20	13,081.60	160.89
Additions during the year (net)	31,608.40	4,316.63	168.70	20,833.25	-	117.16
Revenue recognised during the year	(21,253.70)	(3,286.27)	(117.16)	(13,895.09)	(2,697.26)	(160.89)
Closing balance	51,500.06	11,414.70	168.70	41,145.36	10,384.34	117.16

D Significant changes in unbilled revenue balances during the year are as follows:

Particulars	As at 31 March 2023	As at 31 March 2022
Opening balance	3,324.71	3,476.92
Revenue recognised during the year	7,242.01	7,171.80
Billed during the year	(8,764.95)	(6,337.74)
Cumulative catch up adjustments to revenue	-	(986.27)
Closing balance	1,801.76	3,324.71

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

E Reconciliation of revenue recognised with contract revenue:

Particulars	As at 31 March 2023	As at 31 March 2022
		Restated
Contract revenue	32,962.77	25,160.79
Revenue recognised	32,962.77	25,160.79

The performance obligation of the Company in case of sale of residential plots, villas, apartments, commercial space and development management of such properties is satisfied once the project is completed and control is transferred to the customers. The customer makes the payment for contract price as per installment stipulated in customer's agreement which can be cancelled by the customer for convenience.

The transaction price of the remaining performance obligation (unsatisfied or partly satisfied) as at 31 March 2023 is ₹ 117,002.90 (31 March 2022 is ₹ 85,348.17). The same is expected to be recognised within 1 to 5 years

26 Other Income

	Year ended 31 March 2023	Year ended 31 March 2022
		Restated
Interest income on		
-Bank deposits	43.66	28.17
-Loans to related parties	39.85	33.88
-Unwinding of discount on refundable deposits	231.29	269.67
-Refundable deposits	38.87	-
-Others	14.73	-
Share in profits of partnership firm investments (post tax)	19.06	-
Other non-operating income (net of expenses directly attributable to such income)		
-Liabilities no longer required written back	327.54	6.00
-Facilitation charges	179.50	140.69
-Gain on foreign exchange difference (net)	1.16	-
-Profit on sale of property, plant and equipment (net)	0.92	322.48
-Profit on sale of investment property (net)	-	31.74
-Reversal of impairment of refundable deposit	50.55	-
-Others	30.66	48.34
	977.79	880.97

27 Cost of material consumed

	Year ended 31 March 2023	Year ended 31 March 2022
		Restated
Inventory at the beginning of the year	636.87	545.68
Add: Purchases during the year	3,740.46	2,073.40
Less: Inventory at the end of the year	717.54	636.87
Cost of material consumed	3,659.79	1,982.21

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

28 Changes in inventories of raw materials, land stock, work in progress and finished goods

	Year ended 31 March 2023	Year ended 31 March 2022
		Restated
Inventories at the end of the year		
Building materials	1,336.47	75.80
Land stock	5,635.90	3,232.70
Work-in-progress	61,157.66	57,836.05
Stock in trade - flats	13,957.80	10,990.05
Finished goods	61.53	58.91
	82,149.36	72,193.51
Inventories at the beginning of the year		
Building materials	75.80	77.55
Land stock	3,232.70	5,016.85
Work-in-progress	57,836.05	54,457.54
Stock in trade - flats	10,990.05	11,362.75
Finished goods	58.91	53.53
	72,193.51	70,968.22
Increase	(9,955.85)	(1,225.29)

29 Employee benefits expense

	Year ended 31 March 2023	Year ended 31 March 2022
		Restated
Salaries, wages and bonus	2,664.55	2,307.17
Contribution to provident and other funds	89.79	80.19
Gratuity expenses (refer note 37)	40.24	36.11
Compensated absence	69.72	37.57
Staff welfare expenses	80.45	51.12
	2,944.75	2,512.16

30 Finance costs (*)

	Year ended 31 March 2023	Year ended 31 March 2022
		Restated
Interest expense		
- on borrowings	1,968.52	2,583.55
-unwinding of discount on land cost payable	189.01	111.24
-on leases	27.26	30.83
-on others	104.38	59.28
Other borrowing cost		
-letter of credit charges	85.08	157.17
-bank guarantee charges	18.88	18.72
-bank and other charges	30.67	32.91
Total	2,423.80	2,993.70

(*) Includes finance expense capitalised to inventory (The rate used to determine the amount of borrowing costs eligible for capitalisation is the effective interest rate of the underlying borrowings which is in the range of 7% to 11%) Capitalisation rate 31.03.2023 - 10% (31.03.2022 - 10%)

2,165.96

2,805.38

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

31 Depreciation and amortization expense

	Year ended 31 March 2023	Year ended 31 March 2022
		Restated
Depreciation of property, plant and equipment	492.21	541.27
Depreciation of investment properties	77.02	65.12
Depreciation of right of use assets	69.40	71.44
Amortization of intangible assets	0.08	0.33
	638.71	678.16

32 Other expenses

	Year ended 31 March 2023	Year ended 31 March 2022
		Restated
License fees and plan approval charges	646.13	199.22
Power and fuel	588.69	483.49
Water charges	28.66	31.68
Freight and forwarding charges	266.45	232.39
Rent (refer note 38)	157.90	170.54
Rates and taxes	192.39	187.41
Insurance	129.16	110.20
Property maintenance expenses	107.44	147.92
Repairs and maintenance		
Plant and machinery	52.62	36.92
Others	70.53	50.11
Advertising and sales promotion	409.48	385.96
Brokerage and discounts	324.49	173.28
Donation	0.95	0.30
Corporate social responsibility expenditure (Refer note 'B')	199.50	120.50
Travelling and conveyance	305.37	236.10
Printing and stationery	38.72	28.10
Legal and professional fees	369.63	358.44
Directors' commission and sitting fees (refer note 35)	8.71	6.73
Payment to auditor (Refer note 'A')	17.66	13.62
Exchange difference (net)	-	0.45
Allowance for credit losses (including amounts written off)	313.83	14.98
Provision for land advances	168.11	-
Other advances written off	60.95	-
Bad debts written off	-	3.54
Security charges	192.01	184.23
Share of loss on investment in partnership firm	-	5.73
Impairment of property, plant and equipment	58.70	-
Miscellaneous expenses	437.11	286.27
	5,145.19	3,468.11

A Payment to the auditor

	Year ended 31 March 2023	Year ended 31 March 2022
Audit fees (including limited review's)	14.16	11.50
Certification fees	1.15	1.00
Reimbursement of expenses	1.39	1.12
	16.70	13.62

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

B Details of CSR expenditure:

	Year ended 31 March 2023	Year ended 31 March 2022
a. Amount required to be spent by the Company during the year	44.56	63.18
b. Amount approved by the Board to be spent during the year	199.50	120.50
c. Amount spent during the year		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than above	199.50	120.50
d. Shortfall at the end of the year	Nil	Nil
e. Nature of CSR activities	Social empowerment	Social empowerment
f. Details of related party transactions	199.50	120.50
- Sri Kurumba Educational and Charitable Trust (Refer Note.35)		

33 Income tax

The significant components of income tax expense for the years ended 31 March 2023 and 31 March 2022 are -

A Amounts charged to statement of profit and loss

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Current income tax:		
Current income tax charge	300.31	589.58
Deferred tax:		
Relating to origination and reversal of temporary differences	63.90	29.67
Income tax expense reported in the statement of profit and loss	364.21	619.25

B Income tax recognised in other comprehensive income

Deffered tax credit net loss on remeasurements of defined benefit plans	13.43	3.03
Income tax charge to other comprehensive income	13.43	3.03

C Reconciliation of tax expense and the accounting profit multiplied by Company's domestic tax rate for 31 March 2023 and 31 March 2022

	Year ended 31 March 2023	Year ended 31 March 2022
Accounting profit before income tax	1,317.10	2,310.73
Tax on accounting profit at statutory income tax rate 25.17% (31 March 2022: 25.17%)*	331.47	581.54
Permanent adjustments	37.54	36.27
Tax impact on (profit)/ loss from partnership firm	(4.80)	1.44
	364.21	619.25

* The Company has elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 from the year ended 31 March 2021 and has accordingly re-measured its deferred tax assets/(liabilities) basis the rate prescribed in the said section. Further, the MAT credit available from earlier years has been reversed in the previous year on the exercise of this said option.

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

D Deferred tax

Deferred tax assets and liabilities relates to the following- [DTA/(DTL)]

Particulars	Balance as at 01 April 2022 Restated	Movement in statement of Profit and Loss	Movement in OCI	Balance as at 31 March 2023
<i>Deferred tax assets arising out of</i>				
Property, plant and equipment and investment property	66.01	(25.44)	-	40.57
Provision for compensated absence	20.50	8.97	-	29.47
Provision for gratuity	65.41	0.33	13.43	79.17
Provision for exgratia	11.62	7.02	-	18.64
Expected credit losses	80.30	73.19	-	153.49
Others	6.00	8.47	-	14.47
	249.84	72.54	13.43	335.81
<i>Deferred tax liabilities arising out of</i>				
On account of difference in IndAS 115 and ICDS III	(60.57)	(136.44)	-	(197.01)
	(60.57)	(136.44)	-	(197.01)
Net deferred tax assets	189.27	(63.90)	13.43	138.80

Particulars	Balance as at 01 April 2021 Restated	Movement in statement of Profit and Loss	Movement in OCI	Balance as at 31 March 2022 Restated
<i>Deferred tax assets arising out of</i>				
Property, plant and equipment	9.40	56.61	-	66.01
Provision for compensated absence	18.12	2.38	-	20.50
Provision for gratuity	52.67	6.68	3.03	65.41
Provision for exgratia	-	11.62	-	11.62
Expected credit losses	100.58	(20.28)	-	80.30
Others	18.31	(12.31)	-	6.00
	199.08	44.70	3.03	249.84
<i>Deferred tax liabilities arising out of</i>				
On account of difference in IndAS 115 and ICDS III	16.83	(74.37)	-	(60.57)
	16.83	(74.37)	-	(60.57)
Net deferred tax assets	215.91	(29.67)	3.03	189.27

- E** The Company has not entered into any such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)

F Income tax assets (net)

Particulars	31 March 2023	31 March 2022
Advance Income tax (net of provisions)	70.96	-
	70.96	-

G Current tax liabilities (net)

Particulars	31 March 2023	31 March 2022
Current tax liabilities (net of advance tax)	-	202.94
	-	202.94

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

34 Earnings per share ['EPS']

Particulars	31 March 2023	31 March 2022
		Restated
Net Profit after tax attributable to equity shareholders	952.89	1,691.48
Weighted average number of equity shares used in calculating basic and diluted EPS	94,845,853	94,845,853
Nominal value per equity share (in ₹)	10	10
Earnings per share (in ₹)		
- Basic and diluted	10.05	17.83

The Company does not have any potential diluted equity shares and therefore basic and diluted EPS are same.

35 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
 Sobha Construction Products Private 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 Private Limited

Subsidiaries of Sobha Developers (Pune) Limited

Kilai Builders Private Limited
 Kuthavakkam Builders Private Limited
 Kuthavakkam Realtors Private Limited
 Sobha Interiors Private Limited

Joint Venture

Kondhwa Projects LLP

Associate

C.V.S.Tech Park Private Limited

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

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 (till 31 March 2022)
Mr. T P Seetharam - Whole-time Director (till 31 March 2022)
Mr. Jagadish Nangineni - Managing Director (with effect from 01 April 2022)

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

Mr. Subhash Bhat - Chief Financial Officer (till 14 November 2021)
Mr. Yogesh Bansal - Chief Financial Officer (with effect from 15 November 2021)
Mr. Vighneshwar G Bhat - Company Secretary

Other Directors

Mr. Anup Shah
Mr. R V S Rao
Mrs. Srivathsala KN
Mr. Sumeet Jagdish Puri (till 07 October 2021)
Mr. Raman Mangalorkar (with effect from 01 April 2022)

Relatives of key management personnel

Mrs. Sudha Menon

Post employment-benefit plan entity

Sobha Developers Employees Gratuity Trust

Other related parties

Mannur Properties Private Limited
Mannur Real Estate Private Limited
Puzhakkal Developers Private Limited
Sobha Aviation and Engineering Services Private Limited
Sobha Contracting LLC, Dubai
Sobha Glazing & Metal Works 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 Kurumba Educational and Charitable Trust
Sri Parvathy Land Developers Private Limited
Technobuild Developers Private Limited
Mapedu Realtors Private Limited
Mapedu Builders Pvt Limited
Chikmangaloor Properties Private Limited
Rusoh Marina Properties Private Limited
Thakazhi Developers Private Limited
Thakazhi Realtors Private Limited
Moolamcode Traders Private Limited

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

B Details of the transactions with the related parties:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022 Restated
I. Transaction with wholly owned subsidiaries		
Income from contractual activity		
Sobha City	10.52	32.50
Sobha Highrise Ventures Private Limited	416.08	100.96
Kilai Builders Private Limited	50.52	53.50
Sobha Contracting Private Limited	272.19	117.46
Income from interior works		
Sobha Highrise Ventures Private Limited	31.87	18.18
Income from lease rental services		
Sobha Highrise Ventures Private Limited	62.44	62.74
Purchase of project items		
Sobha Highrise Ventures Private Limited	0.19	0.19
Share in profit/ (loss) of partnership firm		
Sobha City	19.06	(5.73)
Interest income on unsecured loans to related parties		
Sobha Highrise Ventures Private Limited	8.22	15.21
Sobha Developers (Pune) Limited	5.64	0.77
Sobha Assets Private Limited	9.82	4.04
Sobha Contracting Private Limited	16.03	13.86
Kuthavakkam Builders Private Limited	0.14	-
Amount contributed to partnership current account		
Sobha City	273.78	757.44
Amount withdrawn from partnership current account		
Sobha City	170.69	335.06
Allowance for credit loss		
Sobha Assets Private Limited	8.34	-
Refund of advance by the related party		
Sobha Construction Products Private Limited	-	0.22
Sobha Nandambakkam Developers Limited	-	7.69
Security Deposit adjusted towards Rent		
Sobha Interiors Private Limited	14.00	14.00
Advance paid towards purchase of goods or services		
Sobha Assets Private Limited	-	1.64

SOBHA LIMITED**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022 Restated
Refundable deposits paid towards joint development		
Sobha Highrise Ventures Private Limited	20.00	-
Refundable deposits adjusted towards joint development		
Sobha Highrise Ventures Private Limited	4.32	-
Unsecured loans - Loan given to		
Sobha Highrise Ventures Private Limited	116.47	86.00
Sobha Developers (Pune) Limited	226.75	10.96
Sobha Assets Private Limited	461.89	229.02
Sobha Contracting Private Limited	23.00	-
Kuthavakkam Builders Private Limited	21.89	-
Unsecured loans - Loan repaid by		
Sobha Highrise Ventures Private Limited	223.94	92.50
Sobha Developers (Pune) Limited	63.38	21.55
Sobha Assets Private Limited	250.05	203.00
Sobha Contracting Private Limited	12.47	-
Corporate guarantee received		
Sobha Highrise Ventures Private Limited	750.00	-
Corporate guarantee given extinguished		
Sobha Assets Private Limited	227.32	-
Corporate guarantee received extinguished		
Kilai Builders Private Ltd	5,750.00	-
Security received		
Sobha Contracting Private Limited	1,238.20	-
Sobha Highrise Ventures Private Limited	-	685.75
II. Transaction with Joint venture		
Amount contributed to partnership current account		
Kondhwa Projects LLP	0.60	6.21
III. Transaction with other related parties		
Income/(Loss) from sale of land and development rights		
Chikmangaloor Properties Private Limited	0.97	-
Thakazhi Developers Private Limited	16.25	-
Thakazhi Realtors Private Limited	6.64	-
Rusoh Marina Properties Private Limited	(0.01)	-
Mapedu Realtors Private Limited	(0.15)	-
Mapedu Builders Private Limited	(0.14)	-

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022 Restated
Income from contractual activity		
Sobha Projects & Trade Private Limited	-	70.14
Income from glazing works		
Sri Kurumba Educational and Charitable Trust	0.30	1.71
Income from interior works		
Sri Kurumba Educational and Charitable Trust	0.44	0.43
Mr. Anup Shah	0.04	1.80
Income from concrete blocks/works		
Sobha Projects & Trade Private Limited	11.57	-
Subcontractor and other charges		
Sobha Projects & Trade Private Limited	382.96	530.59
Aircraft hire charges		
Sobha Puravankara Aviation Private Limited	129.37	110.57
CSR expenditure - Donation		
Sri Kurumba Educational and Charitable Trust	199.50	120.50
Land advance		
Technobuild Developers Private Limited	200.00	-
Advance paid towards purchase of goods or services		
Sobha Puravankara Aviation Private Limited	105.00	66.00
Sri Parvathy Land Developers Private Limited	0.01	0.03
Sri Durga Devi Property Management Private Limited	0.06	0.05
Refund of advance by the related party		
Technobuild Developers Private Limited	247.43	339.52
Puzhakkal Developers Private Limited	52.20	-
Sri Parvathy Land Developers Private Limited	106.48	-
Sri Durga Devi Property Management Private Limited	43.10	-
Provision for land advances		
Sri Parvathy Land Developers Private Limited	60.51	-
Security Deposit adjusted towards Rent		
Sobha Glazing & Metal Works Private Limited	5.50	5.50
Contribution to plan assets		
Sobha Developers Employees Gratuity Trust	26.90	18.30

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022 Restated
Guarantees received		
Sri Durga Devi Property Management Private Limited	1,100.00	-
Sri Parvathy Land Developers Private Limited	1,100.00	-
Guarantees extinguished		
Sri Durga Devi Property Management Private Limited	1,500.00	-
Sri Parvathy Land Developers Private Limited	1,500.00	-
Directors' remuneration		
Mr. J. C. Sharma (till 31 March 2022)	-	35.04
Mr. Ravi PNC Menon	92.49	80.38
Mr.T P Seetharam (till 31 March 2022)	-	6.44
Mr. Jagadish Nangineni (with effect from 01 April 2022)	33.08	-
Dividend paid (payment basis)		
Mr. Ravi PNC Menon	9.56	11.15
Mr. J. C. Sharma (till 31 March 2022)	-	0.38
Mr. Subhash Bhat (till 14th November 2021)	-	0.00
Mr. Anup Shah	0.01	0.02
Mr. R V S Rao	0.05	0.05
Salary (including perquisites)		
Mr. Subhash Bhat (till 14th November 2021)	-	7.92
Mr. Vighneshwar G Bhat	5.18	4.69
Mr. Yogesh Bansal (with effect from 15th November 2021)	6.74	2.08
Directors' sitting fees and commission		
Mr. Anup Shah	2.14	1.88
Mr. R V S Rao	2.18	1.94
Mr. Sumeet Jagdish Puri (till 7th October 2021)	-	0.99
Mrs. Srivathsala KN	2.23	1.92
Mr. Raman Mangalorkar (with effect from 01 April 2022)	2.16	-
IV. Transaction with key shareholders		
Dividend paid (payment basis)		
Mr. P. N. C. Menon	36.18	42.21
Mrs. Sobha Menon	86.18	100.54
Mr. P. N. C. Menon and Mrs. Sobha Menon (jointly held shares)	15.87	18.51

SOBHA LIMITED**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

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

Particulars	As at 31 March 2023	As at 31 March 2022
I. Balances receivable from and payable to wholly owned subsidiaries		
Advances recoverable in cash or in kind		
Sobha Assets Private Limited	88.88	88.88
Sobha Interior Private Limited	51.41	-
Sobha Nandambakkam Developers Limited	0.78	-
Trade receivables		
Sobha Highrise Ventures Private Limited	255.26	29.42
Sobha Contracting Private Limited	307.80	115.06
Sobha Developers (Pune) Limited	0.01	0.01
Contract Asset (Unbilled Revenue)		
Sobha Highrise Ventures Private Limited	21.36	47.40
Sobha Contracting Private Limited	50.14	96.05
Sobha City	1.97	51.97
Kilai Builders Private Limited	-	41.81
Advance from customers		
Sobha Nandambakkam Developers Limited	-	7.69
Sobha Tambaram Developers Limited	39.27	6.92
Kilai Builders Private Limited	1.41	181.04
Refundable deposits towards joint development		
Sobha Highrise Ventures Private Limited	15.68	-
Right of use Assets		
Sobha Interiors Private Limited	84.00	98.00
Unsecured loan to related parties		
Sobha Highrise Ventures Private Limited	58.11	158.18
Sobha Developers (Pune) Limited	172.46	4.02
Sobha Assets Private Limited	246.94	29.66
Sobha Contracting Private Limited	175.98	151.03
Kuthavakkam Builders Private Limited	22.01	-
Includes interest accrued		
Sobha Highrise Ventures Private Limited	25.80	18.40
Sobha Developers (Pune) Limited	6.29	1.21
Sobha Assets Private Limited	9.08	3.64
Sobha Contracting Private Limited	32.04	17.61
Kuthavakkam Builders Private Limited	0.12	-

SOBHA LIMITED**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
Allowance for credit loss		
Sobha Assets Private Limited	8.34	-
Guarantees and Collaterals provided		
Sobha Assets Private Limited	-	227.32
Sobha City	998.78	998.78
Guarantees received		
Kilai Builders Private Limited	-	5,750.00
Sobha Interiors Private Limited	1,100.00	1,100.00
Sobha Contracting Private Limited	700.00	700.00
Sobha Highrise Ventures Private Limited	750.00	-
Security received		
Sobha Interiors Private Limited	1,802.32	1,806.21
Sobha Highrise Ventures Private Limited	1,238.20	-
Sobha Contracting Private Limited	1,149.81	790.53
Sobha City	1,555.88	1,714.08
II. Balances receivable from and payable to joint ventures & associates		
In partners current account		
Kondhwa Projects LLP	1,149.28	1,148.68
Sobha City	1,381.57	1,259.42
III. Balances receivable from and payable to other related parties		
Land advance		
Technobuild Developers Private Limited	8,152.41	8,199.84
Puzhakkal Developers Private Limited	-	52.20
Sri Parvathy Land Developers Private Limited	60.51	166.99
Sri Durga Devi Property Management Private Limited	-	43.10
Provision for land advances		
Sri Parvathy Land Developers Private Limited	60.51	-
Right of use Assets		
Sobha Glazing & Metal Works Private Limited	33.00	38.50
Advances recoverable in cash or in kind		
Sobha Puravankara Aviation Private Limited	215.25	164.73
Sobha Glazing & Metal Works Private Limited	10.02	-
Sobha Aviation and Engineering Services Private Limited	-	0.01
Thakazhi Developers Private Limited	-	0.05
Thakazhi Realtors Private Limited	-	0.04

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
Sobha Space Private Limited	-	0.01
Mannur Real Estate Private Limited	-	0.15
Mannur Properties Private Limited	-	0.02
Sobha Technocity Private Limited	-	0.02
Moolamcode Traders Private Limited	-	0.02
Trade receivables		
Sri Kurumba Educational and Charitable Trust	0.03	15.42
Sobha Projects & Trade Private Limited	212.01	211.57
Mr. Anup Shah	0.73	0.68
Thakazhi Developers Private Limited	2.57	-
Mapedu Realtors Private Limited	0.35	2.18
Mapedu Builders Private Limited	-	1.24
Chikmangaloor Realtors Private Limited	-	0.42
Chikmangaloor Properties Private Limited	-	2.23
Allapuzha Fine Real Estate Private Limited	-	1.45
Rusoh Modern Properties Private Limited	-	1.49
Rusoh Marina Properties Private Limited	-	0.52
Santhavellur Developers Private Limited	-	0.02
Santhavellur Realtors Private Limited	-	0.02
Santhavellur Builders Private Limited	-	0.01
Advance from customers		
Sri Parvathy Land Developers Private Limited	1.90	-
Trade payables		
Sri Parvathy Land Developers Private Limited	2.53	2.53
Mapedu Builders Private Limited	0.11	-
Rusoh Marina Properties Private Limited	0.02	-
Sobha Projects & Trade Private Limited	83.10	19.19
Other Payables		
Sobha Glazing & Metal Works Private Limited	-	50.14
Sri Durga Devi Property Management Private Limited	1.89	-
Guarantees received		
Sri Durga Devi Property Management Private Limited	1,100.00	1,500.00
Sri Parvathy Land Developers Private Limited	1,100.00	1,500.00
Security Received		
Sri Durga Devi Property Management Private Limited	155.88	153.25
Sri Parvathy Land Developers Private Limited	155.88	153.25

D Payable to key management personnel/director of the Company

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
Commission to independent directors	8.00	5.95
Commission to Chairman, Vice Chairman & Managing Director	41.10	38.97
	49.10	44.92

E Compensation of key management personnel of the Company

Particulars	As at 31 March 2023	As at 31 March 2022
Short-term employee benefits	137.49	121.86
Other benefits*	41.10	38.97
	178.59	160.83

*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.

Note

The director of the Company has given fund shortfall undertaking for certain borrowings towards funding of the respective underlying projects. Refer note 20

36 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 Managing Director (MD) 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 MD reviews internal management reports on at least a quarterly basis.

The MD monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Accordingly, the company has identified following as its reportable segment for the purpose of Ind AS 108:

- a) Real estate segment;
- b) Contractual and manufacturing segment.

Real Estate segment (RE) comprises development, sale, management and operation of all or any part of townships, housing projects, also includes leasing of self owned commercial premises.

The operation of the Contractual and Manufacturing segment (CM) comprises development of commercial premises and other related activities, also includes manufacturing activities related to interiors, glazing and metal works and concrete products.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Also, the Company's financing (including finance costs and finance income) and income taxes are managed on a overall basis and are not allocated to operating segments.

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

The following tables present revenue and profit information for the Company's operating segments for the year ended 31 March 2023 and 31 March 2022 respectively:

Business segments

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
		Restated
Segment revenue		
Real estate	24,542.91	18,049.61
Contractual and manufacturing	10,339.95	8,213.78
Total segment revenue	34,882.86	26,263.39
Inter segment revenues	(1,602.00)	(792.12)
Net revenue from operations	33,280.86	25,471.27
Segment result		
Real estate	5,441.85	7,385.34
Contractual and manufacturing	131.10	(89.71)
Total segment results	5,572.95	7,295.63
Finance costs	(2,423.80)	(2,993.70)
Other unallocable expenditure	(2,528.01)	(2,596.77)
Share of profits/ (losses) in a subsidiary partnership firm	19.06	(5.73)
Other income (including finance income)	676.89	611.30
Profit before taxation	1,317.09	2,310.73
Income taxes	(364.21)	(619.25)
Profit after taxation	952.88	1,691.48

The following table presents assets and liabilities information for the Company's operating segments as at 31 March 2023 and 31 March 2022 respectively:-

Particulars	As at 31 March 2023	As at 31 March 2022
		Restated
Segment assets		
Real estate	99,713.48	88,954.11
Contractual and manufacturing	6,518.76	7,879.00
Total segment assets	106,232.24	96,833.11
Unallocated assets	15,087.42	14,298.75
Total assets	121,319.66	111,131.86
Segment liabilities		
Real estate	64,975.03	49,241.22
Contractual and manufacturing	6,239.37	6,372.73
Total segment liabilities	71,214.40	55,613.95
Unallocated liabilities	26,694.58	32,735.65
Total liabilities	97,908.98	88,349.60

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
		Restated
Capital employed		
Real estate	34,738.35	39,712.90
Contractual and manufacturing	279.39	1,506.27
Unallocated capital employed	(11,607.16)	(18,436.90)
Total capital employed	23,410.58	22,782.27

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

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
		Restated
Capital expenditure		
Real estate	407.72	130.30
Contractual and manufacturing	84.74	42.54
Unallocated capital expenditure	732.01	65.20
Total capital expenditure	1,224.47	238.04

Capital expenditure consists of additions of property, plant and equipment, intangible assets, investment property, investment property under development and intangible assets under development

Information of revenue and non-current operating assets based on location has not been furnished since there are no revenue generated from business activities outside India and there are no non-current operating assets held by the Company outside India.

Reconciliations to amounts reflected in the financial statements

(i) Reconciliation of assets

Particulars	As at 31 March 2023	As at 31 March 2022
		Restated
Segment assets	106,232.24	96,833.11
Investment (refer note 9)	4,521.29	4,398.54
Prepaid expenses (refer note 14)	1,013.08	711.40
Balances with statutory/ government authorities (refer note 14)	982.03	1,086.89
Cash and bank balances (refer note 15 and 16)	4,404.83	1,730.38
Non-current bank balances (refer note 13)	151.04	143.05
Other unallocable assets	4,015.15	6,228.49
Total assets	121,319.66	111,131.86

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

(ii) Reconciliation of liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
		Restated
Segment liabilities	71,214.40	55,613.95
Borrowings (refer note 20)	19,394.36	24,311.53
Provisions (refer note 22)	431.62	329.25
Liabilities for current tax (net) (refer note 33)	-	202.94
Withholding taxes payable (refer note 24)	120.54	63.77
Others payable (refer note 24)	104.89	143.80
Other unallocable liabilities	6,643.17	7,684.36
Total liabilities	97,908.98	88,349.60

37 Employment benefit plans

A Defined benefit plan

The Company has gratuity as defined benefit retirement plans for its employees. The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity at the rate of 15 days basic salary for each year of service until the retirement age. As at 31 March 2023 and 31 March 2022 the plan assets were invested in insurer managed funds.

It is exposed to the following types of risks:

Interest rate risk: A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Investment Risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Concentration Risk: Plan is having a concentration risk as all the assets are invested with the insurance company"

The following tables set out the the funded status of gratuity plans and amount recognised in the balance sheet for the respective plans:

Particulars	31 March 2023	31 March 2022
1 The amounts recognized in the Balance Sheet are as follows:		
Present value of defined benefit obligation at the end of the year	318.74	251.17
Less: Fair value of plan assets as at the end of the year	4.21	3.35
Net liability recognised in the balance sheet	314.53	247.82
2 Changes in the present value of defined benefit obligation		
Defined benefit obligation as at beginning of the year	251.17	220.36
Current service cost	24.35	22.91
Interest cost	16.10	13.35

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

Particulars	31 March 2023	31 March 2022
Benefits paid	(26.04)	(17.47)
Actuarial (gain) / loss due to demographic assumption changes	6.06	(0.04)
Actuarial (gain) / loss due to financial assumption changes	26.70	(3.49)
Actuarial (gain) / loss due to experience adjustments	20.39	15.55
Defined benefit obligation as at the end of the year	318.74	251.17
3 Changes in the fair value of plan assets		
Fair value as at the beginning of the year	3.35	2.40
Interest on plan assets	0.21	0.15
Actuarial gain / (loss)	(0.21)	(0.03)
Contributions	26.90	18.30
Benefits paid	(26.04)	(17.47)
Fair value as at the end of the year	4.21	3.35
4 Net gratuity cost for the reporting years comprises of following components		
Current service cost	24.35	22.91
Interest cost	16.10	13.35
Interest income	(0.21)	(0.15)
Net Gratuity cost	40.24	36.11
5 Other comprehensive income		
Actuarial loss on defined benefit obligation	(53.15)	(12.01)
Return on plan assets excluding interest income	(0.21)	(0.03)
Loss recognised in other comprehensive income	(53.36)	(12.04)
6 Experience adjustment:		
On plan defined benefit obligation (gain)/loss	20.39	15.55
On plan assets gain / (loss)	(0.21)	(0.03)
7 Investment Details		
The major categories of plan assets as a percentage of the fair value of the total plan assets are as follows:		
Particulars	31 March 2023	31 March 2022
Investment in insurance fund	100%	100%
8 Actuarial assumptions		
Particulars	31 March 2023	31 March 2022
Discount rate (p.a)	7.20%	6.41%
Future salary growth (p.a)	12.00%	5.00%
Weighted Average Duration of the Defined Benefit Obligation (years)	3	5
Attrition rate (p.a)	35.00%	15.00%

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

9 Sensitivity Analysis

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

Particulars	31 March 2023		31 March 2022	
	Decrease	Increase	Decrease	Increase
Discount rate (+ / -1%)	5.63	5.94	9.39	10.28
Salary growth rate (- / + 1%)	4.64	4.74	8.60	9.16
Attrition rate (+ / -1%)	1.09	1.14	0.59	0.51

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.

10 Maturity profile of defined benefit obligation

Particulars	31 March 2023	31 March 2022
Within the next 12 months	108.32	49.27
Between 2 and 5 years	197.18	131.96
Between 5 and 10 years	54.73	89.56
Beyond 10 years	10.01	68.23
Total expected payments	370.24	339.02

Expected contribution in the next year ₹ 85.67.

B Defined contribution plan

The Company makes contribution of statutory provident fund as per Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and Employees State Insurance Scheme as per the Employees' State Insurance Act, 1948. The Company has recognized the following amounts in the Statement of Profit and Loss under defined contribution plan whereby the Company is required to contribute a specified percentage of the payroll costs to fund the benefits:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Employer's contribution to provident fund	88.45	78.44
Employer's contribution to Employees' state insurance scheme	0.99	1.35
Contribution to Superannuation Fund	0.35	0.40
Total	89.79	80.19

This space is intentionally left blank

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

38 Leases

A The Company as a lessor

Assets given on operating lease:

The Company has entered into operating lease agreements with its lessees. Total lease rental income recognized in the statement of profit and loss for the year is ₹ 318.09 (31 March 2022: ₹ 310.48)

The future minimum lease receivables under operating leases in aggregate are as follows:

Year	As at 31 March 2023	As at 31 March 2022
		Restated
FY 2022-23	-	231.35
FY 2023-24	294.16	241.62
FY 2024-25	273.95	219.03
FY 2025-26	126.15	69.51
FY 2026-27	85.44	24.64
FY 2027-28	75.19	-
More than 5 years	100.30	42.11
Total	955.19	828.26

B The Company as a lessee

The Company has leases for building, vehicles and plant and machinery. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability except for lease on buildings for which it was agreed that the company shall pay a security deposit which shall be adjusted to the minimum lease payments and due to which no lease liability in the same was created and the amount given as security deposit is treated as Right of use asset depreciated on a straight line basis over the lease period. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and right of use assets. The Company has presented its right-of-use assets in the balance sheet separately from other assets.

Lease arrangements for vehicles contain an option to extend the lease for a further term till the vehicle is handed over to the lessor after the end of lease term as per agreement or for a fixed tenure of 3 to 9 months as the case may be as per the requirement of Lessee. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over Factory buildings, the Company must repair and maintain those properties in a good state and return the properties with all connections, sanitary, water and drainage fittings and fixtures as it may exist on the relevant date.

a. Right of use assets

Particulars	Other buildings	Vehicles	Plant and machinery	Total
Cost				
As at 1 April 2021 (Restated)	175.50	128.20	90.33	394.03
Additions during the year	-	22.48	-	22.48
Disposal during the year	-	(3.38)	-	(3.38)
As at 31 March 2022 (Restated)	175.50	147.30	90.33	413.13
Additions during the year	-	31.42	-	31.42
Disposal during the year	-	(14.90)	-	(14.90)
As at 31 March 2023	175.50	163.82	90.33	429.65
Accumulated amortisation				
As at 1 April 2021 (Restated)	19.50	50.44	45.88	115.82
Charge for the year	19.50	30.99	20.95	71.44

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

Particulars	Other buildings	Vehicles	Plant and machinery	Total
Disposal during the year	-	(3.38)	-	(3.38)
As at 31 March 2022 (Restated)	39.00	78.05	66.83	183.88
Charge for the year	19.50	28.95	20.95	69.40
Disposal during the year	-	(10.99)	-	(10.99)
As at 31 March 2023	58.50	96.01	87.78	242.29
Carrying amount				
As at 31 March 2023	117.00	67.81	2.55	187.36
As at 31 March 2022 (Restated)	136.50	69.25	23.50	229.25

- b. Set out below are the carrying amounts of lease liabilities and the movements during the year:

Particulars	Amount	
As on 1 April 2021 (Restated)	279.18	
Additions during the year	22.48	
Interest expense for the year	30.83	
Payment of lease liabilities	(79.00)	
As on 31 March 2022 (Restated)	253.49	
Additions during the year	31.42	
Interest expense for the year	27.26	
Payment of lease liabilities	(79.36)	
As on 31 March 2023	232.81	
Particulars	As at 31 March 2023	As at 31 March 2022
Current	28.04	50.70
Non Current	204.77	202.79

- c. The following are the amounts recognised in the profit & loss

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Depreciation expenses of right-of-use assets	69.40	71.44
Interest expenses on lease liabilities	27.26	30.83
Expenses relating to short-term leases	156.36	169.31
Expenses relating to lease of Low-value assets	1.54	1.23
Total amount recognised in the profit & loss	254.56	272.81
Total cash out flows towards leases	237.26	249.54

Lease term of the above referred leases range from 11 months to 63 years

- d. Information about extension and termination options

Right of use assets	Number of leases	Range of remaining term (in years)	Average remaining lease term (in years)	Number of leases with extension options	Number of leases with purchase option	Number of leases with termination option
Other buildings	2.00	5.92	6.00	2.00	-	-
Plant and Machinery	9.00	0.04 to 0.21	0.11	-	9	-
Vehicles	62.00	0.35 to 4.68	2.52	62.00	62	62

- e. The maturity profile for lease liabilities has been provided in note 41 (c)

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

39 Contingent liabilities and commitments

a Contingent liabilities (to the extent not provided for)

Particulars	31 March 2023	31 March 2022
i Income tax matters in dispute (Refer note 1)	-	-
ii Value added tax, Service tax and customs matters in dispute (Refer note 2)	1,288.38	1,528.94
iii Customer related cases and complaints (Refer note 3)	2.00	-
iv Matters before prevention of money laundering adjudicating authority (refer note 4)	2,016.00	-
	3,306.38	1,528.94

Note - Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.

The Company does not expect the outcome of these proceeding to have a material adverse effect on its financial position. The Company does not expect any reimbursement in respect of above contingent liability.

- The Income Tax Authorities have disputed the tax computation for certain years, which are pending before various forums. Based on the grounds of the appeals, the management believes that there is a reasonably strong likelihood of obtaining a favourable order. Any income, which may arise out of such litigations will be recognised only on the receipt basis/ or where right to receive such income is clearly established. Pending the final decisions on the above matter, no adjustment has been made in these standalone financial statements.
- There are various disputes pending with the authorities of customs, service tax and value added tax. The Company is contesting these demands raised by authorities and are pending at various appellate authorities. 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 separate financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.
- There are various litigations going on/ complaints filed against the Company primarily in Consumer Redressal Forum and under the real estate regulation act 2016. The Company is contesting such litigations with the respective appellate authorities. The management has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required in its separate financial statements. For most number of litigations/ complaints, based on the grounds of the appeals, the management believes that there is a reasonably strong likelihood of succeeding before these authorities and hence, pending the final decisions on the above matters, no adjustment has been made in these standalone financial statements.
- The Company had entered into a Joint Development Arrangement with certain land owners in Gurugram, Haryana, in earlier years. In respect of this transaction, the Enforcement Directorate ('ED') after due investigation has filed a complaint with Adjudicating Authority, Prevention of Money Laundering ('AA-PML'), alleging certain irregularities in respect of the manner of allotment and pricing of certain plots under this project or payment of applicable fees and charges by the Company or the landowners, with respect to the terms and conditions mentioned in the development policy of Haryana Development and Regulation of Urban Areas Act (HDRUAA), 1975 and the bilateral agreement between the land owners and Directorate of Town and Country Planning, Haryana (DTCP) resulting in provisional attachment under the Prevention of Money Laundering Act, 2002 ('PMLA') of land parcels with value of ₹ 2,016 disclosed under "Other non-current assets" in the accompanying standalone financial statements, held by Technobuild Developers Private Limited ('TDPL'). The Company has entered into a Memorandum of Understanding ('MoU') with TDPL for acquiring land parcels using advances extended by the Company. As per the MoU, TDPL and its affiliates cannot transfer land parcels without prior approval of the Company and the Company has absolute rights over land parcels acquired by TDPL and its affiliates acquired from such advance given by the Company

As part of the inquiry process, the Company and its officers have been asked to provide contracts, documents and justification in respect of this transaction by the concerned authorities. The Company and its officers have been responding to the queries raised / documents sought from time to time. During the current quarter, the Company is in receipt of Show Cause Notice (SCN) under the PMLA from AA-PML and the Company has duly filed detailed responses to allegations made in SCN and the Company is yet to receive the response from AA-PML.

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

The management, based on its overall assessment and independent legal opinion obtained, believes that these transactions have been carried out in accordance with all the applicable laws and regulations and the said bilateral agreement and has not identified any adverse material impact to the standalone financial statements as at 31 March 2023 or for earlier periods including the recoverability of land advance given against such provisionally attached ₹ 2,016 land parcels held through TDPL.

- 5 The Income Tax Department ("the Department") conducted a Search activity ("the search") under Section 132 of the Income Tax Act ("the Search") at various premises of the Company and certain group companies during March 2023. The Company has provided all the necessary support and cooperation to the Income-tax officials during the search and provided all the necessary information including documents and data sought by the Department. As on the date of issuance of these financial results, the Company has only received a notice u/s148 requiring the management to re-file the Income Tax return for AY 2016-17.

While the uncertainty exist regarding the outcomes of the proceedings by the Department, the Company and certain group companies after considering all available records and facts known to it, has not identified any adjustments to the current or prior period standalone financial results at this stage.

- 6 During the current year, one of the customers of Sobha Assets Private Limited (SAPL), a wholly owned subsidiary of the company has terminated a project development contract entered by it and demanded compensation of ₹2,956 in addition to forfeiture of a ₹227 performance guarantee and ₹26 of deposits alleging that SAPL has not commenced the contract work. The carrying value of aforesaid project related assets/receivables as at 31 March 2023 in the books of the Company and SAPL is ₹24 and ₹330 respectively. SAPL has filed a petition with the court of jurisdiction challenging the termination and its grounds, and also filed a counter claim from the customer towards business losses and other receivables. The Company based on its overall assessment and independent legal opinion, believes that the aforesaid termination is illegal and will not have any adverse impact to the financial results and accordingly no provision has been made.
 - 7 In the earlier year, the renewal of Fire Department 'no objection certificate' for one of the project procured by an entrusted person, was found to be defective. On becoming aware of this fact, the Company immediately took remedial steps and obtained renewed approvals, which were then re-submitted with the local body for regularization. During the current year, the local body has cancelled the Occupancy Certificate (OC), against which the Company has filed an appeal with Karnataka Appellate Tribunal challenging the cancellation of OC. The Karnataka Appellate Tribunal has ordered stay on such cancellation order of the OC. The Company is working with the local body for resolution of the aforesaid matter. The management is of the view that the aforementioned event shall not have a material impact on the standalone financial statements of the Company.
 - 8 The Company is involved in certain litigations for lands being developed/ acquired by it for construction purposes, either through a Joint Development Agreement or through outright purchases. These cases are pending with the Civil Courts and scheduled for hearings. After considering the facts and circumstances of each case in detail, and post consideration of the opinions of the in-house legal council, management believes that these litigations will not have a material effect on the standalone financial statements.
 - 9 Certain litigations have been filed on the Company by the forest department, Bangalore water supply and sewage board (BWSSB) on certain real estate projects undertaken by the Company. Also, certain claims have been laid upon the company under the Land acquisition act, against which the Company has filed various writ petitions and obtained stay orders from the honorable high court. The impact of all such litigations and claims is not quantifiable. These litigation/ claims are pending with various courts and are scheduled for hearings. Based on internal assessment, and post consideration of the opinion of its in-house legal council, the management is confident that the matter would be decided in its favour, accordingly no adjustment has been made in these standalone financial statements.
- b. Commitments**
- (a) The contractual commitments pending for the acquisition of property, plant and equipment as at 31 March 2023 is ₹ 250.03 (31 March 2022: ₹ 146.80)
 - (b) 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 2023, the Company incurred ₹ 129.37 (31 March 2022 - ₹ 110.57) towards aircraft usage as per the agreement.

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

40 Fair value measurements

a. The carrying amounts of financial instruments by categories is as follows:

Particulars	Note	As at 31 March 2023			As at 31 March 2022 (Restated)		
		At cost	Fair value through profit or loss	At amor-tised cost	At cost	Fair value through profit or loss	At amor-tised cost
Financial assets							
Investments	9	-	-	0.08	-	-	0.08
Trade receivables	11	-	-	2,892.78	-	-	4,156.70
Loans	12	-	-	667.17	-	-	342.88
Cash and bank balances	15 & 16	-	-	4,404.83	-	-	1,730.38
Other financial assets	13	-	-	5,092.34	-	-	6,256.87
Total		-	-	13,057.20	-	-	12,486.91
Financial liabilities							
Borrowings	20	-	-	19,394.36	-	-	24,311.53
Trade payables	23	-	-	5,956.15	-	-	4,415.08
Other financial liabilities	21	-	-	8,585.15	-	-	6,982.88
Lease Liabilities	38	-	-	232.81	-	-	253.49
Total		-	-	34,168.47	-	-	35,962.98

* Investment in equity shares of subsidiaries are measured as per Ind AS 27, 'separate financial statements' and have been excluded above.

b. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities

Particulars	As at 31 March 2023				As at 31 March 2022 (Restated)			
	Carrying amount	Fair value			Carrying amount	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Investment properties (disclosure)	2,767.92	-	1,394.10	4,484.00	2,168.14	-	-	4,432.00
	2,767.92	-	1,394.10	4,484.00	2,168.14	-	-	4,432.00

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 year.

Financial instruments carried at amortised cost such as 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 amortised cost, the carrying amounts are equal to the fair values.

Valuation method used for level 3 valuations -

Particulars	Valuation technique	Unobservable input	Relationship of unobservable input with fair value
Fair value of investment property (disclosure only)	Income approach (discounted cash flow method)	Discount rate	Increase/decrease in discount rate would result in decrease/ increase in fair value
		Expected vacancy rates	Increase/decrease in vacancy rate would result in decrease/ increase in fair value
		Rental growth rate	Increase/decrease in rental growth rate would result in increase/ decrease in fair value

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

41 Financial risk management

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 the 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 has exposure to the following risks arising from financial instruments

Risk	Exposure arising from
Market Risk-Interest rate risk (A)	Borrowings
Credit Risk (B)	Trade receivables, cash and cash equivalents, bank balances, and other deposits and investments
Liquidity Risk (C)	Borrowings, trade payables, and other financial liabilities

Risk Management policy

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.

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. The Company does not have a material foreign currency exposure as at balance sheet date and hence, this risk is not applicable.

The sensitivity analysis in the following sections relate to the position as at 31 March 2023 and 31 March 2022. 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 2023 and 31 March 2022.

(i) 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.

Below is the overall exposure of the Company to interest rate risk:

	As at 31 March 2023	As at 31 March 2022
Variable rate borrowings	18,715.68	24,311.53

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:

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

	Increase/ decrease in interest rate	Effect on profit before tax *
31 March 2023		
INR	+1%	(155.77)
INR	-1%	155.77
31 March 2022		
INR	+1%	(243.70)
INR	-1%	243.70

* determined on gross basis i.e. with out considering inventorisation of such borrowing cost.

(ii) Price risk

The Company's exposure to price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit or loss. To manage the price risk arising from investments, the Company diversifies its portfolio of assets. There are no investments held by the company which are measured at fair value either through profit and loss or fair value through other comprehensive income, hence the Company is not exposed to price risk.

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 primarily from trade receivables (net of advances/ payables), refundable joint development deposits, security deposits, loans and other financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. The carrying amounts of financial assets, unbilled revenue and contract assets represent the maximum credit exposure.

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial/ contract assets based on the assumptions, inputs and factors specific to the class of financial/ contract assets.

- (a) Low credit risk
- (b) Medium credit risk
- (c) High credit risk

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

The Company provides for expected credit loss based on the following:

Category	Asset class exposed to credit risk	Allowance for expected credit loss
Low credit risk/ medium credit risk	Loans, trade receivables (Category A and B), cash and cash equivalents, other financial assets measured at amortised cost	12 Months expected credit loss or specific allowance whichever is higher
High credit risk	Trade receivables (Category C)	Life time expected credit loss or specific allowance

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

a. Management of Credit risk

i. Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only selecting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

ii. Trade receivables

The Company divides its receivables in the following categories based on the credit risk associated with such categories

Category 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. Company recognises impairment on a specific identification basis for debtors where no security exists.

Category B - Receivables from related parties: The Company has performs construction services for its subsidiaries which have individual real estate projects. Credit risk in such cases is managed as control is established; Also, such subsidiaries manage their credit risks by requiring their customers to pay in advance, before transfer of ownership. For other related parties, the Company actively manages such credit risk by an established process of inter-party reconciliations, follow ups and active business at an arms length price.

Category C - Receivables resulting from other than sale of properties: Credit risk is managed by each business unit (primarily pertaining to the contractual and manufacturing business subdivisions) 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, who have a history of prompt payment for more than 5 years with the Company. For other customers, impairment is tested collectively based on the business sub-segment in which they operate. 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 30-90 days.

No single customer individually accounted for more than 10% of the trade receivable balance or more than 10% of the revenue of the company as at 31 March 2023 and 31 March 2022.

iii. Other financial assets measured at amortised cost

Other financial assets measured at amortised cost includes refundable deposits paid under joint development arrangements, security deposits, loans to related parties, and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system are in place ensure the amounts are within defined limits.

a. Recognition of Expected credit losses

i. Financial assets with credit risk classified as 'low'/ 'medium'

Company provides for expected credit losses on financial assets other than trade receivables by assessing individual financial instruments for expectation of any credit losses.

For cash & cash equivalents, other bank balances and derivative financial instruments - Since the Company deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, derivative financial instruments, other bank balances and bank deposits is evaluated as very low.

For refundable deposits (RD) under joint development arrangements (JDA) and security deposits - Credit risk is considered low because the Company is in possession of the underlying asset.

For trade receivables (category A and B) and other financial assets - Credit risk is evaluated based on Company knowledge of the credit worthiness of those parties and loss allowance is measured. For such financial assets, the Company policy is to provide for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses/ specific allowance upon significant increase in credit risk.

Particulars	Note no.	Gross carrying amount	Expected probability of default	Expected credit losses	Carrying amount net of impairment allowance
31 March 2023					
Cash and bank balances	15 & 16	4,404.83	0.00%	-	4,404.83
Trade receivables (Category A and B)	11	909.35	0.00%	29.12	880.23
Loans	12	237.86	0.00%	8.34	229.52

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

Refundable deposits under JDA	13	3,406.74	0.00%	-	3,406.74
Other financials assets	13	1,685.60	0.00%	-	1,685.60
Unbilled revenue	14	1,801.76	0.00%	-	1,801.76
31 March 2022					
Cash and bank balances	15 & 16	1,730.38	0.00%	-	1,730.38
Trade receivables (Category A and B)	11	2,012.26	0.00%	29.12	1,983.14
Loans	12	-	-	-	-
Refundable deposits under JDA	13	4,013.72	0.00%	50.55	3,963.17
Other financials assets	13	2,243.15	0.00%	-	2,243.15
Unbilled revenue	14	3,324.71	0.00%	-	3,324.71

ii. Financial assets with credit risk classified as 'high'

For trade receivables (Category C) - The Company uses an allowance matrix to measure the expected credit losses of such trade and finance receivables. The measurement is made collectively based on the business sub-segment in which the respective customers operate. Loss rates are separately measured for customers which have a history of prompt payment, and are not significantly past due from payment. Based on the industry practices and the business environment in which the entity operates, management considers that the trade receivables and loans are in default (credit impaired) if the payments are more than 730 days past due (Net of advances/ payables). Loss rates are based on actual credit loss experience over the past eleven quarters. In the current year, the Company has revised its estimation of loss rates.

Expected credit losses measured on the simplified approach

31 March 2023	Weighted average loss rate	Gross carrying amount	Loss Allowance	Net carrying amount after loss allowance
Current (Not past due)	1%	1,226.92	12.56	1,214.36
Upto 90 days past due	3%	641.55	18.09	623.46
91 - 180 days past due	5%	49.86	2.64	47.22
181 - 270 days past due	22%	78.32	17.23	61.10
271 - 360 days past due	31%	16.50	5.11	11.39
361 - 730 days past due	65%	90.81	59.07	31.74
More than 730 days past due	95%	480.94	457.64	23.29
31 March 2022				
	Weighted average loss rate	Gross carrying amount	Loss Allowance	Net carrying amount after loss allowance
Current (Not past due)	1%	1,095.61	11.59	1,084.02
Upto 90 days past due	3%	514.75	13.15	501.60
91 - 180 days past due	11%	101.05	10.73	90.32
181 - 270 days past due	19%	88.47	17.11	71.36
271 - 360 days past due	22%	61.46	13.65	47.81
361 - 730 days past due	24%	163.00	39.54	123.46
More than 730 days past due	42%	439.15	184.16	254.99

Movement in allowance for credit losses of Trade receivables

Particulars	31 March 2023	31 March 2022
		Restated
Opening balance	319.05	304.62
Amounts written off	(23.08)	(0.55)
Net remeasurement of loss allowance	305.50	14.98
Closing balance	601.46	319.05

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

Movement in allowance for credit losses of others

Particulars	Other financial assets		Loans	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
		Restated		Restated
Opening balance	50.55	-	-	-
Amounts written off	-	-	-	-
Amounts written back	(50.55)	-	-	-
Net remeasurement of loss allowance	-	50.55	8.34	-
Closing balance	-	50.55	8.34	-

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 2023 and 31 March 2022 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 has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Company also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	On demand	Less than one year	1 to 5 years	> 5 years	Total
31 March 2023					
Borrowings (refer note 20)	6,321.46	5,499.11	8,767.22	1,342.27	21,930.06
Trade payables (refer note 23)	-	5,956.15	-	-	5,956.15
Other financial liabilities (refer note 21)	1.89	8,583.26	-	-	8,585.15
Lease liabilities (refer note 38)	-	49.85	113.92	734.57	898.34
Financial guarantee contracts*	-	998.78	-	-	998.78
	6,323.35	21,087.15	8,881.14	2,076.84	38,368.48
31 March 2022					
Borrowings (refer note 20)	6,120.61	9,002.78	10,509.93	1,354.27	26,987.59
Trade payables (refer note 23)	-	4,415.08	-	-	4,415.08
Other financial liabilities (refer note 21)	253.85	6,730.03	-	-	6,983.88
Lease liabilities (refer note 38)	-	75.54	122.39	749.08	947.01
Financial guarantee contracts*	-	1,226.10	-	-	1,226.10
	6,374.46	21,449.53	10,632.32	2,103.35	40,559.66

(*) Based on the maximum amount that can be called for under the financial guarantee contract.

SOBHA LIMITED**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

42 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.

	As at 31 March 2023	As at 31 March 2022
		Restated
Borrowings (long-term and short-term) (Note 20)	19,394.36	24,311.53
Other financial liabilities (interest accrued but not due) (Note 21)	28.15	34.05
Net debt	19,422.51	24,345.58
Equity share capital (Note 17)	948.46	948.46
Other equity (Note 18)	22,462.22	21,833.80
Total capital	23,410.68	22,782.26
Capital and net debt	42,833.19	47,127.84
Gearing ratio	45.34%	51.66%

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 2023 and 31 March 2022.

43 Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

Particulars	As at 31 March 2023	As at 31 March 2022
A. Current		Restated
Financial assets		
Trade receivables	2,188.34	2,142.77
Cash and cash equivalents	82.17	76.37
Bank balance other than cash and cash equivalents	39.88	86.38
Non-financial assets		
Inventories	39,737.39	36,689.97
Other assets	1,594.70	3,275.33
Total current assets pledged as securities	43,642.48	42,270.82
B. Non-current Assets		
Non-financial assets		
Property, plant and equipment	395.95	707.18
Investment property	1,907.47	1,937.81
Financial assets		
Other financial assets		
Fixed deposits with banks with maturity more than 12 months	64.81	55.78
Total non-current assets pledged as securities	2,368.23	2,700.77
Total assets pledged as security	46,010.71	44,971.59

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

44 Ratios

Ratios	Numerator	Denominator	As at 31 March 2023	As at 31 March 2022	% of Change	Explanation for change in ratio of more than 25%
Liquidity ratio						
Current ratio	Current Assets	Current Liabilities	1.09	1.13	-3.17%	NA
Solvency ratio						
Debt-Equity ratio	Total Debt*	Total Equity	0.83	1.07	-22.37%	NA
Debt Service Coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments	0.46	0.44	3.99%	NA
Profitability ratio						
Return on Equity ratio	Net Profits after taxes	Average Shareholder's Equity	0.04	0.08	-46.08%	Due to higher margin in land sale in the previous year
Net Profit ratio	Net Profits after taxes	Revenue from operations	0.03	0.07	-56.88%	Due to higher margin in land sale in the previous year
Return on Capital Employed	Earnings before interest ^{^^} and taxes	Net Worth + Total Debt* + Deferred Tax Liability	7%	7%	-1.74%	NA
Return on Investment	Interest income on bank deposits	Fixed deposit with bank	2%	5%	-55.54%	Due to increase in the closing balance of fixed deposits as at the year end
Utilisation ratio						
Trade Receivable Turnover Ratio	Revenue from operations [^]	Average Trade Receivable	2.77	2.82	-1.69%	NA
Inventory Turnover ratio	Cost of goods sold	Average Inventory	0.36	0.25	41.20%	On account of increase in revenue which lead to increase in Cost of goods sold
Trade Payable Turnover Ratio	Purchase of project materials, sub contractor cost, other expenses	Average Trade Payables	5.11	3.99	28.11%	Due to increase in operations and higher purchases in the current year.
Net Capital Turnover Ratio	Revenue from operations	Working capital = Current assets - Current liabilities	3.82	2.29	66.54%	Increase in working capital as a result of increase in overall operations

* Includes Interest accrued but not due on borrowings

[^] Excludes Income from of constructed properties, plots and other development activities

^{^^} Net of inventorisation

SOBHA LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

45 Restatement

The financial statements for the previous reporting years were restated for correction of certain items in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors which are described in more detailed as below:

(i) The Company had accrued for notional interest on advance from customers involving sale of real estate unit and had capitalised such interest to project cost. However, the Company received such consideration in accordance with the terms of the contract in proportion to the completion of such real estate project and accordingly does not involve any significant financing element.

(ii) The Company has restated the accounting for revenue from the development and transfer of constructed area/revenue sharing arrangement in exchange of such development rights acquired under Joint Development Arrangement (JDAs) [not being jointly controlled operations] on gross basis in accordance with guidance on 'non-cash consideration' under Ind AS 115, Revenue from Contract with Customer.

(iii) The Company has restated the capitalisation of borrowing cost on lands and land advances wherein no significant development activity had commenced and projects wherein substantially all activities necessary for their sale had been completed to capitalise appropriate borrowing cost and other directly attributable project cost to projects under construction in accordance with relevant Ind AS.

(iv) rectification of certain other items pertaining to (a) accounting of construction contracts, other operating income and expense (b) right of use asset (c) discounting of retention money and (d) reclassification of borrowings. Consequential impact of deferred tax has been recorded on these adjustments.

The effect of restatement on financial statement line items for the prior years as follow:

Balance sheet as at 01 April 2021

Particulars	Note	As previously reported	Rectification of error	Restated
Assets				
Property, plant and equipment	(iv)	2,647.77	72.75	2,720.52
Investment property	(iv)	1,691.59	427.44	2,119.03
Right of use assets	(iv)	245.99	32.22	278.21
Trade receivables (non - current)	(iv)	423.99	97.02	521.01
Other non-current financial assets	(iv)	1,414.40	(150.93)	1,263.47
Deferred tax asset (net)	(iv)	(258.67)	474.58	215.91
Other non-current assets	(i), (iii)	5,200.77	(658.33)	4,542.44
Inventories	(i), (ii), (iii)	67,515.27	3,873.01	71,388.28
Loans	(iv)	-	303.45	303.45
Other current financial assets	(iii)	6,021.52	(218.58)	5,802.94
Other current assets	(ii)	13,802.75	(854.52)	12,948.23
Equity				
Other equity	(i), (ii), (iv)	21,922.28	(1,438.99)	20,483.29
Liabilities				
Non-current borrowings	(iv)	2,767.76	-	2,767.76
Non-current lease liabilities	(iv)	67.97	150.23	218.20
Current borrowings	(iv)	26,104.02	420.00	26,524.02
Current lease liabilities	(iv)	61.98	(1.00)	60.98
Total outstanding dues of creditors other than micro enterprises and small enterprises	(iv)	7,339.81	(2,331.05)	5,008.76
Other current financial liabilities	(iv)	5,644.09	1,016.21	6,660.30
Other current liabilities	(iv)	42,048.86	5,582.71	47,631.57

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

Balance sheet as at 31 March 2022

Particulars	Note	As previously reported	Rectification of error	Restated
Assets				
Property, plant and equipment	(iv)	2,316.23	29.90	2,346.13
Investment property	(iv)	1,882.71	285.43	2,168.14
Right of use assets	(iv)	198.85	30.40	229.25
Trade receivables (non - current)	(iv)	563.93	90.63	654.56
Other non-current financial assets	(iv)	1,541.06	(168.88)	1,372.18
Deferred tax asset (net)	(iv)	(73.05)	262.32	189.27
Other non-current assets	(i), (iii)	4,338.62	(639.08)	3,699.54
Inventories	(i), (ii), (iii)	70,352.24	2,478.14	72,830.38
Loans	(iv)	-	342.88	342.88
Other current financial assets	(iii)	5,208.33	(323.64)	4,884.69
Other current assets	(ii)	13,706.44	(922.80)	12,783.64
Equity				
Other equity	(i), (ii), (iv)	22,709.83	(876.03)	21,833.80
Liabilities				
Non-current borrowings	(iv)	6,635.92	(3,629.13)	3,006.79
Non-current lease liabilities	(iv)	40.02	162.77	202.79
Current borrowings	(iv)	17,252.46	4,052.28	21,304.74
Current lease liabilities	(iv)	60.87	(10.17)	50.70
Total outstanding dues of creditors other than micro enterprises and small enterprises	(iv)	6,698.30	(2,283.22)	4,415.08
Other current financial liabilities	(iv)	5,882.40	1,100.48	6,982.88
Other current liabilities	(iv)	48,906.11	2,948.32	51,854.43

Statement of profit and loss for the year ended 31 March 2022

Particulars	Note	As previously reported	Rectification of error	Restated
Revenue from operations	(i), (ii), (iv)	27,140.93	(1,669.66)	25,471.27
Other income	(iv)	948.66	(67.69)	880.97
Land purchase cost	(ii)	1,959.10	111.89	2,070.99
Changes in purchase of project materials, land stock, work in progress and finished goods	(i), (ii), (iii)	(2,745.78)	1,520.49	(1,225.29)
Employee benefits expense	(iv)	2,294.47	217.69	2,512.16
Finance cost	(i), (iii)	7,283.26	(4,289.56)	2,993.70
Depreciation and amortization expense	(iv)	680.42	(2.26)	678.16
Other expenses	(iv)	3,548.33	(80.22)	3,468.11
Profit before tax		1,526.11	784.62	2,310.73
Tax expenses	(i), (ii), (iii), (iv)	397.59	221.66	619.25
Total comprehensive income for the year		1,119.51	562.96	1,682.47
Basic and Diluted EPS		11.90	5.93	17.83

Statement of profit and loss for the year ended 31 March 2022

Particulars	Note	As previously reported	Rectification of error	Restated
Net cash from operating activities	(iv)	7,983.12	49.94	8,033.06
Net cash flows from financing activities	(iv)	(8,146.36)	(49.94)	(8,196.30)

SOBHA LIMITED**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

46 Derivative instruments and unhedged foreign currency exposure

Particulars	31 March 2023	31 March 2022
Foreign currency exposure that are not hedged by derivative instruments or otherwise:		
Trade payables	45.91	24.78

47 Additional regulatory information pursuant to the requirement in Division II of Schedule III to the Companies Act 2013

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company does not have any transactions with companies struck off.
- (iii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (iv) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (v) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- (vi) The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year
- (vii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

48 As the Company is engaged in providing infrastructural facilities as specified in Schedule VI of the Act, provisions of section 186 except sub-section (1) of the Act are not applicable to the Company.

49 No material events have occurred between the Balance Sheet date to the date of issue of these standalone financial statements that could affect the values stated in the financial statements as at 31 March, 2023.

As per our report of even date attached

For **Walker Chandiook & Co LLP**
Chartered Accountants
ICAI Firm registration number: 001076N/N500013

Manish Agrawal
Partner
Membership No.: 507000

Bengaluru
29 May 2023

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

Ravi PNC Menon
Chairman
DIN: 02070036

Yogesh Bansal
Chief Financial Officer

Bengaluru
29 May 2023

Jagadish Nangineni
Managing Director
DIN: 01871780

Vighneshwar G Bhat
Company Secretary and
Compliance Officer
ACS16651

INDEPENDENT AUDITORS' REPORT

To the Members of Sobha Limited

Report on the Audit of The Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Sobha Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associate and joint venture, as listed in Annexure I, which comprise the Consolidated Balance Sheet as at 31 March 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements including a summary of the significant accounting policies and other explanatory information.
2. 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 and on the other financial information of the subsidiaries, associate and joint venture, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associate and joint venture, as at 31 March 2023, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards 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, its associate and joint venture in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated 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 together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 16 of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw attention to Note 39(5) to the accompanying Consolidated Financial Statements regarding the search operation carried out by the Income Tax Department at various business premises of the Holding Company and certain other group companies during March 2023. As the Holding Company and certain other group companies have not received any communication on the findings of the investigation by the Income Tax department till date, the impact of this matter on the accompanying consolidated financial statements for the year ended 31 March 2023 and the adjustments, (if any) required to these accompanying consolidated financial Statement, is presently not ascertainable. Our opinion is not modified in respect of this matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, were of most significance in our audit of the consolidated financial statements of the current period. These matters

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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.

6. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
<p>1. Revenue recognition for sale of residential units</p> <p>The Group applies Ind AS 115, Revenue from Contracts with Customers ("Ind AS 115") for recognition of revenue from sale of residential units and revenue from joint development agreements. Refer note 2.4(b)(l)(i) and 25 to the consolidated financial statements for accounting policy and related disclosures.</p> <p>Revenue is recognised upon transfer of control of residential units to customers for an amount which reflects the consideration the Group expects to receive in exchange for those units. The point of revenue recognition is normally based on the terms as included in the intimation for the handover of unit to the customer on completion of the project, and substantial collection is received. The Group recognises the revenue at a point in time upon handover/deemed handover of the residential units.</p> <p>For contracts involving sale of residential units, the Group receives the consideration in accordance with the terms of the contract in proportion of the percentage of completion of such real estate project and represents payments made by customers to secure performance obligation of the Group under the contract enforceable by customers. The assessment of such consideration received from customers involves significant judgment in determining if the contracts with customers involves any financing element.</p> <p>For revenue contracts forming part of joint development arrangements that are not jointly controlled operations ('JDA'), the revenue from the development and transfer of constructed area/revenue share with corresponding land/ development rights received by the Group is measured at the fair value of the estimated construction service rendered by the Group to the landowner under JDA. Such</p>	<p>Our audit procedures on revenue recognised from sale of residential units included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Evaluated the appropriateness of accounting policy for revenue recognition on sale of residential units in terms of principles enunciated under Ind AS 115; • Assessed the management evaluation of determining revenue recognition from sale of residential units at a point in time in accordance with the requirements under Ind AS 115; • Obtained and understood the revenue recognition process, evaluated the design and performed test of controls over revenue recognition including determination of point of transfer of control and completion of performance obligations on a sample basis; • Inspected, on a sample basis, underlying customer contracts and sale deed/handover documents, evidencing the transfer of control of the residential units to the customer based on which revenue is recognised at a point in time, and whether the contracts with customers involved any financing element; and • Visited sites during the year for selected projects to understand the nature, status and progress of the projects. <p>For projects executed during the year in accordance with JDAs, we have performed the following procedures on a sample basis:</p> <ul style="list-style-type: none"> • Obtained and understood the revenue recognition process and performed test of controls over revenue recognition including fair valuation of estimated construction service revenue under JDA;

INDEPENDENT AUDITORS' REPORT (CONTINUED)**Key Audit Matters (continued)**

Key Audit Matter	How our audit addressed the key audit matter
<p>Revenue recognition for sale of residential units (cont'd)</p> <p>revenue is recognised over a period of time in accordance with the requirements of Ind AS 115.</p> <p>Ind AS 115 requires significant judgment in determining when 'control' of the residential units is transferred to the customer. Further, for projects executed through JDA, significant estimate is undertaken by management for determining the fair value of the estimated construction service.</p> <p>Considering the significance of management judgements and estimates involved and the materiality of amounts involved, aforementioned revenue recognition is identified as a key audit matter.</p>	<ul style="list-style-type: none"> • Obtained and examined the computation of the fair value of the construction service under JDA with reference to project cost estimates and mark up considered by the management; • Obtained the JDAs entered into by the Holding Company, including addendums thereto and compared the ratio of constructed area/ revenue sharing arrangement between the Holding Company and the landowner as mentioned in the agreement to the computation statement prepared by the management; and • Tested the computation for recognition of revenue over a period of time for revenue contracts forming part of JDA and management's assessment of stage of completion of projects and project cost estimates. <p>Assessed the adequacy of disclosures included in the consolidated financial statements in compliance with the requirements of Ind AS 115.</p>
<p>2. Revenue recognition for contractual construction projects</p> <p>The Group recognises revenue over a period of time in accordance with Ind AS 115, Revenue from Contracts with Customers ("Ind AS 115"). Refer note 2.4(b)(l)(ii) and 25 to the consolidated financial statements for accounting policy and related disclosures.</p> <p>The Group recognises revenue from construction contracts on the basis of stage of completion (input method) based on the proportion of contract costs incurred at reporting date, relating to the total estimated costs of the contract at completion. The recognition of revenue is therefore dependent on estimates in relation to total estimated costs of each such contract, which is subject to inherent uncertainty as it requires ascertainment of progress of the project, cost incurred till date and balance cost to be incurred to complete the project.</p> <p>Significant judgments are also involved in</p>	<p>Our audit procedures on revenue recognition for contractual construction projects included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Evaluated the appropriateness of accounting policy on revenue recognition for contractual construction projects in terms of principles enunciated under Ind AS 115; • Evaluated the design and tested operating effectiveness of key controls around budgeting of project cost, approval of purchase orders, recording of actual cost, raising of invoices and estimating the cost to complete the project; • Assessed management evaluation of determining revenue recognition for contractual construction projects over a period of time in accordance with the requirements of Ind AS 115;

INDEPENDENT AUDITORS' REPORT (CONTINUED)
Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
<p>Revenue recognition for contractual construction projects (cont'd)</p> <p>determining when the underlying performance obligations are satisfied and also determining expected losses, when such losses become probable based on the expected total contract cost. Cost contingencies are included in these estimates to take into account specific risks of uncertainties or disputed claims against the Group, arising within each contract. These contingencies are reviewed by the Management on a regular basis throughout the life of the contract and adjusted where appropriate.</p> <p>Considering the significance of management judgements and estimates involved and the materiality of amounts involved, revenue recognition from construction contracts is identified as a key audit matter.</p>	<ul style="list-style-type: none"> • On a sample basis, tested costs incurred by examining underlying invoices and other applicable documents; • For sample invoices raised during the year, verifying the underlying documents including invoices, work orders and customer acceptance; • Compared actual cost with budgeted cost to determine percentage of completion of the project • Assessed the adequacy of disclosures included in the consolidated financial statements in compliance with the requirements of Ind AS 115.

Key Audit Matter	How our audit addressed the key audit matter
<p>3. Assessing the recoverability of carrying value of Inventories, advances paid towards land procurement and deposits paid under joint development arrangements ("JDA")</p> <p>Refer note 2.4(d), 2.2(e), 2.2(p), 10, 14 and 13 to the consolidated financial statements for accounting policies on inventories, advances paid towards land procurement and deposits paid under JDA (financial asset) and related financial disclosures.</p> <p>As at 31 March 2023, the carrying value of the inventory comprising of Work in progress, Stock of residential units in completed projects and land stock is ₹ 84,908.10 million, land advances is ₹ 9,705.52 million and refundable deposits paid under JDA is ₹ 3,391.06 million, represents a significant portion of the Group's total assets.</p> <p>The inventories are carried at lower of cost and net realisable value ('NRV'). The determination of the NRV involves estimates based on prevailing market conditions and taking into account the estimated future selling price, cost to complete projects and selling costs.</p>	<p>Our procedures in assessing the carrying value of the inventories, land advances and deposits paid under JDA included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Evaluated the appropriateness of accounting policies with respect to inventories, land advances and deposits paid under JDA in terms of principles enunciated under applicable accounting standards; • Evaluated the design and tested operation of internal controls related to testing NRV/ net recoverable value with carrying amount of inventory, land advances and deposits paid under JDA; • Inquired with management to understand key assumptions used in determination of the NRV/ net recoverable value; and

INDEPENDENT AUDITORS' REPORT (CONTINUED)
Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
<p>Assessing the recoverability of carrying value of Inventories, advances paid towards land procurement and deposits paid under joint development arrangements (“JDA”) (cont'd)</p> <p>Advances paid by the Group to the seller/ intermediary towards outright purchase of land is recognised as land advance under other assets during the course of transferring the legal title to the Group, whereupon it is transferred to land stock under inventories. Further, deposits paid under joint development arrangements are in the nature of non-refundable/refundable deposits, for acquiring the development rights. On the launch of the project, the non-refundable amount is transferred as land cost to work-in-progress.</p> <p>The aforesaid deposits and advances are carried at the lower of the amount paid/payable and net recoverable value, which is based on the management's assessment including the expected date of commencement and completion of the project and the estimate of sale prices and construction costs of the project.</p> <p>We identified the assessment towards recoverability of carrying value of inventory, land advances and deposits paid under JDA as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole and the involvement of estimates and judgement in the assessment.</p>	<p>• Obtained and tested the computation/ assessment of the NRV/ net recoverable value on a sample basis.</p> <p>For inventory balance:</p> <ul style="list-style-type: none"> • Compared the NRV to recent sales in the project or to the estimated selling price; • Obtained and assessed the Holding Company's methodology applied and assumptions used in assessing the net realisable value based on current market conditions and having regard to expected launch of the project, project development plan and expected future sales; • Compared the estimated construction costs to complete each project with the Holding Company's updated budgets; and • For land stock, on a sample basis, obtained the fair valuation reports or the published guidance values and reviewed the valuation methodology, key estimates and assumptions adopted in the valuation. Involved auditor's valuation expert, where such fair valuation reports were obtained. <p>For land advances/ deposits paid under JDA</p> <ul style="list-style-type: none"> • Obtained an update on the status of the land acquisition/ project progress from the management and verified the underlying documents for related developments in respect of the land acquisition to assess Holding Company's rights over the land parcels in subject and expected recoverability of land advances / deposits paid under JDA; and • Carried out external confirmation procedures on sample basis to obtain evidence supporting the carrying value of land advance and deposits paid under JDA. <p>Assessed the adequacy of disclosures included in the consolidated financial statements in compliance with the applicable accounting standards.</p>

INDEPENDENT AUDITORS' REPORT (CONTINUED)
Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
<p>4. Assessment of certain transactions entered into by the Holding Company and recoverability of balances, on which regulatory proceedings are ongoing</p>	
<p>The Holding Company had entered into a joint development arrangement with certain landowners in Gurugram, Haryana, in earlier years. In respect of this transaction, the Enforcement Directorate ('ED') after due investigation has filed a complaint with Adjudicating Authority, Prevention of Money Laundering ('AA-PML'), alleging certain irregularities in respect of the manner of allotment and pricing of certain plots under this project or payment of applicable fees and charges by the Holding Company or the landowners, with respect to the terms and conditions mentioned in the development policy of Haryana Development and Regulation of Urban Areas Act (HDRUAA), 1975 and the bilateral agreement between the land owners and Directorate of Town and Country Planning, Haryana (DTCP) resulting in provisional attachment under the Prevention of Money Laundering Act, 2002 ('PMLA') of land parcels with value of ₹ 2,016.05 million held by Technobuild Developers Private Limited ('TDPL') disclosed under Note 39(4). The Holding Company has entered into a Memorandum of Understanding ('MoU') with TDPL for acquiring land parcels using advances extended by the Holding Company, of equivalent value. As per the MoU, TDPL and its affiliates cannot transfer land parcels without prior approval of the Holding Company and the Holding Company has absolute rights over land parcels acquired by TDPL and its affiliates acquired from such advance given by the Holding Company</p> <p>As part of the inquiry process, the Holding Company and its officers have been asked to provide contracts, documents and justification in respect of this transaction by the concerned authorities. The Holding Company and its officers have been responding to the queries raised/documents sought from time to time. During the year, the Holding Company is in receipt of Show Cause Notice (SCN) under the PMLA from AA-PML and the Holding Company in consultation with its legal counsel has responded to allegations made in SCN.</p>	<p>Our audit procedures on this matter included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Obtained an understanding from the management with respect to process and controls followed by the Holding Company for identification, monitoring of significant developments and impact analysis in relation to the litigations, including completeness thereof; • Gaining an understanding of the ongoing regulatory proceedings through discussions with the management, and reading the underlying case related documents, communications and legal opinions to ensure consistency with the explanations provided to us and we have also assessed the objectivity, experience, competence and independence of management's expert; • Evaluated and challenged the Holding Company's assessment of recoverability of the balances outstanding as at the balance sheet date, the business rationale for entering these transactions, including considering the developments on the matter subsequent to the balance sheet date; • Engaged auditor's expert, who obtained an understanding of the current status of the litigation, reviewed independent legal opinion obtained by the management and considered relevant legal provisions and available precedents to validate the conclusions made by the management's expert;

INDEPENDENT AUDITORS' REPORT (CONTINUED)
Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
<p>Assessment of certain transactions entered into by the Holding Company and recoverability of balances, on which regulatory proceedings are ongoing (cont'd)</p> <p>The Holding Company, based on its overall assessment and independent legal opinion obtained, believes that these transactions have been carried out in accordance with all the applicable laws and regulations and the said bilateral agreement and has not identified any adverse material impact to the consolidated financial statements.</p> <p>Considering the significance of the matter which involves uncertainty of outcome due to ongoing proceedings in AA-PML and significant judgements and estimates by the Holding Company on the assessment of the legality and outcome of the above case, this is considered as a key audit matter.</p> <p>Considering this matter is also fundamental to the understanding of the user of consolidated financial statements, we draw attention to Note 39(4) of the consolidated financial statements.</p>	<ul style="list-style-type: none"> • Communicated and discussed periodic updates on these transactions with those charged with governance, including the recoverability and management's business rationale aspects for these transactions; and <p>Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the consolidated financial statements.</p>
<p>5. Restatement in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("Ind AS 8")</p> <p>The accounting policies for restatement of Consolidated financial statements are set out in Note 2.4(v) to the consolidated financial statements.</p> <p>During the current year, the Group has made restatements relating to (i) capitalisation of borrowing cost (ii) accounting for Joint Development Arrangement (JDAs) [not being jointly controlled operations] (iii) accounting for significant financing element in customer contracts and various other restatements which has been explained in Note 45 of the Consolidated financial statements. Amongst other things, the aforesaid restatements required detailed re-computation of capitalisation of eligible borrowing costs for earlier years, detailed assessment of all ongoing JDAs entered into by the Group and required significant judgements and estimates to be made</p>	<p>Our audit procedures on this matter included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the management process for identification of restatement adjustments to be made in the consolidated financial statements; • Evaluated the design and tested the operating effectiveness of internal controls relevant to restatement adjustments; • Evaluated the appropriateness of the implementation of accounting policies and ensured compliance with the requirements of the respective accounting standards and related authoritative pronouncements;

INDEPENDENT AUDITORS' REPORT (CONTINUED)
Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
<p>Restatement in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors (“Ind AS 8”) (cont'd)</p> <p>on part of the management. Further, assessment of consideration received from customers involves significant judgment in determining if the contracts with customers involves any financing element.</p> <p>Considering the quantum of amounts involved, the audit efforts required to audit such restatements in-depth, frequent interactions with the management and those charged with Governance, the restatement is identified as a key audit matter for the current year audit.</p> <p>The above matter is also considered fundamental to the understanding of the user of consolidated financial statements on account of the restatement of comparative financial information for various corrections of material prior period errors and reclassifications, which are further described in Note 45 of the consolidated financial statements.</p>	<ul style="list-style-type: none"> • Obtained and tested the computation/ workings involved in restatement and understood from the management, the rationale in view of the applicable accounting standards for the restatement adjustments carried out in the consolidated financial statements; • Obtained and assessed the relevant contracts/ agreements for impact assessment of restatement adjustments; and • Ensured that all restatement adjustments have been dealt with and disclosed in the Consolidated financial statement in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors as well as the respective accounting standards (including division II of Schedule III), as relevant.

Information other than the Consolidated Financial Statements and Auditor’s Report thereon

7. The Holding Company’s Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditor’s 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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

8. The accompanying consolidated financial statements have been approved by the Holding Company’s Board of Directors. The Holding Company’s Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Key Audit Matters (continued)

consolidated cash flows of the Group including its associate and joint venture in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company's Board of Directors are also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act the respective Board of Directors of the companies included in the Group, and its associate company covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

9. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for assessing the ability of the Group and of its associate and joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
10. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its associate and joint venture.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

11. 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 Standards on Auditing 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.
12. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act 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 Holding Company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls;

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Key Audit Matters (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate and joint venture 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 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 and its associate and 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; and
 - Obtain sufficient appropriate audit evidence regarding the financial information/ financial statements of the entities or business activities within the Group, and its associate and joint venture, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the consolidated financial statements, of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the 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.
13. 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.
 14. 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.
 15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Other Matters

16. We did not audit the financial statements of 18 subsidiaries, whose financial statements reflects total assets of ₹ 10,139.55 million and net assets of ₹ 4,884.85 million as at 31 March 2023, total revenues of ₹ 1,046.66 million and net cash inflows amounting to ₹ 26.02 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 Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, are based solely on the reports of the other auditors.

Our opinion above on the consolidated financial statements, and our report on other legal and

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Key Audit Matters (continued)

regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

17. The consolidated financial statements include the Group's share of net profit (including other comprehensive income) of ₹ Nil for the year ended 31 March 2023, as considered in the consolidated financial statements, in respect of 1 associate and 1 joint venture, whose financial information has not been audited by us. These financial information is unaudited and 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 the aforesaid associate and joint venture, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, these financial information are not material to the Group..

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial information certified by the management.

18. The consolidated financial statements of the Group for the year ended 31 March 2022 were audited by the predecessor auditor, B S R & Co. LLP, who have expressed an unmodified opinion on those consolidated financial statements vide their audit report dated 20 May 2022.

Report on Other Legal and Regulatory Requirements

19. As required by section 197(16) of the Act based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 16, on separate financial statements of the subsidiaries, we report that the Holding Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act. Further, we report that 17 subsidiary companies incorporated in India whose financial statements have been audited under the Act have not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable in respect of such subsidiary companies. We also report that the provisions of section 197 read with Schedule V to the Act are not applicable to an associate company incorporated in India, since such company is not a public company as defined under section 2(71) of the Act.
20. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued by us and by the respective other auditors as mentioned in paragraph 16 above, of companies included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such companies.
21. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries incorporated in India whose financial statements have been audited under the Act, 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 purpose of our audit of the aforesaid consolidated financial statements;
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid 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 financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Key Audit Matters (continued)

financial statements;

- d. In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;
- e. On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding and the reports of the statutory auditors of its subsidiary companies, covered under the Act, none of the directors of the Group companies and its associate company, are disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and associate company covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure II' wherein we have expressed an opinion; and
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiaries incorporated in India whose financial statements have been audited under the Act:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate and joint venture as detailed in Note 39 to the consolidated financial statements;
 - ii. The Holding Company, its subsidiaries, associate company and joint venture did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2023;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2023. Further, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary companies and the associate company covered under the Act, during the year ended 31 March 2023;
 - iv.
 - a. The respective managements of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, as disclosed in note 47(iv) to the accompanying consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies to or in any persons or entities, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiaries, its associate company or its joint venture ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
 - b. The respective managements of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, as disclosed in the note 47(v) to the accompanying consolidated financial statements, no funds have been received by the

INDEPENDENT AUDITORS' REPORT (CONTINUED)**Key Audit Matters (continued)**

Holding Company or its subsidiary companies from any persons or entities, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiaries, its associate company or its joint venture shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- c. Based on such audit procedures performed by us and that performed by the auditors of the subsidiaries as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The final dividend paid by the Holding Company during the year ended 31 March 2023 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend. Further, the subsidiary companies and associate company have not declared or paid any dividend during the year ended 31 March 2023.

As stated in note 19 to the accompanying consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year ended 31 March 2023 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Manish Agrawal

Partner

Membership No.: 507000

UDIN: 23507000BGYESK9813

Bengaluru

29 May 2023

Annexure I

List of entities consolidated in the consolidated financial statements of Sobha Limited for the year ended 31 March 2023 (in addition to the Sobha Limited, the Holding Company)

S. No.	Name of the Company/Entity	Relationship
1	Sobha City	Subsidiary
2	Sobha Highrise Ventures Private Limited	Subsidiary
3	Sobha Developers (Pune) Limited	Subsidiary
4	Sobha Assets Private Limited	Subsidiary
5	Sobha Tambaram Developers Limited	Subsidiary
6	Sobha Nandambakkam Developers Limited	Subsidiary
7	Sobha Construction Products Private Limited	Subsidiary
8	Vayaloor Properties Private Limited	Step-down subsidiary
9	Vayaloor Builders Private Limited	Step-down subsidiary
10	Vayaloor Developers Private Limited	Step-down subsidiary
11	Vayaloor Real Estate Private Limited	Step-down subsidiary
12	Vayaloor Realtors Private Limited	Step-down subsidiary
13	Valasai Vettikadu Realtors Private Limited	Step-down subsidiary
14	Sobha Contracting Private Limited	Step-down subsidiary
15	Kilai Builders Private Limited	Step-down subsidiary
16	Kuthavakkam Builders Private Limited	Step-down subsidiary
17	Kuthavakkam Realtors Private Limited	Step-down subsidiary
18	Sobha Interiors Private Limited	Step-down subsidiary
19	Kondhwa Projects LLP	Joint Venture
20	CVS Tech Park Private Limited	Associate

This space is intentionally left blank

Annexure II to the Independent Auditor's Report of even date to the members of Sobha Limited on the consolidated financial statements for the year ended 31 March 2023

Independent Auditor's Report on the internal financial controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Sobha Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associate and joint venture as at and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and its associate company, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary companies and its associate company, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to consolidated 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 ('Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Consolidated Financial Statements

3. The audit of internal financial controls with reference to financial statements of the aforementioned associate company, which is a company covered under the Act, and reporting under Section 143(3)(i) is exempted vide MCA notification no. G.S.R. 583(E) dated 13 June 2017 read with corrigendum dated 14 July 2017. Consequently, our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. 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 includes 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 consolidated financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained, and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies as aforesaid.

Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements

6. 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 consolidated financial statements for external purposes in accordance with generally accepted accounting

Annexure II to the Independent Auditor's Report of even date to the members of Sobha Limited on the consolidated financial statements for the year ended 31 March 2023 (continued)

principles. A company's internal financial controls with reference to consolidated 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 consolidated 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 consolidated financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. 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..

Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies, the Holding Company and its subsidiary companies which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to consolidated financial statements and such controls were operating effectively as at 31 March 2023, 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 issued by the ICAI.

Other Matter

9. We did not audit the internal financial controls with reference to financial statements insofar as it relates to 17 subsidiary companies which are covered under the Act, whose financial statements reflect total assets of ₹ 6,819.20 million and net assets of ₹ 3,107.12 million as at 31 March 2023, total revenues of ₹ 696.59 million and net cash inflows amounting to ₹ 29.98 million for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies, have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company and its subsidiary companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Agrawal
Partner
Membership No.: 507000
UDIN: 23507000BGYESK9813

Bengaluru
29 May 2023

SOBHA LIMITED CONSOLIDATED STATEMENT OF BALANCE SHEET AS AT 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

Particulars	Note	As at 31 March 2023	As at 31 March 2022 Restated(*)	As at 1 April 2021 Restated(*)
ASSETS				
Non-current assets				
Property, plant and equipment	4	4,129.98	4,160.93	4,538.79
Investment property	5	4,518.72	3,962.02	3,956.46
Investment property under development	6	67.89	65.03	700.58
Intangible asset under development	7	17.62	-	-
Goodwill	8	171.67	171.67	172.90
Other intangible assets	8	2.55	4.69	8.81
Right of use assets	38	103.27	153.18	189.27
Investments accounted for using the equity method	9A	1,149.38	1,148.78	1,142.52
Financial assets				
(i) Investments	9B	0.08	0.18	0.18
(ii) Trade receivables	11	795.18	654.56	521.01
(iii) Other financial assets	13	382.60	1,414.05	1,267.32
Income tax assets (net)	33	217.46	116.01	96.75
Deferred tax asset (net)	33	222.38	247.13	278.94
Other non-current assets	14	9,297.99	3,702.29	4,542.69
		21,076.77	15,800.52	17,416.22
Current assets				
Inventories	10	87,609.75	76,515.79	74,984.00
Financial assets				
(i) Trade receivables	11	1,580.16	3,504.53	1,937.18
(ii) Cash and cash equivalents	15	2,793.86	1,390.65	1,637.38
(iii) Bank balance other than (ii) above	16	1,720.18	392.44	404.11
(iv) Loans	12	9.00	11.19	-
(v) Other financial assets	13	4,711.51	4,893.49	5,801.94
Other current assets	14	6,381.20	12,910.63	12,968.92
		104,805.66	99,618.72	97,733.53
Total assets		125,882.43	115,419.24	115,149.75
EQUITY AND LIABILITIES				
Equity				
Equity share capital	17	948.46	948.46	948.46
Other equity	18	23,998.25	23,280.67	21,889.74
Equity attributable to owners of the Holding Company		24,946.71	24,229.13	22,838.20
Non - controlling interest		-	-	-
Total equity		24,946.71	24,229.13	22,838.20
Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	20	6,134.59	3,647.92	3,504.33
(ii) Lease liabilities	38	204.77	202.79	218.20
Provisions	22	228.85	174.70	151.46
Deferred tax liabilities (net)	33	125.82	116.76	126.48
		6,694.03	4,142.17	4,000.47
Current liabilities				
Financial liabilities				
(i) Borrowings	20	13,900.90	21,389.35	26,816.34
(ii) Lease liabilities	38	28.04	50.70	60.98
(iii) Trade payables				
(A) Total outstanding dues of micro enterprises and small enterprises; and	23	-	-	-
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises	23	5,986.75	4,469.65	4,986.54
(iv) Other financial liabilities	21	8,970.44	7,578.02	7,579.18
Other current liabilities	24	65,152.80	53,202.73	48,642.43
Provisions	22	202.76	154.55	138.50
Current tax liabilities (net)	33	-	202.94	87.11
		94,241.69	87,047.94	88,311.08
Total liabilities		100,935.72	91,190.11	92,311.55
Total equity and liabilities		125,882.43	115,419.24	115,149.75

(*) The comparative information is restated on account of correction of errors. Refer Note 45

Summary of significant accounting policies

2.4

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

As per our report of even date

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm registration number: 001076N/N500013

Manish Agrawal

Partner

Membership No.: 507000

Bengaluru
29 May 2023

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

Ravi PNC Menon

Chairman

DIN: 02070036

Yogesh Bansal

Chief Financial Officer

Bengaluru
29 May 2023

Jagadish Nangineni

Managing Director

DIN: 01871780

Vigneshwar G Bhat

Company Secretary and Compliance Officer ACS16651

SOBHA LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

Particulars	Note	Year ended 31 March 2023	Year ended 31 March 2022 Restated(*)
Income			
Revenue from operations	25	33,101.14	25,612.60
Other income	26	923.19	839.67
Total income		34,024.33	26,452.27
Expenses			
Land purchase cost		10,528.43	2,072.07
Cost of materials consumed	27	3,659.79	1,982.21
Purchase of project materials		9,554.69	5,195.23
Changes in Inventories of raw materials, land stock, work in progress and finished goods	28	(11,013.29)	(1,533.42)
Sub-contractor cost		8,291.69	6,412.58
Employee benefits expense	29	2,944.75	2,511.96
Finance costs	30	2,490.24	3,083.25
Depreciation and amortisation expense	31	678.37	718.27
Other expenses	32	5,439.91	3,643.87
Total expenses		32,574.58	24,086.02
Profit before tax and share of profits/(loss) in associate/joint venture		1,449.75	2,366.25
Share of profit/(loss) in associate/joint venture		-	-
Profit before tax		1,449.75	2,366.25
Tax expenses			
Current tax	33	360.46	609.23
Deferred tax charge	33	47.24	25.12
Income tax expense		407.70	634.35
Profit for the year		1,042.05	1,731.90
Other comprehensive income			
Item that will not be reclassified to profit or loss			
Re-measurement on defined benefit plan	37	(53.36)	(12.04)
Income tax relating to above	33	13.43	3.03
Other comprehensive income for the year, net of tax		(39.93)	(9.01)
Total comprehensive income for the year		1,002.12	1,722.89
Profit attributable to:			
Owners		1,042.05	1,731.90
Non-controlling interests		-	-
Other comprehensive income attributable to:			
Owners		(39.93)	(9.01)
Non-controlling interests		-	-
Total comprehensive income attributable to:			
Owners		1,002.12	1,722.89
Non-controlling interests		-	-
Earnings per equity share [nominal value of ₹ 10 per share]			
Basic and diluted (amount in ₹)	34	10.99	18.27

(*) The comparative information is restated on account of correction of errors. Refer Note 45

Summary of significant accounting policies

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

As per our report of even date

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm registration number: 001076N/N500013

Manish Agrawal

Partner

Membership No.: 507000

Bengaluru

29 May 2023

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

Ravi PNC Menon

Chairman

DIN: 02070036

Yogesh Bansal

Chief Financial Officer

Bengaluru

29 May 2023

Jagadish Nangineni

Managing Director

DIN: 01871780

Vigneshwar G Bhat

Company Secretary and Compliance Officer

ACS16651

SOBHA LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022 Restated(*)
A. Cash flows from operating activities		
Profit before tax	1,449.75	2,366.25
Adjustments to reconcile profit before tax to net cash flows from operating activities		
Depreciation and amortization	678.37	718.27
Gain on sale of property, plant and equipment and Investment property	(1.00)	(354.00)
Finance costs (including fair value change in financial instruments)	2,490.24	3,083.25
Finance income (including fair value change in financial instruments)	(293.32)	(286.76)
Reversal of impairment loss on financial assets	(50.55)	
Impairment of property, plant and equipment	58.71	-
Allowance for credit loss	372.10	43.03
Bad debts written off	-	3.54
Provision for land advances	168.16	-
Other advances written off	60.85	-
Liabilities written back	(327.96)	(6.00)
Operating profit before working capital changes	4,605.35	5,567.58
Working capital adjustments		
Changes in trade receivables	1,412.63	(1,748.57)
Changes in inventories	(11,093.95)	(1,532.45)
Changes in other current and non-current financial assets	1,098.10	1,281.10
Changes in other current and non-current assets	766.56	1,152.14
Changes in trade payables	1,844.86	(517.00)
Changes in provisions	102.36	39.00
Changes in other current financial liabilities	1,512.52	(121.00)
Changes in other current liabilities	11,932.69	4,658.61
Cash generated from operating activities	12,181.12	8,779.41
Income tax paid (net of refund)	(679.00)	(514.85)
Net cash flows from operating activities (A)	11,502.12	8,264.56
B. Cash flow from investing activities		
Purchase of property, plant and equipment, investment property and intangible assets	(1,234.05)	(200.47)
Proceeds from sale of property, plant and equipment and investment property	68.00	661.49
Investments in fixed deposits (net)	(1,326.76)	(102.79)
Investment in mutual funds	-	(6.21)
Interest income	124.39	30.10
Net cash flows (used in)/from investing activities (B)	(2,368.43)	382.12
C. Cash flow from financing activities		
Repayments from current borrowings (net)	(6,438.83)	(9,162.94)
Proceeds from non-current borrowings	2,723.80	4,093.82
Repayment of non-current borrowings	(1,404.12)	(496.91)
Repayment of principal portion of lease liabilities	(52.10)	(48.17)
Repayment of interest portion of lease liabilities	(27.26)	(30.83)
Interest paid	(2,246.65)	(2,916.37)
Dividend paid on equity shares	(285.32)	(332.01)
Net cash flows used in financing activities (C)	(7,730.48)	(8,893.41)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	1,403.21	(246.73)
Cash and cash equivalents at the beginning of the year	1,390.65	1,637.38
Cash and cash equivalents at the end of the year (Refer Note 15)	2,793.86	1,390.65
Less: Book overdraft from scheduled banks (Refer Note 21)	(1,026.00)	(290.00)
Net Cash and cash equivalents at the end of the year	1,767.86	1,100.65

SOBHA LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

Note:

(i) Changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes:

Liabilities	As at 1st April 2022	Cash flow	Non-cash changes			As at 31 March 2023
			Amortization of transaction cost	Accrued Interest	Initial recognition of Lease Liability	
Borrowings from bank and other parties	24,542.18	(4,624.06)	117.37	-	-	20,035.49
Non-convertible debentures	495.09	(495.09)	-	-	-	-
Interest on Borrowings	35.07	(2,246.65)	-	2,273.97	-	62.39
Unclaimed dividend	2.32	(0.32)	-	-	-	2.00
Lease liabilities	253.49	(79.36)	-	27.26	31.42	232.81

Liabilities	As at 1st April 2021	Cash flow	Non-cash changes			As at 31 March 2022
			Amortization of transaction cost	Accrued Interest	Initial recognition of Lease Liability	
Borrowings from bank and other parties	30,320.67	(6,066.03)	287.54	-	-	24,542.18
Non-convertible debentures	-	500.00	(4.91)	-	-	495.09
Interest on Borrowings	28.98	(2,916.37)	-	2,922.46	-	35.07
Unclaimed dividend	2.33	(0.01)	-	-	-	2.32
Lease liabilities	279.18	(79.00)	-	30.83	22.48	253.49

(*) The comparative information is restated on account of correction of errors. Refer Note 45

The above Consolidated Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Ind AS 7, 'Statement of Cash flow'

Summary of significant accounting policies

2.4

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

As per our report of even date

For **Walker Chandio & Co LLP**
Chartered Accountants
Firm registration number: 001076N/N500013

Manish Agrawal
Partner
Membership No.: 507000

Bengaluru
29 May 2023

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

Ravi PNC Menon
Chairman
DIN: 02070036

Yogesh Bansal
Chief Financial Officer

Bengaluru
29 May 2023

Jagadish Nangineni
Managing Director
DIN: 01871780

Vighneshwar G Bhat
Company Secretary and Compliance Officer ACS16651

This space is intentionally left blank

SOBHA LIMITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

a. Equity share capital*

	Amount
Balance as at 1 April 2021	948.46
Changes in equity share capital during the year	-
Balance as at 31 March 2022	948.46
Balance as at 1 April 2022	948.46
Changes in equity share capital during the year	-
Balance as at 31 March 2023	948.46

b. Other equity**

	Attributable to owners of the Company				Items of OCI Other items of OCI	Total
	Capital redemp- tion reserve	Securities premium	General reserve	Retained earnings		
Balance as at 1 April 2021 (as previously reported)	119.47	9,328.92	4,235.65	9,644.35	0.50	23,328.89
Impact of correction of errors (Refer note 45)	-	-	-	(1,439.15)	-	(1,439.15)
Balance as at 1 April 2021 (Restated)	119.47	9,328.92	4,235.65	8,205.20	0.50	21,889.74
Total comprehensive income for the year ended 31 March 2022 (Restated)						
Profit for the year	-	-	-	1,731.90	-	1,731.90
Other comprehensive income	-	-	-	-	(9.01)	(9.01)
Total comprehensive income for the year (Restated)	-	-	-	1,731.90	(9.01)	1,722.89
Transfer to other reserves						
General reserve	-	-	112.85	(112.85)	-	-
Total transfer to other reserves	-	-	112.85	(112.85)	-	-
Transaction with owners, recorded directly in equity						
Dividend	-	-	-	(331.96)	-	(331.96)
Total distribution to owners	-	-	-	(331.96)	-	(331.96)
Balance as at 31 March 2022 (Restated)	119.47	9,328.92	4,348.50	9,482.29	(8.51)	23,280.67
Balance as at 31 March 2022 (as previously reported)	119.47	9,328.92	4,348.50	10,368.37	(8.51)	24,156.75
Impact of correction of errors (Refer note 45)	-	-	-	(876.08)	-	(876.08)
Balance as at 31 March 2022 (Restated)	119.47	9,328.92	4,348.50	9,492.29	(8.51)	23,280.67
Profit for the year	-	-	-	1,042.05	-	1,042.05
Other comprehensive income	-	-	-	-	(39.93)	(39.93)
Total comprehensive income for the year	-	-	-	1,042.05	(39.93)	1,002.12
Transfer to other reserves						
General reserve	-	-	104.20	(104.20)	-	-
Total transfer to other reserves	-	-	104.20	(104.20)	-	-
Transaction with owners, recorded directly in equity						
Dividend	-	-	-	(284.54)	-	(284.54)
Total distribution to owners	-	-	-	(284.54)	-	(284.54)
Balance As at 31 March 2023	119.47	9,328.92	4,452.70	10,145.59	(48.44)	23,998.25

(*) Refer Note 17

(**) Refer Note 18

Summary of significant accounting policies

2.4

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

As per our report of even date

For **Walker Chandio & Co LLP**

Chartered Accountants

IFirm registration number: 001076N/N500013

Manish Agrawal

Partner

Membership No.: 507000

Bengaluru

29 May 2023

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

Ravi PNC Menon

Chairman

DIN: 02070036

Yogesh Bansal

Chief Financial Officer

Bengaluru

29 May 2023

Jagadish Nangineni

Managing Director

DIN: 01871780

Vigneshwar G Bhat

Company Secretary and Compliance Officer ACS16651

SOBHA LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1 Corporate information

Sobha Limited (the 'Company' or the 'Holding Company') was incorporated on 07 August 1995 under the provision of erstwhile Companies Act, 1956. The Holding Company along with its subsidiaries, associate and joint venture (collectively referred to as 'the Group') is engaged in the business of real estate 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 Sobha's turnkey projects.

The Holding Company is a public limited company, incorporated and domiciled in India and has its registered office at, Sarjapur – Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bengaluru - 560 103. The Holding Company's equity shares are listed on two recognized stock exchanges in India namely National Stock Exchange of India Limited and BSE Limited.

2.1 Basis of preparation

a. Statement of Compliance

The consolidated financial statements of the Group are prepared in accordance with the Indian Accounting Standards (Ind-AS) specified under section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules 2015 and other accounting principles generally accepted in India.

The consolidated financial statements for the year ended 31 March 2023 were authorized and approved for issue by the Board of Directors on 29 May 2023. The revision to consolidated financial statements is permitted by Board of Directors after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of Companies Act, 2013.

b. Functional and presentation currency

These consolidated financial statements are presented in Indian Rupee ("₹") which is also the functional and presentation currency of the Company. All amounts have been rounded-off to the nearest million (two decimals), unless otherwise indicated.

c. Basis of measurement

These consolidated financial statements have been prepared on going concern basis under the historical cost basis except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

d. Use of estimates

The preparation of consolidated financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. The Management believes that, although these estimates used in preparation of the consolidated financial statements are prudent and reasonable and are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities. The effect of change in an accounting estimate is recognized prospectively. Significant management judgement in applying accounting policies and estimation uncertainty have been disclosed in note 2.5.

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****e. Fair value measurement**

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116, 'Leases', and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2, 'Inventories', or value in use in Ind AS 36, 'Impairment of assets'. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques have been disclosed in note 2.4(p)(xi).

f. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

The Group classifies an asset as current asset when:

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the asset primarily for the purpose of trading;
- it expects to realise the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent unless the asset is 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 classified as current when –

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

The real estate development projects undertaken by the Group generally run over a period ranging up to 5 years. Based on the nature of service and the time between the acquisition of assets for development and their realization in cash and cash equivalents, Operating assets and liabilities relating to such projects are classified as current based on an operating cycle as 5 years. For all other assets and liabilities the Group has considered twelve months.

SOBHA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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 2023	31 March 2022
Subsidiaries				
Sobha City ['Partnership firm']		India	100%	100%
Sobha Contracting Pvt Ltd		India	100%	100%
Sobha Developers (Pune) Limited		India	100%	100%
Sobha Assets Private Limited		India	100%	100%
Sobha Highrise Ventures Private Limited		India	100%	100%
Sobha Interiors Private Limited		India	100%	100%
Sobha Nandambakkam Developers Limited		India	100%	100%
Sobha Tambaram Developers Limited		India	100%	100%
Sobha Construction Products Private Limited		India	100%	100%
Kilai Builders Private Limited	Real estate development	India	100%	100%
Kuthavakkam Builders Private Limited		India	100%	100%
Kuthavakkam Realtors Private Limited		India	100%	100%
Vayaloor Properties Private Limited		India	100%	100%
Vayaloor Builders Private Limited		India	100%	100%
Vayaloor Developers Private Limited		India	100%	100%
Vayaloor Real Estate Private Limited		India	100%	100%
Vayaloor Realtors Private Limited		India	100%	100%
Valasai Vettikadu Realtors Private Limited		India	100%	100%

The consolidated financial statements also includes the result of a joint venture, Kondhwa Projects LLP, which has been accounted for under the equity method of accounting.

The consolidated financial statement also includes the results of associate, C.V.S. Tech Park Private Limited, which has been accounted for under the equity method of accounting.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company, its subsidiaries, an associate company and a joint venture. 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,

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

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 2023.

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.
- (d) Include the results, i.e. profit or loss from the joint venture in the consolidated Statement of profit and loss.

Investments accounted for using the equity method

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

SOBHA LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Group's investments in its joint ventures and associates are accounted for using the equity method.

Under the equity method, the investment in a joint venture or associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill, if any, relating to the joint venture or associate is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the joint venture or associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture or associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture or associate are eliminated to the extent of the interest in the joint venture or associate. If an entity's share of losses of a joint venture or associate equals or exceeds its interest in the joint venture or associate (which includes any long term interest that, in substance, form part of the Group's net investment in the joint venture or associate), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate. If the joint venture or associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of a joint venture or associate is shown on the face of the statement of profit and loss.

The financial statements of joint venture or associate used for the purpose of consolidation are drawn up to same reporting date as that of the Holding Company, i.e., year ended on March 31st and are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture or associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture or associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture or associate and its carrying value, and then recognises the loss as 'Share of profit in joint venture or associate' in the statement of profit or loss.

Upon loss of significant influence over the joint venture or associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture or associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

- 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 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.

Impairment of Goodwill

Goodwill recognized on business combination are tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount of the asset or the cash generating unit to which these pertain is less than the carrying value. The recoverable amount of the asset or the cash generating units is higher of value-in-use and fair value less cost of disposal. The calculation of value in use of an asset or a cash generating unit involves use of significant estimates and assumptions which include turnover, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

b) Revenue recognition**I. Revenue from contracts with customers**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts and other credits, if any, as specified in the contract with the customer. The Group presents revenue from contracts with customers net of indirect taxes in its statement of profit and loss.

SOBHA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

The Group has applied five step model as per Ind AS 115 'Revenue from contracts with customers' to recognise revenue in the consolidated financial statements. The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- a) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- c) The Group's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where any of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue is recognised either at point of time or over a period of time based on various conditions as included in the contracts with customers.

The billing schedules agreed with customers include periodic performance-based billing and / or milestone-based progress billings. Revenues in excess of billing are classified as unbilled revenue, while billing in excess of revenues is classified as contract liabilities (which we refer to as deferred revenues).

i) Recognition of revenue from sale of real estate property

Revenue from real estate development of residential unit is recognised at the point in time, when the control of the asset is transferred to the customer, which generally coincides with transfer of physical possession of the residential unit to the customer i.e., handover/ deemed handover of the residential units. Deemed handover of the residential units is considered upon intimation to the customers about receipt of occupancy certificate and receipt of substantial sale consideration.

Revenue consists of sale of undivided share of land and constructed area to the customer, which have been identified by the Group as a single performance obligation, as they are highly interrelated/ interdependent.

Further, for projects executed through joint development arrangements not being jointly controlled operations, wherein the land owner/ possessor provides land and the Group undertakes to develop properties on such land and in lieu of land owner providing land, the Group has agreed to transfer certain percentage of constructed area or certain percentage of the revenue proceeds, the revenue from the development and transfer of constructed area/revenue sharing arrangement in exchange of such development rights/ land is being accounted on gross basis on launch of the project. Revenue is recognised over time using input method, on the basis of the inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation.

The revenue is measured at the fair value of the land received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the land received cannot be measured reliably, the revenue is measured at the fair value of the estimated

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

construction service rendered to the land owner, adjusted by the amount of any cash or cash equivalents transferred. The fair value so estimated is considered as the cost of land in the computation of percentage of completion for the purpose of revenue recognition as discussed above.

For contracts involving sale of real estate unit, the Group receives the consideration in accordance with the terms of the contract in proportion of the percentage of completion of such real estate project and represents payments made by customers to secure performance obligation of the Group under the contract enforceable by customers. Such consideration is received and utilised for specific real estate projects in accordance with the requirements of the Real Estate (Regulation and Development) Act, 2016. Consequently, the Group has concluded that such contracts with customers do not involve any financing element since the same arises for reasons explained above, which is other than for provision of finance to/from the customer.

ii) Recognition of revenue from contractual projects

Revenue from contractual project is recognised over time, using an input method with reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

The Group recognises revenue only when it can reasonably measure its progress in satisfying the performance obligation. Until such time, the Group recognises revenue to the extent of cost incurred, provided the Group expects to recover the costs incurred towards satisfying the performance obligation.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately when such probability is determined.

iii) 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.

iv) Recognition of revenue from glazing works

Revenue from glazing projects is recognised over time, using an output method with reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of the budgeted cost associated to the units produced/installed for work performed to date relative to the total contractual obligation of production/installation of such units.

The Group recognises revenue only when it can reasonably measure its progress in satisfying the performance obligation. Until such time, the Group recognises revenue to the extent of cost incurred, provided the Group expects to recover the costs incurred towards satisfying the performance obligation.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately when such probability is determined.

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****v) Recognition of revenue from interior works and sale of concrete products and scrap**

Revenue is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. Revenue excludes indirect taxes and is after deduction of any trade discounts.

vi) Recognition of revenue from maintenance and other services

Revenue in respect of maintenance services and other services is recognised on an accrual basis, in accordance with the terms of the respective contract as and when the Group satisfies performance obligations by delivering the services as per contractual agreed terms.

vii) Other operating income

Interest on delayed receipts, cancellation/forfeiture income, transfer fees, marketing fee from customers are recognised based upon underlying agreements with customers and when reasonable certainty of collection is established.

viii) Contract balances

Contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

ix) Cost to obtain a contract

The Group recognises as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The Group incurs costs such as sales commission when it enters into a new contract, which are directly related to winning the contract. The asset recognised is amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

II. 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.

III. Dividend income

Revenue is recognised when the shareholders' or unit holders' right to receive payment is established, which is generally when shareholder approve the dividend.

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****IV. Interest income**

Interest income, including income arising from other financial instruments, is recognised using the effective interest rate method.

c) Borrowing cost

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

The Group treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

d) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined based on a weighted average basis. Net realizable 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.

I. Related to real estate and contractual activity

Direct expenditure relating to real estate 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 real estate activity. Cost incurred/items purchased specifically for projects are taken as consumed as and when incurred/received.

- | | | |
|------|--|---|
| i) | Work-in-progress
(Real estate) | Represents cost incurred in respect of projects where the revenue is yet to be recognized and includes cost of land (including development rights and non-refundable deposits paid, if any under joint development arrangements ('JDA'), internal development costs, external development charges, construction costs, overheads, borrowing cost etc. Land/development rights received under JDA is measured at the fair value of the estimated construction service rendered to the land owner and the same is accounted on launch of the project. |
| ii) | Stock of units/plots in completed real estate projects | Represents cost incurred in respect of completed real estate project net cost of revenue. |
| iii) | Building materials | Cost comprises of purchase price and other costs incurred in bringing the inventories to their present location and condition. |
| iv) | Land stock | Represents land other than area transferred to work-in-progress at the commencement of construction. Cost comprises of purchase price under agreement to purchase, stamp duty, registration charges, brokerage cost and other incidental expenses. |

SOBHA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

II. Related to glazing, interiors and concrete products activity

- | | | |
|-----|-------------------------------------|---|
| i) | Raw material, components and stores | Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. |
| ii) | Work-in-progress and Finished goods | Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. |

e) Advance paid towards land procurement

Advances paid by the Group to the seller/ intermediary towards outright purchase of land is recognised as land advance under other assets 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. Management is of the view that these advances are given under normal trade practices and are neither in the nature of loans nor advance in the nature of loans. (refer note no.14)

f) Foreign currency transactions and balances

i) Initial recognition

Foreign currency transactions are recorded in the functional currency, by applying the exchange rate between the functional currency and the foreign currency at the date of the transaction.

ii) Conversion

Foreign currency monetary items are retranslated 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. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

iii) Exchange differences

The Group accounts for exchange differences arising on translation/settlement of foreign currency monetary items as income or as expense in the period in which they arise.

g) Property, plant and equipment

i) Recognition and initial measurement

Property, plant and equipment at their initial recognition are stated at their cost of acquisition. Cost of an item of property, plant and equipment comprises its purchase price, borrowing costs (if capitalization criteria are met), import duties, non-refundable taxes and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The Group identifies and determines cost of each component/part of the asset separately, if the component/part have a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour, borrowing costs (if capitalization criteria are met) and any other costs directly attributable to bringing the asset to working condition for its intended use.

SOBHA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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.

ii) Subsequent measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses, if any. 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 recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

iii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

iv) Derecognition

An item of Property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the Property, plant and equipment is de-recognized.

h) Investment property

i) Recognition and initial measurement

Investment property is property held either to earn rental income or for capital appreciation or for both. Upon initial recognition, an investment property is measured at cost, including related transaction costs. The cost comprises purchase price, cost of replacing parts, borrowing cost, if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

The cost of a self-constructed item of Investment property comprises the cost of materials, direct labour, borrowing costs (if capitalization criteria are met) and any other costs directly attributable to bringing the asset to working condition for its intended use.

ii) Subsequent measurement

Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any. 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.

iii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****iv) Derecognition**

Investment property is derecognised either when control of the same is transferred to the buyer or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

v) Reclassification from /to investment property

Transfers to (or from) investment property are made only when there is a change in use. Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

vi) Fair value disclosure

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.

i) Depreciation on property, plant and equipment and Investment property

Depreciation is calculated on written down value basis using the following useful lives prescribed under Schedule II of the Act, except where specified.

Particulars	Useful lives estimated by the management (in years)
Property, plant and equipment	
Factory buildings	30
Buildings - other than factory buildings	60
Buildings - temporary structure for precast plant	8
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
iv. Plant and machinery - Precast plant	8
v. Plant and machinery - Others	3-5
Furniture and fixtures	10
Motor vehicles - Two wheelers	10
Motor vehicles - Four wheelers	8
Computers	
i. Computer equipment	3
ii. Servers and network equipment	6
Office equipment	5

SOBHA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Particulars	Useful lives estimated by the management (in years)
Investment property	
Buildings - other than factory buildings	60
Buildings - One Sobha	46-48
Plant and machinery	
i. General plant and machinery	15
ii. Plant and machinery	12
Office equipments	5
Furniture and fixtures	10

The Group, based on technical assessment made by technical expert and management estimate, depreciates certain items of building and plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Steel scaffolding items are depreciated using straight line method over a period of 6 years, which is estimated to be the useful life of the asset by the management based on planned usage and technical advice thereon. These lives are higher than those indicated in Schedule II.

Leasehold land is amortized on a straight-line basis over the balance period of lease

Freehold land is not depreciated and is stated at cost less impairment loss, if any.

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.

j) Capital work-in-progress and intangible assets under development

Capital work-in-progress and intangible assets under development represents expenditure incurred in respect of capital projects/intangible assets under development which are not yet ready for their intended use and are carried at cost less accumulated impairment loss, if any.

Depreciation/amortisation is not provided on capital work-in-progress and intangible assets under development until construction/installation are complete and the asset is ready for its intended use.

k) 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. Gains or losses arising

from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is derecognised.

SOBHA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

l) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

I. Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, if any and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 2.4(q)(ii) on impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

SOBHA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on shortterm leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

II. Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Assets subject to operating leases are included under Investment property.

Lease income from operating lease is recognized on a straight-line basis over the term of the relevant lease including lease income on fair value of refundable security deposits, unless the lease agreement explicitly states that increase is on account of inflation. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. 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.

m) Retirement and other employee benefits

i) Employee Provident Fund and Employee State Insurance

Retirement benefits in the form of state governed Employee Provident Fund and Employee State Insurance are defined contribution schemes (collectively the 'Schemes'). The Group has no obligation, other than the contribution payable to the Schemes. The Group recognizes contribution payable to the Schemes as expenditure, when an employee renders the related service. The contribution paid in excess of amount due is recognized as an asset and the contribution due in excess of amount paid is recognized as a liability.

ii) Gratuity

Gratuity is a post-employment benefit and is in the nature of a defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit/ obligation at the balance sheet date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit/ obligation is calculated at or near the balance sheet date by an independent actuary using the projected unit credit method. This is based on standard rates of inflation, salary growth rate and mortality. Discount factors are determined close to each year-end by reference to market yields on government bonds that have terms to maturity approximating the terms of the related liability. Service cost and net interest expense on the Group's defined benefit plan is included in statement of profit and loss. Actuarial gains/ losses resulting from re-measurements of the liability are included in other comprehensive income in the period in which they occur and are not reclassified to profit or loss in subsequent periods.

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.

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****iii) Compensated absences**

Accumulated leave, which is expected to be utilized within the next twelve 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 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.

iv) Other short-term benefits

Short-term employee benefits comprising employee costs including performance bonus is recognized in the statement of profit and loss on the basis of the amount paid or payable for the period during which services are rendered by the employee.

n) Provisions, contingent assets and contingent liabilities**i) Provisions**

Provisions are recognized only when there is a present obligation (legal or constructive), as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of obligation can be made at the reporting date. Provisions are discounted to their present values, where the time value of money is material, 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.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

ii) Onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e. the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

iii) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within 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 it in the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****iv) Contingent assets**

Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

o) Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognized in the statement of profit and loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

i) Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for that period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

ii) Deferred income tax

Deferred income tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

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.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

p) 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.

i) Initial recognition and measurement of financial assets and liabilities

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value, trade receivable/trade payable that do not contain a significant financing component are measured at transaction value and investment in subsidiaries are measured at costing accordance with

SOBHA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Ind AS 27 - separate financial statement. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

ii) Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii) Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iv) Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in statement of profit and loss.

v) Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized 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 amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

vi) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments. Gains or losses on liabilities held for trading are recognized in the profit or loss.

vii) Financial liabilities at amortized cost

Financial liabilities are subsequently carried at amortized cost using the effective interest ('EIR') method.

SOBHA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Interest-bearing loans and borrowings are subsequently measured at amortized cost using EIR method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

viii) De-recognition of financial instruments

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

ix) Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial instruments.

x) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously..

xi) Fair value of financial instruments

In determining the fair value of its financial instruments, the Group uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

Fair value hierarchy:

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

q) Impairment

i) 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 recognizes 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.

SOBHA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

ii) Non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognized in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

- iii)** Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit and loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase .

r) Segment reporting

i) Identification of segments

In accordance with Ind AS 108 – Operating Segment, the operating segments used to present segment information are identified on the basis of information reviewed by the Group's management to allocate resources to the segments and assess their performance. An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Results of the operating segments are reviewed regularly by the Managing Director who has been identified as the chief operating decision maker (CODM), to make decisions about resources to be allocated to the segment and assess its performance.

ii) Inter-segment transfers

The Group generally accounts for intersegment sales and transfers at appropriate margins.

iii) Unallocated items

Unallocated items include general corporate asset, liability, income and expense items which are not allocated to any business segment.

iv) Segment accounting policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Group as a whole.

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****s) Cash dividend to equity holders of the Group or Holding Company**

The Group recognizes a liability to make cash distributions to equity holders of the Group when the distribution is authorized 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.

t) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

u) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

v) Restatement

The Group restates its financial statements and presents a third balance sheet as at the beginning of the preceding period if it applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements that has a material effect on the information in the balance sheet at the beginning of the preceding period.

The Group corrects material prior period errors retrospectively in the first set of financial statements approved for issue after their discovery by (a) restating the comparative amounts for the prior periods presented in which the error occurred; or (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

2.5 Significant accounting judgements, estimates and assumptions

Significant accounting judgements, estimates and assumptions used by management are as below

Determination of performance obligations and timing of revenue recognition on revenue from real estate development [Refer note 2.4(b)(l)(i)]

Existence of a significant financing component in contract with customers [Refer note 2.4(b)(l)(i)]

Accounting for revenue and land cost for projects executed through joint development arrangement [Refer note 2.4(b)(l)(i)]

Computation of percentage completion for projects in progress, project cost, revenue and saleable area estimates [Refer note 2.4(b)(l)(i),(ii),(iv)]

Estimation of net realizable value for inventory [Refer note 2.4(d)], land advance and refundable deposits paid under JDA

SOBHA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Provision for litigations and contingencies [Refer note 2.4(n)]

Useful life and residual value of property, plant and equipment, investment property and intangible assets [Refer note 2.4(i)]

Evaluation of indicators and impairment of financial and non-financial assets [Refer note 2.4(q)]

Classification of property as investment property or inventory [Refer note 2.4(g) & (d)]

Fair value measurement disclosures [Refer note 2.4(p)]

Provision for tax [Refer note 2.4(o)]

3 Recent accounting pronouncements

The Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1, Presentation of Financial Statements – This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after 01 April 2023.

Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors – This amendment has introduced a definition of ‘accounting estimates’ and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after 01 April 2023.

Ind AS 12, Income Taxes – This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after 01 April 2023.

The amendments are extensive and the Group will evaluate the same to give effect to them as required by law.

New and amended standards adopted by the Group

The Ministry of Corporate Affairs had vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amended certain accounting standards, and are effective 1 April 2022. These amendments did not have any impact on the amounts recognised in current period and are not expected to significantly affect the future periods.

This space is intentionally left blank

SOBHA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

4 Property, plant and equipment

Cost	Freehold land	Factory buildings	Other buildings	Plant and machinery	Scaffolding items	Furniture and fixtures	Vehicles	Computers	Office equipment	Total
As at 1 April 2021 (Restated)	1,841.23	720.78	1,085.02	1,920.40	1,891.19	51.60	12.71	166.40	36.42	7,725.75
Additions during the year	-	-	0.01	54.27	118.66	3.16	0.03	34.42	4.37	214.92
Disposal during the year	(14.82)	(12.24)	-	(11.84)	(29.10)	-	(0.11)	(1.61)	(0.04)	(69.76)
As at 31 March 2022 (Restated)	1,826.41	708.54	1,085.03	1,962.83	1,980.75	54.76	12.63	199.21	40.75	7,870.91
Additions during the year	-	-	43.82	61.21	383.57	4.33	3.63	35.26	6.44	538.26
Disposal during the year	-	-	-	(24.40)	(12.52)	(0.18)	(0.01)	(2.72)	(0.34)	(40.17)
As at 31 March 2023	1,826.41	708.54	1,128.85	1,999.64	2,351.80	58.91	16.25	231.75	46.85	8,369.00
Accumulated depreciation and impairment loss										
As at 1 April 2021 (Restated)	-	409.95	349.22	1,106.56	1,126.30	34.12	7.96	128.13	24.72	3,186.96
Charge for the year	-	72.98	39.95	209.96	187.69	3.60	0.84	26.64	4.75	546.41
Disposal during the year	-	(7.49)	-	(9.86)	(4.39)	-	(0.07)	(1.54)	(0.04)	(23.39)
As at 31 March 2022 (Restated)	-	475.44	389.17	1,306.66	1,309.60	37.72	8.73	153.23	29.43	3,709.98
Charge for the year	-	71.82	46.85	140.57	199.58	4.43	1.04	31.41	5.13	500.83
Impairment loss	2.85	-	55.62	0.24	-	-	-	-	-	58.71
Disposal during the year	-	-	-	(20.13)	(7.48)	(0.14)	(0.01)	(2.43)	(0.31)	(30.50)
As at 31 March 2023	2.85	547.26	491.64	1,427.34	1,501.70	42.01	9.76	182.21	34.25	4,239.02
Net carrying value										
As at 31 March 2023	1,823.56	161.28	637.21	572.30	850.10	16.90	6.49	49.54	12.60	4,129.98
As at 31 March 2022 (Restated)	1,826.41	233.10	695.86	656.17	671.15	17.04	3.90	45.98	11.32	4,160.93

Note:

- Contractual obligations**
The contractual commitments pending for the acquisition of property, plant and equipment as at 31 March 2023 is ₹250.03 (31 March 2022: ₹146.80).
- Property, plant and equipment pledged as security**
Refer Note 43 for details of Property, plant and equipment pledged as security for borrowings.
- The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), are held in the name of the Group.
- The Group has not revalued its property, plant and equipment during the current or previous year.
- The comparative information is restated on account of correction of errors. Refer Note 45

SOBHA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

5 Investment property

Particulars	Freehold land	Right to Use - Land	Other buildings	Other assets forming part of Building			Total
				Plant and machinery	Furniture and fixtures	Office Equipment	
Cost							
As at 1 April 2021 (Restated)	132.47	142.84	3,646.37	307.94	36.81	0.17	4,266.60
Additions during the year	-	-	114.23	-	-	-	114.23
Disposal during the year	-	-	-	-	-	-	-
As at 31 March 2022 (Restated)	132.47	142.84	3,760.60	307.94	36.81	0.17	4,380.83
Additions during the year	-	-	671.30	1.66	0.22	3.52	676.70
Disposal during the year	-	-	-	-	-	-	-
As at 31 March 2023	132.47	142.84	4,431.90	309.60	37.03	3.69	5,057.53
Accumulated depreciation and amortisation							
As at 1 April 2021 (Restated)	-	-	204.47	91.72	13.79	0.16	310.14
Charge for the year	-	3.01	69.69	32.53	3.44	-	108.67
Disposals during the year	-	-	-	-	-	-	-
As at 31 March 2022 (Restated)	-	3.01	274.16	124.25	17.23	0.16	418.81
Charge for the year	-	3.01	84.58	28.32	3.56	0.53	120.00
Disposals during the year	-	-	-	-	-	-	-
As at 31 March 2023	-	6.02	358.74	152.57	20.79	0.69	538.81
Carrying amount							
As at 31 March 2023	132.47	136.82	4,073.16	157.03	16.24	3.00	4,518.72
As at 31 March 2022 (Restated)	132.47	139.83	3,486.44	183.69	19.58	0.01	3,962.02

- a. One investment property is constructed/ developed on a leasehold land where the company is the lessee and the lease agreement is duly executed in favour of the lessee. As the Right-of-use assets meet the definition of investment property, and hence presented within 'investment property.
- b. Investment property comprises of commercial properties and club houses that involve lease arrangements. Each of the leases contains an initial non-cancellable period of 2-3 years. The Group has no restrictions on the realisability of its investment property.
- c. **Fair value of investment property**
The fair value of investment property is ₹9,054.10 (31 March 2022: ₹7,546). The valuations is based on valuation performed by an accredited independent valuer and is a registered valuer as defined under Rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. The fair value of the Group's investment properties have been arrived at using discounted cash flow method, direct comparison approach, and depreciated replacement cost method. Under discounted cash flow method, cash flow projections based on reliable estimates of cash flow are discounted. The main inputs used are rental growth rate, expected vacancy rates, discount rates, and transacted values of similar properties which are based on comparable transactions and industry data. The fair value measurement of the investment property has been categorised as a Level 3 fair value (discounted cash flow method) and level 2 fair value (direct comparison and depreciated replacement cost method) based on the inputs to the valuation technique used (Refer Note 40b)
- d. **Investment property pledged as security**
Refer Note.43 for details of investment property pledged as security for borrowings.
- e. **Amounts recognised in profit or loss**

Particulars	31 March 2023	31 March 2022
Rental income derived from investment properties (Refer note 25B)	478.24	395.82
Direct operating expenses (including repairs and maintenance) generating rental income	(193.14)	(155.10)
Direct operating expenses (including repairs and maintenance) that did not generate rental income	-	-
Profit arising from investment properties before depreciation and indirect expenses	285.10	240.72
Less:- Depreciation	(120.00)	(108.67)
Profit arising from investment properties before indirect expenses	165.10	132.05

- f. The comparative information is restated on account of correction of errors. Refer Note 45

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

6 Investment property under development

	Amount
As at 1 April 2021	700.58
Additions during the year	65.03
Disposals during the year	(637.27)
Capitalised during the year	(63.31)
As at 31 March 2022	65.03
Additions during the year	2.86
Disposals during the year	-
Capitalised during the year	-
As at 31 March 2023	67.89

	Amount of Investment property under construction for the period of				Total
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
Projects in progress	6.75	2.27	56.01	-	65.03
Projects temporarily suspended	-	-	-	-	-
Total	6.75	2.27	56.01	-	65.03

	Amount of Investment property under construction for the period of				Total
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
Projects in progress	2.86	6.75	2.27	56.01	67.89
Projects temporarily suspended	-	-	-	-	-
Total	2.86	6.75	2.27	56.01	67.89

Note: During the year ended 31 March 2022, the Company has relinquished its right over partial constructed property in favour of a third party for a upfront consideration as mutually agreed upon and the resultant gain amounting to ₹31.74 is disclosed under 'Other income' as 'Profit on sale of investment property'

The Management is of the view that the fair value of investment properties under development cannot be reliably measured and hence fair value disclosures pertaining to investment properties under development have not been provided.

7 Intangible asset under development

	Amount
As at 1 April 2021	-
Additions during the year	-
Charged to cost of sale	-
At 31 March 2022	-
Additions during the year	17.62
Charged to cost of sale	-
As at 31 March 2023	17.62

Contractual obligations

The contractual commitments pending for the acquisition of intangible asset under development as at 31 March 2023 is ₹13.93 (31 March 2022: ₹ Nil)

Ageing of intangible assets under development as at 31 March 2023

Particulars	Amount in intangible assets under development for a period of				Total
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
Projects in progress *	17.62	-	-	-	17.62
Projects temporarily suspended	-	-	-	-	-
Total	17.62	-	-	-	17.62

(*) There are no projects in progress under 'Intangible assets under development' whose completion is overdue or has exceeded its cost compared to its original plan.

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

8 Intangible assets

	Goodwill	Software	Intellectual property rights	Total
Cost				
As at 1 April 2021	172.90	27.75	0.05	200.70
Additions during the year	-	0.26	-	0.26
Deletions during the year	(1.23)	(1.29)	-	(2.52)
As at 31 March 2022	171.67	26.72	0.05	198.44
Additions during the year	-	-	-	-
Deletions during the year	-	-	-	-
As at 31 March 2023	171.67	26.72	0.05	198.44
Amortization and impairment				
As at 1 April 2021	-	18.94	0.05	18.99
Charge for the year	-	3.09	-	3.09
As at 31 March 2022	-	22.03	0.05	22.08
Charge for the year	-	2.14	-	2.14
As at 31 March 2023	-	24.17	0.05	24.22
Carrying amount				
As at 31 March 2023	171.67	2.55	-	174.22
As at 31 March 2022	171.67	4.69	-	176.36

Note:

The Group has not revalued its intangible assets during the current or previous year.

Allocation of goodwill to Cash Generating Units

Particulars	As at 31 March 2023	As at 31 March 2022
Sobha City	123.85	123.85
Kuthavakkam Builders Private Limited	47.82	47.82
	171.67	171.67

For impairment testing, goodwill is allocated to a CGU representing the lowest level within the Group at which goodwill is monitored for internal management purposes. Goodwill is tested for impairment at least annually in accordance with the Group's procedure for determining the recoverable value of each CGU. The recoverable amount of the CGU is determined on the basis of Higher of value in use or Fair Value Less Cost of Disposal (FVLCD). The recoverable amount of the CGU is determined based on the discounted cash flow approach, using the discount rate and terminal income growth rate from unobservable market data by the Management for the year ended March 31, 2023. The discount rate applied to the cash flow projections is 17% and cash flows beyond the five-year period were extrapolated using a growth rate of 8.00%, which was the same as the long term average growth rate of the real estate industry in the India. The fair value measurement is categorised as a level 3 fair value based on the inputs in the valuation techniques used. Goodwill acquired through business combinations have been allocated to the reporting units for impairment testing. As at March 31, 2023, the estimated recoverable amount of the CGU exceeded its carrying amount. Reasonable sensitivities in key assumptions is unlikely to cause the carrying amount to exceed the recoverable amount of the cash generating units.

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

9A Investments accounted for using the equity method

Particulars	As at 31 March 2023	As at 31 March 2022
Investment in associates (refer note a below)	0.05	0.05
Investments in joint ventures (refer note b below)	1,149.33	1,148.73
	1,149.38	1,148.78

Particulars	% of voting rights			Amount	
	Principal activities	Place of registration	31 March 2023	31 March 2022	As at 31 March 2023

a. *Investment in associate***Investment in equity instruments (Unquoted)**

(i) C.V.S.Tech Park Private Limited	Real estate	India	49%	49%	0.05	0.05
-------------------------------------	-------------	-------	-----	-----	------	------

b. *Investments in joint venture***In Limited Liability Partnership (LLP) firm**

50% (31 March 2023 - 50%) share in the profits of LLP

Kondhwa Projects LLP	Real estate	India	50%	50%		
- Capital account					0.05	0.05
- Current account					1,149.28	1,148.68
					1,149.33	1,148.73

The principle place of business of all the investments of the Company is India

A. Investment in Joint venture (Kondhwa Projects LLP)

Particulars	As at 31 March 2023	As at 31 March 2022
Share of the joint venture's statement of financial position :		
Non current assets	2,292.06	2,290.66
current assets		
Cash and Cash Equivalents	0.02	1.23
Other Current Assets	6.73	6.81
	2,298.81	2,298.70
Non current liabilities	-	-
Current liabilities	0.16	1.23
Equity	2,298.65	2,297.47
Proportion of group ownership (50%)	1,149.33	1,148.73
Revenue	-	-
Profit or loss from continuing operations.	-	-
post-tax profit or loss from discontinued operations.	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-
Group's carrying amount of the investment(50%)	1,149.33	1,148.73

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

B. Investment accounted for using equity method - other investment which are not material (Investment in associate - C.V.S.Tech Park Private Limited)

Particulars	As at 31 March 2023	As at 31 March 2022
i) Profit or loss from continuing operations	-	-
ii) Total comprehensive income	-	-

9B Investment

Particulars	As at 31 March 2023	As at 31 March 2022
Investments in Government or trust securities	0.08	0.18
Investments at amortized cost		
<i>Investment in Government or trust securities (unquoted)</i>		
National savings certificates	0.08	0.08
Investments in mutual funds	-	0.10
Total investments carried at amortised cost	0.08	0.18

10 Inventories**(Valued at cost or net realisable value, which ever is lower)**

Particulars	As at 31 March 2023	As at 31 March 2022
		Restated
Raw materials, components and stores	717.54	636.87
Building materials	1,336.47	75.80
Land stock (*)	7,225.32	4,319.20
Work-in-progress		
- Real estate projects (*)	63,484.04	59,078.88
- Others	491.94	955.86
Stock of units in completed real estate projects (*)	14,198.74	11,325.03
Finished goods	155.70	124.15
	87,609.75	76,515.79

(*) Refer note 43 for details of inventories pledged as security for borrowings.

Note: The write-down (net) of inventories to net realisable value for the year ended 31 March 2023 is ₹124 (31 March 2022: ₹Nil). This was recorded as an expense during the respective years and included in 'changes in inventories' in consolidated statement of profit and loss.

This space is intentionally left blank

SOBHA LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

11 Trade receivables

	Non-current		Current	
	As at 31 March 2023	As at 31 March 2022 Restated	As at 31 March 2023	As at 31 March 2022 Restated
Trade receivables				
Trade receivables considered good - unsecured	795.18	654.56	2,247.16	3,822.52
Trade receivables - credit impaired	-	-	29.12	29.12
	795.18	654.56	2,276.28	3,851.64
Less: Impairment allowance (allowance for credit loss)				
Trade receivables considered good - unsecured	-	-	(667.00)	(317.99)
Trade receivables - credit impaired	-	-	(29.12)	(29.12)
Net trade receivables	795.18	654.56	1,580.16	3,504.53

Note:

- a Trade receivables due by firms or private companies in which the director of the Company is a partner or a director or a member - - 212.01 211.57
- b Trade receivables from related parties - - 10.06 45.49
- c Refer Note 43 for details of Trade receivables pledged as security for borrowings.

d Trade receivable ageing schedule

As at 31 March 2023

	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables-considered good	1,006.41	859.74	295.18	242.97	91.42	546.62	3,042.34
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivables-credit impaired	-	-	-	-	-	29.12	29.12
Disputed Trade receivables-considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables-credit impaired	-	-	-	-	-	-	-
Total	1,006.41	859.74	295.18	242.97	91.42	575.74	3,071.46

As at 31 March 2022 (Restated)

	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables-considered good	817.14	908.48	1,883.08	273.90	295.71	298.77	4,477.08
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivables-credit impaired	-	-	-	-	-	29.12	29.12
Disputed Trade receivables-considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables-credit impaired	-	-	-	-	-	-	-
Total	817.14	908.48	1,883.08	273.90	295.71	327.89	4,506.20

- e Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

12 Loans

	Non-current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
				Restated
Loans to related parties (refer note 35)				
Loans Receivables considered good – unsecured	-	-	9.00	11.19
Loans Receivables – credit impaired	-	-	-	-
	-	-	9.00	11.19
Less: Allowances for credit loss				
Loans Receivables – credit impaired	-	-	-	-
Net loans	-	-	9.00	11.19

There are no loans due from directors or other officers either severally or jointly with any other person.

13 Other financial assets

	Non- Current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
		Restated		Restated
Unsecured, considered good				
Refundable deposits towards joint development agreement	180.00	1,190.56	3,211.06	2,772.61
Security deposits	51.56	48.21	135.61	142.18
External/Internal development charges	-	-	1,284.84	1,893.82
Other advances	-	-	80.00	84.88
Fixed deposits with maturity for more than 12 months				
- Pledged/ under lien/ earmarked/ margin money	151.04	175.28	-	-
Unsecured, credit impaired				
Refundable deposits towards joint development agreement	-	-	-	50.55
Allowances for credit loss	-	-	-	(50.55)
	382.60	1,414.05	4,711.51	4,893.49

Note: Refer Note 43 for details of deposits pledged as security for borrowings

SOBHA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

14 Other assets

	Non-current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
		Restated		Restated
Unsecured, considered good				
Land advances *	9,021.93	3,376.18	683.59	7,190.87
Advances recoverable in kind	0.24	2.74	1,015.21	466.67
Prepaid expenses	-	-	1,017.99	717.48
Balances with statutory/ government authorities	-	-	1,127.67	1,173.93
Unbilled revenue ^	-	-	1,764.53	3,361.68
Other receivables	275.82	323.37	772.21	-
Unsecured, considered doubtful				
Land advances	168.16	15.00	-	-
Less: Provision for doubtful advances	(168.16)	(15.00)	-	-
	9,297.99	3,702.29	6,381.20	12,910.63

(*) 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.

(^*) Classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

Note

	Non-current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
		Restated		Restated
a. Advances recoverable in kind from firms or private companies in which the director of the Company is a partner or a director or a member	-	-	10.02	-
b. Includes from related parties				
Land advances (refer note 35)	8,212.92	2,914.29	-	5,547.84
Advances recoverable in kind (refer note 35)	-	-	215.25	-

This space is intentionally left blank

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

15 Cash and cash equivalents

	As at 31 March 2023	As at 31 March 2022
Balances with banks in current accounts	2,659.65	1,299.31
Cash on hand	9.16	16.36
Cheques/ drafts on hand	125.05	74.98
	2,793.86	1,390.65

Note

- a. Includes amount held in escrow account for projects under Real Estate Regulation and Development Act, 2016, to be utilised for project specific purposes.
- | | | |
|--|----------|--------|
| | 1,758.76 | 553.97 |
|--|----------|--------|

16 Bank balance other than cash and cash equivalents

	As at 31 March 2023	As at 31 March 2022
Earmarked bank balances		
- On unclaimed dividend account	2.00	2.32
Fixed deposits with banks with maturity less than 12 months (*)		
- Pledged/ under lien/ earmarked/ margin money	1,718.18	390.12
	1,720.18	392.44

(*) Refer Note 43 for details of deposits pledged as security for borrowings.

17 Equity share capital

	31 March 2023		31 March 2022	
	No. of shares	Amount	No. of shares	Amount
Authorised shares (*)				
Equity shares of ₹10 each (in ₹)	150,000,000	1,500.00	150,000,000	1,500.00
Issued, subscribed and fully paid-up shares				
Equity shares of ₹10 each (in ₹) fully paid up	94,845,853	948.46	94,845,853	948.46
Total issued, subscribed and fully paid-up share capital	94,845,853	948.46	94,845,853	948.46

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

	31 March 2023		31 March 2022	
	No. of shares	Amount	No. of shares	Amount
<i>Equity shares</i>				
At the beginning of the year	94,845,853	948.46	94,845,853	948.46
Outstanding at the end of the year	94,845,853	948.46	94,845,853	948.46

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

(b) Terms/ rights attached to equity shares

The Holding Company has issued only one class of equity shares having a par value of ₹10 per share (in ₹) fully paid up. Each holder of equity shares is entitled to one vote per share. The Holding Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors of the Holding Company is subject to the approval of the shareholders in ensuing Annual General Meeting.

In the event of liquidation of the Holding Company, the holders of equity shares would be entitled to receive remaining assets of the Holding 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 equity shareholders holding more than 5% shares in the Company

	31 March 2023		31 March 2022	
	No. of shares	Holding %	No. of shares	Holding %
<i>Equity shares of ₹10 (in ₹) each fully paid up</i>				
Mrs. Sobha Menon	28,726,420	30.29%	28,726,420	30.29%
Mr. P.N.C. Menon	12,319,259	12.99%	12,061,259	12.72%
Mr. P.N.C. Menon (inclusive of joint holding with Mrs. Sobha Menon)	5,289,054	5.58%	5,289,054	5.58%
Anamudi Real Estates LLP	9,475,096	9.99%	9,475,096	9.99%
Schroder International Selection Fund Emerging Asia	5,541,913	5.84%	5,541,913	5.84%
Franklin India Focused Equity Fund	5,828,613	6.15%	5,575,003	5.88%

(d) Details of shares held by promoters

Promoter Name	31 March 2023			31 March 2022		
	No. of shares	% of total shares	% change during the year	No. of shares	% of total shares	% change during the year
Mrs. Sobha Menon	28,726,420	30.29%	-	28,726,420	30.29%	-
Mr. P.N.C. Menon	12,319,259	12.99%	0.27%	12,061,259	12.72%	-
Mr. P.N.C. Menon (inclusive of joint holding with Mrs. Sobha Menon)	5,289,054	5.58%	-	5,289,054	5.58%	-
Mr. Ravi PNC Menon	3,185,930	3.36%	-	3,185,930	3.36%	-

(e) There have been no buy back of shares, issue of bonus shares and issue of shares pursuant to contract without payment being received in cash for the period of 5 years immediately preceding the reporting date

(f) There are no shares reserved for issue under options and contracts/ commitments for sale of shares/ disinvestments.

* Excludes 5,000,000, 7% Redeemable preference shares of ₹ 100 each (in ₹) amounting to ₹ 500 (31 March 2022: ₹ 500)

This space is intentionally left blank

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

18 Other equity

	As at 31 March 2023	As at 31 March 2022
		Restated
Capital redemption reserve	119.47	119.47
Securities premium	9,328.92	9,328.92
General reserve	4,452.70	4,348.50
Retained earnings	10,097.15	9,483.78
	23,998.25	23,280.67

Nature and purpose of reserve**(a) Capital redemption reserve**

The Group recognises profit and loss on purchase, sale, issue or cancellation of the Group's own equity instruments to capital redemption reserve.

(b) Securities premium

Securities premium reserve is used to record the premium received on issue of shares by the Group. The reserve can be utilised in accordance with the provision of Section 52(2) of Companies Act, 2013.

(c) General reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in general reserve will not be reclassified subsequently to profit and loss.

(d) Retained earnings

The cumulative gain or loss arising from the operations which is retained by the Group is recognised and accumulated under the heading of retained earnings. At the end of the year, the profit after tax is transferred from the Consolidated statement of profit and loss to Surplus in the statement of profit and loss account.

19 Distribution made and proposed

	As at 31 March 2023	As at 31 March 2022
Final dividend on equity shares declared and paid		
₹ 3 per share for the year ended 31 March 2022	284.54	-
₹ 3.5 per share for the year ended 31 March 2021	-	331.96
	284.54	331.96
Details of proposed final dividend on equity shares (*)		
₹ 3 per share for the year ended 31 March 2023	284.54	-
₹ 3 per share for the year ended 31 March 2022	-	284.54
	284.54	284.54

(*) Proposed dividends on equity shares are subject to the approval of the shareholders at the ensuing annual general meeting and are not recognised as a liability as at respective balance sheet dates.

This space is intentionally left blank

SOBHA LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

20 Borrowings

	As at 31 March 2023	As at 31 March 2022 Restated
Non-current borrowings		
Term loans (Secured)		
- from banks	8,942.75	9,954.25
- from other parties	3,033.83	2,044.38
	11,976.58	11,998.63
Less: Current maturities of long term borrowings	(5,841.99)	(8,350.71)
Total non-current borrowings	6,134.59	3,647.92
Current borrowings		
Debentures (Secured)		
8.75%, unlisted, redeemable, Non Convertible Debentures of ₹ 500 each	-	495.09
Term loans (Secured)		
- from banks	813.04	4,585.99
- from other parties	928.02	1,688.08
Loans repayable on demand		
- from banks	3,991.21	3,276.22
Cash credit from banks	2,326.64	2,993.26
Current maturities of long term borrowings	5,841.99	8,350.71
Total current borrowings	13,900.90	21,389.35

Note:

- i) The Group has borrowings from banks and financial institutions on the basis of security of current assets. The quarterly returns or statements of current assets filed by the Group with banks and financial institutions are in agreement with the books of accounts.
- ii) None of the entities in the Group have been declared wilful defaulter by any bank or financial institution or government or any government authority.

Particulars	Carrying amount as at		Effective interest rate	Security Details	Repayment terms
	31 March 2023	31 March 2022			
Non-current borrowings					
Term loans from banks	2,789.15	4,094.41	8%-10%	Secured by way of a. equitable mortgage on immovable properties of the project b. equitable mortgage on vacant land parcels c. hypothecation of Escrow balances, other current assets and receivables (both present and future) of the project	Repayable in 10 equal quarterly installments, after a moratorium period of 39 months from the date of first disbursement.
Term loans from banks	1,475.98	1,527.98	8%-10%	Secured by way of a. mortgage of Investment Property and hypothecation of current assets and receivables relating to the Investment Property b. hypothecation of Escrow account and Debt Service Reserve account	Repayable in 153 monthly installments, after a moratorium period of 3 months from the date of first disbursement.
Term loans from banks	1,387.87	1,794.87	8%-10%	Secured by way of a. first charge on the Company's share of Inventory in the project b. equitable mortgage on vacant land parcels c. hypothecation of Escrow balances, other current assets and Company's share of receivables (both present and future) of the project and Debt Service Reserve account	Repayable in 10 equal quarterly installments, after a moratorium period of 42 months from the date of first disbursement.

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

Particulars	Carrying amount as at		Effective interest rate	Security Details	Repayment terms
	31 March 2023	31 March 2022			
Term loans from banks	641.13	725.74	7%-9%	Secured by way of a. mortgage of Investment Property of the Group Company b. hypothecation of receivables (both present and future) of the relation to the Investment Property c. corporate guarantee from the Group Company	Repayable in 126 monthly installments, after a moratorium period of 3 months from the date of first disbursement.
Term loans from banks	558.39	698.28	7%-9%	Security charge by way of a. equitable mortgage of immovable property of the Subsidiary project b. first Charge on Escrow balances and all assets of the Subsidiary project	Repayable in 15 equal quarterly installments, after a moratorium period of 3 months from the date of first disbursement.
Term loans from banks	462.51	456.29	8%-10%	Secured by way of a. equitable mortgage on immovable properties of the project b. equitable mortgage on vacant land parcels c. hypothecation of Escrow balances, other current assets and receivables (both present and future) of the project and Debt Service Reserve account	Repayable in 10 equal quarterly installments, after a moratorium period of 51 months from the date of first disbursement.
Term loans from banks	222.43	370.69	8%-10%	Secured by way of a. first charge on Property, Plant and Equipment b. equitable mortgage on vacant land parcels	Repayable in 16 equal quarterly installments from the date of first disbursement
Term loans from banks	195.78	194.71	8%-10%	Secured by way of a. equitable mortgage on immovable properties of the project b. hypothecation of receivables (both present and future)	Repayable in 48 quarterly installments, after a moratorium period of 30 months from the date of first disbursement.
Term loans from banks	684.96	-	8%-10%	Security charge by way of a. equitable mortgage of immovable property of the Group project b. first charge on all assets of the Group project	Repayable in 36 equal quarterly installments, after a moratorium period of 12 months from the date of first disbursement.
Term loans from banks	524.55	-	8%-10%	Secured by way of a. first charge on the Company's share of Inventory of the project b. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project and Debt Service Reserve account	Repayable in 24 monthly installments, after a moratorium period of 36 months from the date of first disbursement.
Term loans from banks	-	91.17	8%-10%	Secured by way of a. first charge on the Company's share of Inventory in the project b. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project	Repayable in 6 quarterly installments, after a moratorium period of 12 months from the date of first disbursement.
Term loans from banks	-	0.11	8%-10%	Secured by way of a. hypothecation of receivables (both present and future) of the project b. exclusive charge on immoveable property of the Company	Repayable in 8 quarterly installments from the date of disbursement
Term loans from other parties	603.81	873.69	8%-10%	Secured by way of a. mortgage of property owned by Group Company b. mortgage of building owned by the Company c. corporate guarantee of Group Company	Repayable in 20 equal quarterly installments, after a moratorium period of 6 months from the date of first disbursement.

SOBHA LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

Particulars	Carrying amount as at		Effective interest rate	Security Details	Repayment terms
	31 March 2023	31 March 2022			
Term loans from other parties	1,012.98	-	8%-10%	Secured by way of a. first charge on the Company's share of Inventory of the project b. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project	Repayable in 24 monthly installments, after a moratorium period of 48 months from the date of first disbursement.
Term loans from other parties	797.90	-	8%-10%	Secured by way of a. equitable mortgage on the Company's share of Inventory of the project b. equitable mortgage on vacant land parcels c. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project	Repayable in 24 equal monthly installments, after a moratorium period of 24 months from the date of first disbursement.
Term loans from other parties	595.47	-	8%-10%	Secured by way of a. equitable mortgage on the Company's share of Inventory of the project b. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project	Repayable in 24 monthly installments, after a moratorium period of 24 months from the date of first disbursement.
Term loans from other parties	23.67	-	9%-11%	Secured by way of a. equitable mortgage on the Company's share of Inventory of the project b. first charge on the vacant land parcels b. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project	Repayable in 24 monthly installments, after a moratorium period of 24 months from the date of first disbursement.
Term loans from other parties	-	375.22	9%-11%	Secured by way of a. first charge on the Company's share of Inventory in the project b. equitable mortgage on vacant land parcels c. hypothecation of Escrow balances, and Company's share of receivables (both present and future) of the project and Debt Service Reserve account	Repayable in 30 monthly installments, after a moratorium period of 6 months from the date of first disbursement.
Term loans from other parties	-	369.27	9%-11%	Secured by way of a. equitable mortgage on the Company's share of Inventory of the project b. equitable mortgage on vacant land parcels b. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project	Repayable in 18 monthly installments, after a moratorium period of 24 months from the date of first disbursement.
Term loans from other parties	-	192.30	9%-11%	Secured by way of a. equitable mortgage on vacant land parcels b. hypothecation of Company's share of receivables (both present and future) of the project	Repayable in 48 monthly installments from the date of first disbursement.
Term loans from other parties	-	185.14	9%-11%	Secured by way of a. equitable mortgage on immovable properties of the project b. equitable mortgage on vacant land parcels c. hypothecation of receivables (both present and future) of the project	Repayable in 12 quarterly installments, after a moratorium period of 54 months from the date of first disbursement.
Term loans from other parties	-	48.76	9%-11%	Secured by way of a. first charge on the Company's share of Inventory in the project b. equitable mortgage on vacant land parcels c. hypothecation of Escrow balances, and Company's share of receivables (both present and future) of the project and Debt Service Reserve account	Repayable in 11 quarterly installments, after a moratorium period of 6 months from the date of first disbursement.
Sub - total	11,976.58	11,998.63			

SOBHA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

Particulars	Carrying amount as at		Effective interest rate	Security Details	Repayment terms
	31 March 2023	31 March 2022			
Current borrowings					
Debentures (Secured)	-	495.09	8.75%	Secured by way of a. first charge on the Company's share of Inventory in the project b. hypothecation of Escrow balances, other current assets and Company's share of receivables (both present and future) of the project	Repayable in 30 equal monthly installments, after a moratorium period of 24 months from the date of first disbursement.
Loans from banks	1,178.53	1,783.96	8%-10%	Secured by way of a. first charge on receivables and inventory of the contracting business and concrete product division b. first charge on identified moveable fixed assets of the company c. hypothecation of receivables of project d. equitable mortgage on vacant land parcels	Repayable on demand.
Loans from banks	696.42	697.69	8%-10%	Secured by way of a. first charge on inventory, receivables and other current assets of the Manufacturing division. b. Equitable mortgage on vacant land parcels	Repayable on demand.
Term loans from banks	551.03	479.30	8%-10%	Security charge by way of a. equitable mortgage of immovable property of the project b. equitable mortgage on vacant land parcels c. hypothecation of other current assets and receivables (both present and future) of the project	Repayable in 10 quarterly installments, after a moratorium period of 30 months from the date of first disbursement.
Loans from banks	406.26	150.00	8%-11%	Secured by way of a. first charge on the Company's share of Inventory in the project b. hypothecation of Escrow balances, other current assets and Company's share of receivables (both present and future) of the project and Debt Service Reserve account	Repayable on demand.
Loans from banks	1,490.25	-	8%-10%	Secured by way of a. first charge on inventory of the project b. first charge on identified moveable fixed assets of the company c. hypothecation of receivables of project d. equitable mortgage on vacant land parcels	Repayable on demand.
Term loans from banks	262.01	-	8%-10%	Secured by way of a. first charge on the Company's share of Inventory of the project b. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project and Debt Service Reserve account c. fund shortfall undertaking by the director of the Company towards funding of underlying projects*	Repayable in 24 monthly installments, after a moratorium period of 36 months from the date of first disbursement.
Loans from banks	219.75	-	8%-10%	Secured by way of a. first charge on the Company's share of inventory of the project b. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project and Debt Service Reserve account	Repayable on demand.

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

Particulars	Carrying amount as at		Effective interest rate	Security Details	Repayment terms
	31 March 2023	31 March 2022			
Term loans from banks	-	787.06	8%-10%	Secured by way of a. first charge on the Company's share of Inventory in the project b. hypothecation of Escrow balances, other current assets and Company's share of receivables (both present and future) of the project and Debt Service Reserve account c. fund shortfall undertaking by the director of the Company towards funding of underlying projects	Repayable in 24 monthly installments, after a moratorium period of 33 months from the date of first disbursement.
Term loans from banks	-	569.16	8%-10%	Secured by way of a. first charge on the Company's share of Inventory in the project b. equitable mortgage on vacant land parcels c. hypothecation of Escrow balances, other current assets and Company's share of receivables (both present and future) of the project and Debt Service Reserve account	Repayable in 24 equal monthly installments, after a moratorium period of 30 months from the date of first disbursement.
Term loans from banks	-	511.60	8%-10%	Secured by way of equitable mortgage on immovable properties of the project	Repayable in 10 quarterly installments, after a moratorium period of 16 months from the date of first disbursement.
Loans from banks	-	510.00	8%-10%	Secured by way of a. equitable mortgage on vacant land parcels b. hypothecation of receivables (both present and future) of the project	Repayable on demand.
Term loans from banks	-	500.00	8%-10%	Secured by way of a. equitable mortgage on immovable properties of the project b. hypothecation of Escrow balances, other current assets and receivables (both present and future) of the project	Repayable in 12 monthly installments from the date of first disbursement.
Term loans from banks	-	450.36	8%-10%	Secured by way of a. first charge on the immoveable property of the project b. first charge over the receivables of the project	Repayable in equal monthly installments, after a moratorium period of 6 months from the date of first disbursement.
Term loans from banks	-	407.56	8%-10%	Secured by way of a. first charge on the Company's share of Inventory in the project b. equitable mortgage on vacant land parcels c. hypothecation of Escrow balances, other current assets and Company's share of receivables (both present and future) of the project and Debt Service Reserve account	Repayable in 30 equal monthly installments, after a moratorium period of 30 months from the date of first disbursement.
Term loans from banks	-	372.63	8%-10%	Secured by way of a. first charge on the immoveable property of the project b. first charge over the receivables of the project	Repayable in 36 monthly installments from the date of disbursement.
Term loans from banks	-	346.12	8%-10%	Secured by way of a. equitable mortgage on vacant land parcels b. hypothecation of receivables (both present and future) of the project	Repayable in 10 equal quarterly installments, after a moratorium period of 30 months from the date of first disbursement.
Term loans from banks	-	134.56	8%-10%	Secured by way of a. equitable mortgage on immovable properties of the project b. hypothecation of Escrow balances, other current assets and receivables (both present and future) of the project	Repayable in 12 monthly installments from the date of first disbursement.

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

Particulars	Carrying amount as at		Effective interest rate	Security Details	Repayment terms
	31 March 2023	31 March 2022			
Term loans from banks	-	102.21	8%-10%	Secured by way of a. first charge on inventory, receivables and other current assets (both present and future) of the project. b. equitable mortgage on vacant land parcels c. hypothecation of Escrow balances	Repayable in 5 quarterly installments, after a moratorium period of 36 months from the date of first disbursement.
Loans from banks	-	60.00	8%-10%	Secured by way of a. equitable mortgage on vacant land parcels b. hypothecation of receivables (both present and future) of the project	Repayable on demand.
Term loans from other parties	678.68	-	8.40%	Secured by way of a. equitable mortgage on immovable properties of the project b. hypothecation of receivables (both present and future) of the project.	Repayable in 30 monthly installments, after a moratorium period of 24 months from the date of first disbursement.
Term loans from other parties	249.34	-	8%-10%	Secured by way of a. equitable mortgage on the Company's share of Inventory of the project b. equitable mortgage on vacant land parcels c. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project	Repayable in 24 equal monthly installments, after a moratorium period of 24 months from the date of first disbursement.
Term loans from other parties	-	645.55	9%-11%	Secured by way of a. equitable mortgage on the Company's share of Inventory of the project b. first charge on the vacant land parcels c. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project	Repayable in 24 monthly installments, after a moratorium period of 24 months from the date of first disbursement.
Term loans from other parties	-	414.23	9%-11%	Secured by way of a. equitable mortgage on the Company's share of Inventory of the project b. equitable mortgage on vacant land parcels c. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project	Repayable in 18 monthly installments, after a moratorium period of 24 months from the date of first disbursement.
Term loans from other parties	-	406.58	9%-11%	Secured by way of a. equitable mortgage on vacant land parcels b. hypothecation of Escrow balances, Company's share of receivables (both present and future) of the project	Repayable in 48 monthly installments from the date of disbursement.
Term loans from other parties	-	172.90	9%-11%	Secured by way of a. equitable mortgage on the Company's share of Inventory of the project b. equitable mortgage on vacant land parcels c. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project	Repayable in 18 monthly installments, after a moratorium period of 24 months from the date of first disbursement.
Term loans from other parties	-	48.82	9%-11%	Secured by way of a. first charge on the Company's share of Inventory in the project b. hypothecation of Escrow balances, other current assets and Company's share of receivables (both present and future) of the project	Repayable in 30 equal monthly installments, after a moratorium period of 24 months from the date of first disbursement.
Cash credit	838.68	1,473.89	9%-11%	Secured by way of a. equitable mortgage on vacant land parcels b. hypothecation of receivables (both present and future) of projects	Repayable on demand.
Cash credit	707.77	574.66	8%-10%	Secured by way of receivables of the project	Repayable on demand.

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

Particulars	Carrying amount as at		Effective interest rate	Security Details	Repayment terms
	31 March 2023	31 March 2022			
Cash credit	276.72	231.02	8%-10%	Secured by way of a. first charge on receivables and inventory of the contracting business and concrete product division b. first charge on identified moveable fixed assets of the company c. hypothecation of receivables of project d. equitable mortgage on vacant land parcels	Repayable on demand.
Cash credit	85.00	173.54	7%-9%	Secured by way of a. first charge on inventory, receivables and other current assets of the Manufacturing division. b. Equitable mortgage on vacant land parcels	Repayable on demand.
Cash credit	20.09	49.30	8%-11%	Secured by way of a. first charge on the Company's share of Inventory in the project b. hypothecation of Escrow balances, other current assets and Company's share of receivables (both present and future) of the project and Debt Service Reserve account	Repayable on demand.
Cash credit	4.92	6.08	7%-9%	Secured by way of a. first charge on inventory, receivables and other current assets of the Manufacturing division. b. Equitable mortgage on vacant land parcels	Repayable on demand.
Cash credit	7.40	0.04	7%-9%	Secured by way of a. first charge on inventory, receivables and other current assets of the Manufacturing division. b. Equitable mortgage on vacant land parcels	Repayable on demand.
Cash credit	9.93	11.62	8%-10%	Secured by way of a. first charge on receivables and inventory of the contracting business and concrete product division b. first charge on identified moveable fixed assets of the company c. hypothecation of receivables of project d. equitable mortgage on vacant land parcels	Repayable on demand.
Cash credit	3.65	301.15	8%-10%	Secured by way of a. first charge on receivables (both present and future) of the project b. equitable mortgage on the vacant lands	Repayable on demand.
Cash credit	0.72	0.76	8%-10%	Secured by way of a. first charge on receivables and inventory of the contracting business and concrete product division b. first charge on identified moveable fixed assets of the company c. hypothecation of receivables of project d. equitable mortgage on vacant land parcels	Repayable on demand.
Cash credit	0.04	0.24	7%-9%	Secured by way of a. first charge on inventory, receivables and other current assets of the Manufacturing division. b. Equitable mortgage on vacant land parcels	Repayable on demand.
Cash credit	272.54	-	8%-10%	Secured by way of a. first charge on the Company's share of Inventory of the project b. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project and Debt Service Reserve account	Repayable on demand.
Cash credit	50.20	-	8%-10%	Secured by way of a. first charge on receivables and inventory of the contracting business and concrete product division b. first charge on identified moveable fixed assets of the company c. hypothecation of receivables of project d. Equitable mortgage on vacant land parcels.	Repayable on demand.

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

Particulars	Carrying amount as at		Effective interest rate	Security Details	Repayment terms
	31 March 2023	31 March 2022			
Cash credit	30.00	-	8%-10%	Secured by way of a. first charge on receivables and inventory of the contracting business and concrete product division b. first charge on identified moveable fixed assets of the company c. hypothecation of receivables of project d. Equitable mortgage on vacant land parcels.	Repayable on demand.
Cash credit	18.98	-	8%-10%	Secured by way of a. first charge on receivables and inventory of the contracting business and concrete product division b. first charge on identified moveable fixed assets of the company c. hypothecation of receivables of project d. Equitable mortgage on vacant land parcels.	Repayable on demand.
Cash credit	-	129.55	8%-10%	Secured by way of a. equitable mortgage on vacant land parcels b. hypothecation of receivables (both present and future) of the project	Repayable on demand.
Cash credit	-	26.95	8%-10%	Secured by way of a. equitable mortgage on vacant land parcels b. hypothecation of receivables (both present and future) of the project	Repayable on demand.
Cash credit	-	14.46	8%-10%	Secured by way of a. first charge on receivables and inventory of the contracting business and concrete product division b. first charge on identified moveable fixed assets of the company c. hypothecation of receivables of project d. equitable mortgage on vacant land parcels	Repayable on demand.
Cash credit	0.00	-	8%-10%	Secured by way of a. first charge on receivables and inventory of the contracting business and concrete product division b. first charge on identified moveable fixed assets of the company c. hypothecation of receivables of project d. equitable mortgage on vacant land parcels	Repayable on demand.
Cash credit	0.00	-	8%-10%	Secured by way of a. first charge on receivables and inventory of the contracting business and concrete product division b. first charge on identified moveable fixed assets of the company c. hypothecation of receivables of project d. equitable mortgage on vacant land parcels	Repayable on demand.
Cash credit	0.00	-	8%-10%	Secured by way of a. first charge on receivables and inventory of the contracting business and concrete product division b. first charge on identified moveable fixed assets of the company c. hypothecation of receivables of project d. equitable mortgage on vacant land parcels	Repayable on demand.
Cash credit	0.00	-	8%-10%	Secured by way of a. first charge on receivables and inventory of the contracting business and concrete product division b. first charge on identified moveable fixed assets of the company c. hypothecation of receivables of project d. equitable mortgage on vacant land parcels	Repayable on demand.
Sub - total	8,058.91	13,038.64			
Total borrowings	20,035.49	25,037.27			

(*) Refer Note 35

SOBHA LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

21 Other financial liabilities

	As at 31 March 2023	As at 31 March 2022 Restated
Current		
Payable to land owner for acquisition of land/developmental rights	3,133.03	1,182.74
Security deposit received towards		
-Maintenance services	2,087.41	2,209.39
-Lease deposit	152.37	121.70
Letter of credit payable	1,346.96	2,701.64
Book overdraft	1,025.86	289.92
Revenue share payable under joint development agreement	632.42	380.93
Interest accrued but not due on borrowings	62.39	35.07
Deferred Lease Rental	27.93	22.23
Unclaimed dividend*	2.00	2.32
Capital creditors	2.19	2.36
Payable to related parties (refer note 35)	170.53	338.74
Others	327.35	290.98
Total other financial liabilities	8,970.44	7,578.02

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

22 Provisions

	Non-current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Provision for employee benefits				
Provision for gratuity (refer note 37)	228.85	174.70	85.67	73.12
Provision for compensated absence	-	-	117.09	81.43
	228.85	174.70	202.76	154.55

23 Trade payables

	As at 31 March 2023	As at 31 March 2022 Restated
Dues of micro enterprises and small enterprises	-	-
Dues of creditors other than micro enterprises and small enterprises	5,986.75	4,469.65
	5,986.75	4,469.65

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

Trade payable ageing schedule**As at 31 March 2023**

Particulars	Unbilled dues /Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	more than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,290.97	3,365.02	108.57	62.27	159.92	5,986.75
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
Total	2,290.97	3,365.02	108.57	62.27	159.92	5,986.75

As at 31 March 2022 (Restated)

Particulars	Unbilled dues /Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	more than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,455.68	2,193.85	151.79	117.68	550.65	4,469.65
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
Total	1,455.68	2,193.85	151.79	117.68	550.65	4,469.65

Note: Details of dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprises Development Act, 2006.

The information as required under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Group.

Particulars	As at 31 March 2023	As at 31 March 2022
i. Principal amount remaining unpaid to any supplier as at the year end	-	-
ii. Interest due thereon	-	-
iii. Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year.	-	-
iv. Amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED, 2006	-	-
v. Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
vi. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

24 Other liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
		Restated
Contract liabilities		
-Advance from customers	52,912.64	41,888.99
-Mobilisation advance	581.31	571.60
-Liability under joint development agreement*	11,222.11	10,384.34
-Deferred revenue	168.70	117.16
Withholding taxes payable	135.71	70.19
Others	132.33	170.45
	65,152.80	53,202.73

* Represents amount payable to landowners where the Company has entered into joint development arrangements with landowners for joint development of properties on land in lieu of which, the Company has agreed to transfer certain percentage of constructed area or certain percentage of the revenue proceeds, net of revenue recognised.

25 Revenue from operations

	Year ended 31 March 2023	Year ended 31 March 2022
A Revenue from contract with customers		
I Sale of products		
Income from of constructed properties, plots and other development activities	23,937.32	16,175.41
Income from sale of land and development rights	-	1,435.69
Income from glazing works	2,626.08	1,207.87
Income from interior works	831.49	737.70
Income from concrete blocks	649.08	520.10
Income from retail sales	133.93	76.91
II Sale of services		
Income from contractual activity	3,622.51	4,633.39
Income from maintenance and other services	470.50	293.68
III Other operating revenue		
Forfeiture income	140.96	0.40
Interest collected from customer	63.01	23.00
Transfer fees	67.30	33.67
Marketing income	16.51	21.67
Scrap sales	64.21	57.29
Total (A)	32,622.90	25,216.78

SOBHA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

B Rental income

Rental income from operating leases (refer note 38)	478.24	395.82
Total (A+B)	33,101.14	25,612.60

Additional disclosures required under Ind AS 115

(a) Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers by timing of transfer of goods or services

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Revenue recognition at a point of time	23,159.33	16,678.26
Revenue recognition over period of time	9,463.57	8,538.52
	32,622.90	25,216.78

(b) Contract balances

The following table provides information about receivables and contract liabilities from contract with customers:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Contract assets		Restated
Unbilled revenue	1,764.53	3,361.68
Total contract assets	1,764.53	3,361.68
Contract liabilities		
Advance from customers	53,493.95	42,460.59
Liability under joint development agreement	11,222.11	10,384.34
Deferred revenue	168.70	117.16
Total contract liabilities	64,884.76	52,962.09
Receivables		
Trade receivables	2,375.34	4,159.09
Total receivables	2,375.34	4,159.09

Unbilled revenue is initially recognised for revenue earned on account of contracts where revenue is recognised over the period of time as receipt of consideration is conditional on successful completion of performance obligations as per contract. Once the performance obligation is fulfilled and milestones for invoicing are achieved, contract assets are classified to trade receivables. Such unbilled revenue is classified as non-financial asset because the right to consideration depends on completion of contractual milestones.

Contract liabilities include advances received from customers as well as deferred revenue representing transaction price allocated to outstanding performance obligations.

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

(c) Significant changes in contract liabilities balances during the year are as follows:

Particulars	As at 31 March 2023			As at 31 March 2022		
	Advances from customers	Payable to land owner	Deferred Revenue	Advances from customers	Payable to land owner	Deferred Revenue
Opening balance	42,460.59	10,384.34	117.16	35,200.29	13,081.60	160.89
Additions during the year (net)	32,026.97	4,052.75	168.70	20,795.52	-	117.16
Revenue recognised during the year	(20,993.61)	(3,214.98)	(117.16)	(13,535.22)	(2,697.26)	(160.89)
Closing balance	53,493.95	11,222.11	168.70	42,460.59	10,384.34	117.16

(d) Significant changes in unbilled revenue balances during the year are as follows:

Particulars	As at 31 March 2023	As at 31 March 2022
Opening balance	3,361.68	3,429.43
Revenue recognised during the year	6,502.10	6,868.96
Billed during the year	(8,099.25)	(5,950.44)
Cumulative catch up adjustments to revenue	-	(986.27)
Closing balance	1,764.53	3,361.68

(e) Reconciliation of revenue recognised with contract revenue:

Particulars	As at 31 March 2023	As at 31 March 2022
Contract revenue	32,622.90	25,216.78
Revenue recognised	32,622.90	25,216.78

The performance obligation of the Group in case of sale of residential plots, villas, apartments, commercial space and development management of such properties is satisfied once the project is completed and control is transferred to the customers. The customer makes the payment for contract price as per installment stipulated in customer's agreement which can be cancelled by the customer for convenience.

The transaction price of the remaining performance obligation (unsatisfied or partly satisfied) as at 31 March 2023 is ₹ 115,536.09 (31 March 2022 is ₹ 83,954.21). The same is expected to be recognised within 1 to 5 years

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

26 Other income

	Year ended 31 March 2023	Year ended 31 March 2022
Interest income on		
-Bank deposits	47.30	30.10
-Unwinding of discount on refundable deposits	231.29	256.66
-Refundable deposits	38.87	-
-Others	14.73	-
Other non-operating income (net of expenses directly attributable to such income)		
-Liabilities no longer required written back	327.96	6.00
-Facilitation charges	179.50	140.69
-Gain on foreign exchange difference (net)	1.16	-
-Profit on sale of property, plant and equipment (net)	0.92	322.48
-Profit on sale of investment property (net)	-	31.74
-Reversal of impairment of refundable deposit	50.55	-
-Others	30.91	52.00
	923.19	839.67

27 Cost of material consumed

	Year ended 31 March 2023	Year ended 31 March 2022
Inventory at the beginning of the year	636.87	545.68
Add: Purchases during the year	3,740.46	2,073.40
Less: Inventory at the end of the year	717.54	636.87
Cost of material consumed	3,659.79	1,982.21

28 Changes in inventories of raw materials, land stock, work in progress and finished goods

	Year ended 31 March 2023	Year ended 31 March 2022
Inventories at the end of the year		
Building materials	1,336.47	75.80
Land stock	7,225.32	4,319.20
Work-in-progress	63,975.98	60,034.74
Stock in trade - flats	14,198.74	11,325.03
Finished goods	155.70	124.15
	86,892.21	75,878.92

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

	Year ended 31 March 2023	Year ended 31 March 2022
Inventories at the beginning of the year		
Building materials	75.80	77.55
Land stock	4,319.20	15,154.39
Work-in-progress	60,034.74	58,894.32
Stock in trade - flats	11,325.03	322.11
Finished goods	124.15	115.56
	75,878.92	74,563.93
Less: Opening Inventory transferred to capital work in progress	-	218.43
	75,878.92	74,345.50
Increase	(11,013.29)	(1,533.42)

29 Employee benefits expense

	Year ended 31 March 2023	Year ended 31 March 2022
Salaries, wages and bonus	2,664.55	2,307.17
Contribution to provident and other funds	89.79	80.19
Gratuity expenses (refer note 37)	40.24	36.16
Compensated absence	69.72	37.57
Staff welfare expenses	80.45	50.87
	2,944.75	2,511.96

30 Finance costs (*)

	Year ended 31 March 2023	Year ended 31 March 2022
Interest expense		
- on borrowings	2,032.87	2,663.11
-unwinding of discount on land cost payable	189.01	111.24
-on leases	27.26	30.83
-on others	104.38	59.28
Other borrowing cost		
-letter of credit charges	85.08	157.17
-bank guarantee charges	18.88	18.72
-bank and other charges	32.76	42.90
Total	2,490.24	3,083.25

(*)Includes finance expense capitalised to inventory (The rate used to determine the amount of borrowing costs eligible for capitalisation is the effective interest rate of the underlying borrowings which is in the range of 7% to 11%) Capitalisation rate 31.03.2023 - 10% (31.03.2022 - 10%)

2,260.65

2,900.45

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

31 Depreciation and amortization expense

	Year ended 31 March 2023	Year ended 31 March 2022
Depreciation of property, plant and equipment	500.83	546.41
Depreciation of investment properties	120.00	108.67
Depreciation of right of use assets	55.40	60.10
Amortization of intangible assets	2.14	3.09
	678.37	718.27

32 Other expenses

	Year ended 31 March 2023	Year ended 31 March 2022
License fees and plan approval charges	654.01	201.69
Power and fuel	663.35	531.48
Water charges	28.66	31.68
Freight and forwarding charges	267.59	235.11
Rent (refer note 38)	165.38	178.44
Rates and taxes	201.13	193.78
Insurance	132.19	113.26
Property maintenance expenses	160.46	168.96
Repairs and maintenance		
Plant and machinery	52.62	36.92
Others	87.05	55.06
Advertising and sales promotion	415.48	389.37
Brokerage and discounts	326.20	175.11
Donation	0.95	0.30
Corporate social responsibility expenditure	199.62	121.10
Travelling and conveyance	305.52	236.20
Printing and stationery	39.09	28.48
Communication costs	0.16	0.14
Legal and professional fees	403.80	387.70
Directors' commission and sitting fees (refer note 35)	8.71	6.73
Payment to auditor	18.70	14.28
Exchange difference (net)	-	0.49
Allowance for credit losses (including amounts written off)	372.10	43.03
Provision for land advances	168.11	-
Other advances written off	60.85	-
Bad debts written off	-	3.54
Security charges	192.01	184.23
Impairment of property, plant and equipment	58.71	-
Miscellaneous expenses	457.46	306.79
	5,439.91	3,643.87

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

33 Income taxes

The significant components of income tax expense for the years ended 31 March 2023 and 31 March 2022 are -

A. Amounts charged to statement of profit and loss

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Current income tax:		
Current income tax charge	360.46	609.23
Deferred tax:		
Relating to origination and reversal of temporary differences	47.24	25.12
Income tax expense reported in the statement of profit and loss	407.70	634.35

B Income tax recognised in other comprehensive income

Net loss on remeasurements of defined benefit plans	13.43	3.03
Income tax charge to other comprehensive income	13.43	3.03

C Reconciliation of tax expense and the accounting profit multiplied by Company's domestic tax rate for 31 March 2023 and 31 March 2022

	Year ended 31 March 2023	Year ended 31 March 2022
Accounting profit before income tax	1,449.75	2,366.25
Tax on accounting profit at statutory income tax rate 25.17% (31 March 2022: 25.17%)*	364.90	595.59
Adjustments in respect of change in tax rate of subsidiary	0.94	1.00
Permanent adjustments	41.86	37.76
	407.70	634.35

* The Group (except sobha city - partnership firm, Tax rate is 34.94%) has elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 from the year ended 31 March 2021 and has accordingly re-measured its deferred tax assets/ (liabilities) basis the rate prescribed in the said section. Further, the MAT credit available from earlier years has been reversed in the previous year on the exercise of this said option.

This space is intentionally left blank

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

D Deferred tax asset / Liability*Deferred tax assets/(liabilities) relates to the following*

Particulars	31 March 2023		31 March 2022	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Provision for compensated absence	29.46	-	20.49	-
Provision for gratuity	79.16	-	62.38	-
Provision for exgratia	18.64	-	11.62	-
Expected credit losses	145.05	-	76.86	-
Deferred tax asset on tax losses and unabsorbed depreciation	26.93	-	13.10	-
Others	55.79	-	44.19	-
Property, plant and equipment and investment property	40.70	-	66.49	-
On account of difference in IndAS 115 and ICDS III	-	(173.35)	-	(48.00)
Deferred tax asset/(liability)	395.73	(173.35)	295.13	(48.00)
Deferred tax asset (Net)	222.38		247.13	

Deferred tax liability relates to the following

Particulars	31 March 2023		31 March 2022	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Expected credit losses	30.16	-	9.80	-
Deferred tax asset on tax losses and unabsorbed depreciation	56.59	-	66.16	-
Others	-	(30.32)	-	(30.32)
Property, plant and equipment and investment property	-	(269.92)	-	(248.94)
On account of difference in IndAS 115 and ICDS III	87.67	-	86.54	-
	174.42	(300.24)	162.50	(279.26)
Deferred Tax (liability) (Net)		(125.82)		(116.76)

For three subsidiaries, deferred tax assets have been created on tax losses of ₹ 96.73 (31 March 2022 ₹ 45.96) and unabsorbed depreciation of ₹ 172.19 (31 March 2022 ₹ 195.46)

Following summarises the movement of Deferred tax asset/ (liability)

Year ended 31 March 2023	Balance as at 31 April 2022 Restated	Movement in statement of Profit/Loss	Movement in OCI	Balance as at 31 March 2023
Provision for compensated absence	20.49	8.97	-	29.46
Provision for gratuity	62.38	3.35	13.43	79.16
Provision for exgratia	11.62	7.02	-	18.64
Expected credit losses	86.66	88.55	-	175.21

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

Year ended 31 March 2023	Balance as at 31 April 2022 Restated	Movement in statement of Profit/Loss	Movement in OCI	Balance as at 31 March 2023
Deferred tax asset on tax losses and unabsorbed depreciation	79.26	4.26	-	83.52
Others	13.87	11.60	-	25.47
Property, plant and equipment and investment property	(182.45)	(46.77)	-	(229.22)
On account of difference in IndAS 115 and ICDS III	38.54	(124.22)	-	(85.68)
Total	130.37	(47.24)	13.43	96.56

Year ended 31 March 2022	Balance as at 1 April 2021 Restated	Movement in statement of Profit/Loss	Movement in OCI	Balance as at 31 March 2022 Restated
Provision for compensated absence	18.12	2.37	-	20.49
Provision for gratuity	54.86	4.49	3.03	62.38
Provision for exgratia	-	11.62	-	11.62
Expected credit losses	100.47	(13.81)	-	86.66
Deferred tax asset on tax losses and unabsorbed depreciation	44.91	34.35	-	79.26
Others	28.94	(15.07)	-	13.87
Property, plant and equipment and investment property	(214.65)	32.20	-	(182.45)
On account of difference in IndAS 115 and ICDS III	119.81	(81.27)	-	38.54
Total	152.46	(25.12)	3.03	130.37

E The Group has not entered into any such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)

F Income tax assets (net)

Particulars	31 March 2023	31 March 2022
Advance Income tax (net of provisions)	217.46	116.01
	217.46	116.01

G Current tax liabilities (net)

Particulars	31 March 2023	31 March 2022
Current tax liabilities (net of advance tax)	-	202.94
	-	202.94

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

34 Earnings per share ['EPS']

Particulars	31 March 2023	31 March 2022
Net Profit after tax attributable to equity shareholders	1,042.05	1,731.90
Weighted average number of equity shares used in calculating basic and diluted EPS	94,845,853	94,845,853
Nominal value per equity share (in ₹)	10	10
Earnings per share (in ₹)		
- Basic and diluted	10.99	18.27

35 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

Associate

C.V.S.Tech Park Private Limited

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 (till 31 March 2022)

Mr. T P Seetharam - Whole-time Director (till 31 March 2022)

Mr. Jagadish Nangineni - Managing Director (with effect from 01 April 2022)

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

Mr. Subhash Bhat - Chief Financial Officer (till 14th November 2021)

Mr. Yogesh Bansal - Chief Financial Officer (with effect from 15th November 2021)

Mr. Vighneshwar G Bhat - Company Secretary

Other Directors

Mr. Anup Shah

Mr. R V S Rao

Mrs. Srivathsala KN

Mr. Sumeet Jagdish Puri (till 7th October 2021)

Mr. Raman Mangalorkar (with effect from 01 April 2022)

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

Relatives of key management personnel

Mrs. Sudha Menon

Post employment-benefit plan entity

Sobha Developers Employees Gratuity Trust

Other related parties

Mannur Real Estate Private Limited
Mannur Properties Private Limited
Puzhakkal Developers Private Limited
Sobha Aviation and Engineering Services Private Limited
Sobha Contracting LLC, Dubai
Sobha Glazing & Metal Works 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 Kurumba Educational and Charitable Trust
Sri Parvathy Land Developers Private Limited
Technobuild Developers Private Limited
Mapedu Realtors Private Limited
Mapedu Builders Private Limited
Chikmangaloor Properties Private Limited
Rusoh Marina Properties Private Limited
Thakazhi Developers Private Limited
Thakazhi Realtors Private Limited
Moolamcode Traders Private Limited

This space is intentionally left blank

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

b) Details of the transactions with the related parties:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
I. Transaction with joint venture		
Amount contributed to partnership current account		
Kondhwa Projects LLP	0.60	6.21
II. Transaction with other related parties		
Income/(Loss) from sale of land and development rights		
Chikmangaloor Properties Private Limited	0.97	-
Thakazhi Developers Private Limited	16.25	-
Thakazhi Realtors Private Limited	6.64	-
Rusoh Marina Properties Private Limited	(0.01)	-
Mapedu Realtors Private Limited	(0.15)	-
Mapedu Builders Private Limited	(0.14)	-
Income from contractual activity		
Sobha Projects & Trade Private Limited	-	70.14
Income from glazing works		
Sri Kurumba Educational and Charitable Trust	0.30	1.71
Income from interior works		
Sri Kurumba Educational and Charitable Trust	0.44	0.43
Mr. Anup Shah	0.04	1.80
Income from concrete blocks/works		
Sobha Projects & Trade Private Limited	11.57	-
Purchase of project items		
Sobha Projects & Trade Private Limited	382.96	530.59
Aircraft hire charges		
Sobha Puravankara Aviation Private Limited	129.37	110.57
CSR expenditure - Donation		
Sri Kurumba Educational and Charitable Trust	199.62	121.10
Land Advance		
Technobuild Developers Private Limited	201.06	-
Advance paid towards purchase of goods or services		
Sri Parvathy Land Developers Private Limited	0.01	0.03
Sri Durga Devi Property Management Private Limited	0.06	0.05
Sobha Puravankara Aviation Private Limited	105.00	66.00

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Refund of advance by the related party		
Technobuild Developers Private Limited	449.98	339.52
Puzhakkal Developers Private Limited	52.20	-
Sri Parvathy Land Developers Private Limited	106.48	-
Sri Durga Devi Property Management Private Limited	43.10	-
Advances received from the related party		
Technobuild Developers Private Limited	1.06	1.17
Provision for land advances		
Sri Parvathy Land Developers Private Limited	60.51	-
Security Deposit adjusted towards Rent		
Sobha Glazing & Metal Works Private Limited	5.50	5.50
Contribution to plan assets		
Sobha Developers Employees Gratuity Trust	26.90	18.30
Guarantees received		
Sri Durga Devi Property Management Private Limited	1,100.00	-
Sri Parvathy Land Developers Private Limited	1,100.00	-
Guarantees extinguished		
Sri Durga Devi Property Management Private Limited	1,500.00	-
Sri Parvathy Land Developers Private Limited	1,500.00	-
III. Transaction with key managerial personnel		
Directors' remuneration		
Mr. J. C. Sharma (till 31 March 2022)	-	35.04
Mr. Ravi PNC Menon	92.49	80.38
Mr.T P Seetharam (till 31 March 2022)	-	6.44
Mr. Jagadish Nangineni (with effect from 01 April 2022)	33.08	-
Dividend paid (payment basis)		
Mr. Ravi PNC Menon	9.56	11.15
Mr. J. C. Sharma (till 31 March 2022)	-	0.38
Mr. Subhash Bhat (till 14th November 2021)	-	-
Mr. Anup Shah	0.01	0.02
Mr. R V S Rao	0.05	0.05

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Salary (including perquisites)		
Mr. Subhash Bhat (till 14th November 2021)	-	7.92
Mr. Vigneshwar G Bhat	5.18	4.69
Mr. Yogesh Bansal (with effect from 15th November 2021)	6.74	2.08
Directors' sitting fees and commission		
Mr. Anup Shah	2.14	1.88
Mr. R V S Rao	2.18	1.94
Mr. Sumeet Jagdish Puri (till 7th October 2021)	-	0.99
Mrs. Srivathsala KN	2.23	1.92
Mr. Raman Mangalorkar (with effect from 01 April 2022)	2.16	-
IV. Transaction with key shareholders		
Dividend paid (payment basis)		
Mr. P. N. C. Menon	36.18	42.21
Mrs. Sobha Menon	86.18	100.54
Mr. P. N. C. Menon and Mrs. Sobha Menon (jointly held shares)	15.87	18.51

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

Particulars	As at 31 March 2023	As at 31 March 2022
I. Balances receivable from and payable to joint ventures & associates		
In partners current account		
Kondhwa Projects LLP	1,149.28	1,148.68
II. Balances receivable from and payable to other related parties		
Land advance		
Technobuild Developers Private Limited	8,152.41	8,199.84
Puzhakkal Developers Private Limited	-	52.20
Sri Parvathy Land Developers Private Limited	60.51	166.99
Sri Durga Devi Property Management Private Limited	-	43.10
Provision for land advances		
Sri Parvathy Land Developers Private Limited	60.51	-
Right of use Assets		
Sobha Glazing & Metal Works Private Limited	33.00	38.50

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
Advances recoverable in cash or in kind		
Sobha Puravankara Aviation Private Limited	215.25	164.73
Sobha Glazing & Metal Works Private Limited	10.02	-
Sobha Aviation and Engineering Services Private Limited	-	0.01
Thakazhi Developers Private Limited	-	0.05
Thakazhi Realtors Private Limited	-	0.04
Sobha Space Private Limited	-	0.01
Mannur Real Estate Private Limited	-	0.15
Mannur Properties Private Limited	-	0.02
Sobha Technocity Private Limited	-	0.02
Moolamcode Traders Private Limited	-	0.02
Trade receivables		
Sri Kurumba Educational and Charitable Trust	6.41	35.10
Puzhakkal Developers Private Limited	-	0.01
Technobuild Developers Private Limited	-	0.07
Sobha Projects & Trade Private Limited	212.01	211.57
Mr. Anup Shah	0.73	0.68
Thakazhi Developers Private Limited	2.57	0.05
Mapedu Realtors Private Limited	0.35	2.18
Mapedu Builders Private Limited	-	1.24
Chikmangaloor Realtors Private Limited	-	0.42
Chikmangaloor Properties Private Limited	-	2.23
Allapuzha Fine Real Estate Private Limited	-	1.45
Rusoh Modern Properties Private Limited	-	1.49
Rusoh Marina Properties Private Limited	-	0.52
Santhavellur Developers Private Limited	-	0.02
Santhavellur Realtors Private Limited	-	0.02
Santhavellur Builders Private Limited	-	0.01
Advance from customers		
Sri Parvathy Land Developers Private Limited	1.90	-
Trade payables		
Sobha Projects & Trade Private Limited	-	-
Technobuild Developers Private Limited	-	-
Puzhakkal Developers Private Limited	-	0.01
Mapedu Builders Private Limited	0.11	-
Rusoh Marina Properties Private Limited	0.02	-
Sri Parvathy Land Developers Private Limited	2.53	2.53
Sobha Space Private Limited	14.05	-

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
Other Current financial liabilities		
Technobuild Developers Private Limited	173.88	382.25
Sobha Space Private Limited	14.05	-
Sobha Glazing & Metal Works Private Limited	0.00	-
Sobha Projects & Trade Private Limited	7.01	26.20
Other Payables		
Sobha Glazing & Metal Works Private Limited	-	50.14
Sri Durga Devi Property Management Private Limited	1.89	-
Guarantees and Collaterals received		
Sri Durga Devi Property Management Private Limited	1,100.00	1,500.00
Sri Parvathy Land Developers Private Limited	1,100.00	1,500.00
Security Received		
Sri Durga Devi Property Management Private Limited	155.88	153.25
Sri Parvathy Land Developers Private Limited	155.88	153.25

d) Payable to key management personnel/director of the Group

Particulars	As at 31 March 2023	As at 31 March 2022
Commission to independent directors	8.00	5.95
Commission to Chairman, Vice Chairman & Managing Director	41.10	38.97
	49.10	44.92

*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.

Note

The director of the Company has given fund shortfall undertaking for certain borrowings towards funding of the respective underlying projects. Refer note 20

e) Compensation of key management personnel of the Company

Particulars	As at 31 March 2023	As at 31 March 2022
Short-term employee benefits	137.49	121.86
Other benefits*	41.10	38.97
	178.59	160.83

*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.

Note

The director of the Company has given fund shortfall undertaking for certain borrowings towards funding of the respective underlying projects. Refer note 20

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

36 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 Managing Director (MD) 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 MD reviews internal management reports on at least a quarterly basis.

The MD 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 an overall basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The following tables present revenue and profit information for the Group's operating segments for the year ended 31 March 2023 and 31 March 2022 respectively:

Business segments

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Segment revenue		
Real estate	25,372.14	18,513.60
Contractual and manufacturing	9,331.00	7,891.00
Total segment revenue	34,703.14	26,404.60
Inter segment revenues	(1,602.00)	(792.00)
Net revenue from operations	33,101.14	25,612.60
Segment result		
Real estate	5,871.77	7,587.04
Contractual and manufacturing	(45.34)	(119.04)
Total segment results	5,826.43	7,468.00
Finance costs	(2,490.00)	(3,082.75)
Other unallocable expenditure	(2,527.68)	(2,602.00)
Other income (including finance income)	641.00	583.00
Profit before taxation	1,449.75	2,366.25
Income taxes	(407.70)	(634.35)
Profit after taxation	1,042.05	1,731.90

SOBHA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

The following table presents assets and liabilities information for the Group's operating segments as at 31 March 2023 and 31 March 2022 respectively:

Particulars	As at 31 March 2023	As at 31 March 2022
Segment assets		
Real estate	104,150.24	93,004.00
Contractual and manufacturing	6,518.76	7,879.00
Total segment assets	110,669.00	100,883.00
Unallocated assets	15,213.43	14,536.24
Total assets	125,882.43	115,419.24
Segment liabilities		
Real estate	67,876.00	51,844.00
Contractual and manufacturing	6,239.00	6,373.00
Total segment liabilities	74,115.00	58,217.00
Unallocated liabilities	26,820.72	32,973.11
Total liabilities	100,935.72	91,190.11
Capital employed		
Real estate	36,274.24	41,160.00
Contractual and manufacturing	279.76	1,506.00
Unallocated capital employed	(11,607.29)	(18,436.87)
Total capital employed	24,946.71	24,229.13

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

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Capital expenditure		
Real estate	468.32	288.82
Contractual and manufacturing	84.74	42.54
Unallocated capital expenditure	732.01	65.20
Total capital expenditure	1,285.07	396.56

Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment property under development.

Information of revenue and non-current operating assets based on location has not been furnished since there are no revenue generated from business activities outside India and there are no non-current operating assets held by the Group outside India.

SOBHA LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

Reconciliations to amounts reflected in the financial statements

(i) Reconciliation of assets

Particulars	As at 31 March 2023	As at 31 March 2022
Segment assets	110,669.00	100,883.00
Investment (refer note 9)	1,149.33	1,148.73
Prepaid expenses (refer note 14)	1,017.99	962.83
Balances with statutory/ government authorities (refer note 14)	1,127.67	1,508.88
Income tax assets (net) (refer note 33)	217.46	116.01
Deferred tax assets (net) (refer note 33)	222.38	247.13
Cash and bank balances (refer note 15 and 16)	4,514.04	1,783.09
Non-current bank balances (refer note 13)	151.04	175.28
Other unallocable assets	6,813.52	8,594.29
Total assets	125,882.43	115,419.24

(ii) Reconciliation of liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Segment liabilities	74,115.00	58,217.00
Borrowings (refer note 20)	20,035.49	25,037.27
Provisions (refer note 22)	202.76	154.55
Deferred tax liabilities (refer note 33)	125.82	116.76
Liabilities for current tax (net) (refer note 33)	-	202.94
Withholding taxes payable (refer note 24)	135.71	70.19
Others payable (refer note 24)	132.33	170.45
Other unallocable liabilities	6,188.61	7,220.95
Total liabilities	100,935.72	91,190.11

37 Employment benefit plans

A Defined benefit plan

The Group has gratuity as defined benefit retirement plans for its employees. The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity at the rate of 15 days basic salary for each year of service until the retirement age. As at 31 March 2023 and 31 March 2022 the plan assets were invested in insurer managed funds.

It is exposed to the following types of risks:

Interest rate risk: A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Investment Risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Concentration Risk: Plan is having a concentration risk as all the assets are invested with the insurance company

The following tables set out the the funded status of gratuity plans and amount recognised in the balance sheet for the respective plans:

Particulars	31 March 2023	31 March 2022
1 The amounts recognized in the Balance Sheet are as follows:		
Present value of defined benefit obligation at the end of the year	318.74	251.17
Less: Fair value of plan assets as at the end of the year	4.21	3.35
Net liability recognised in the balance sheet	314.53	247.82
2 Changes in the present value of defined benefit obligation		
Defined benefit obligation as at beginning of the year	251.17	220.36
Current service cost	24.35	22.91
Interest cost	16.10	13.35
Benefits paid	(26.04)	(17.47)
Actuarial (gain) / loss due to demographic assumption changes	6.06	(0.04)
Actuarial (gain) / loss due to financial assumption changes	26.70	(3.49)
Actuarial (gain) / loss due to experience adjustments	20.39	15.55
Defined benefit obligation as at the end of the year	318.74	251.17
3 Changes in the fair value of plan assets		
Fair value as at the beginning of the year	3.35	2.40
Interest on plan assets	0.21	0.15
Actuarial gain / (loss)	(0.21)	(0.03)
Contributions	26.90	18.30
Benefits paid	(26.04)	(17.47)
Fair value as at the end of the year	4.21	3.35
4 Net gratuity cost for the reporting years comprises of following components		
Current service cost	24.35	22.91
Interest cost	16.10	13.35
Interest income	(0.21)	(0.15)
Net Gratuity cost	40.24	36.11
5 Other comprehensive income		
Actuarial loss on defined benefit obligation	(53.15)	(12.01)
Return on plan assets excluding interest income	(0.21)	(0.03)
Loss recognised in other comprehensive income	(53.36)	(12.04)
6 Experience adjustment:		
On plan defined benefit obligation (gain) / loss	20.39	15.55
On plan assets gain / (loss)	(0.21)	(0.03)

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

7 Investment Details

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

Particulars	31 March 2023	31 March 2022
Investment in insurance fund	100%	100%

8 Actuarial assumptions

Particulars	31 March 2023	31 March 2022
Discount rate (p.a)	7.20%	6.41%
Future salary growth (p.a)	12.00%	5.00%
Weighted Average Duration of the Defined Benefit Obligation (years)	3	5
Attrition rate (p.a)	35.00%	15.00%

9 Sensitivity Analysis

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

Particulars	31 March 2023		31 March 2022	
	Decrease	Increase	Decrease	Increase
Discount rate (+ / -1%)	5.63	5.94	9.39	10.28
Salary growth rate (- / + 1%)	4.64	4.74	8.60	9.16
Attrition rate (+ / -1%)	1.09	1.14	0.59	0.51

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.

10 Maturity profile of defined benefit obligation

Particulars	31 March 2023	31 March 2022
Within the next 12 months	108.32	49.27
Between 2 and 5 years	197.18	131.96
Between 5 and 10 years	54.73	89.56
Beyond 10 years	10.01	68.23
Total expected payments	370.24	339.02

Expected contribution in the next year ₹ 85.67.

B Defined contribution plan

The Company makes contribution of statutory provident fund as per Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and Employees State Insurance Scheme as per the Employees' State Insurance Act, 1948. The Company has recognized the following amounts in the Statement of Profit and Loss under defined contribution plan whereby the Company is required to contribute a specified percentage of the payroll costs to fund the benefits:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Employer's contribution to provident fund	88.45	78.44
Employer's contribution to Employees' state insurance scheme	0.99	1.35
Contribution to Superannuation Fund	0.35	0.40
Total	89.79	80.19

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

38 Leases**A The Group as a lessor****Assets given on operating lease:**

The Company has entered into operating lease agreements with its lessees. Total lease rental income recognized in the statement of profit and loss for the year is ₹ 478.24 (31 March 2022: ₹ 338.96)

The future minimum lease receivables under non-cancellable operating leases in aggregate are as follows:

Year	As at 31 March 2023	As at 31 March 2022
FY 2022-23	-	195.82
FY 2023-24	248.90	196.36
FY 2024-25	217.76	162.84
FY 2025-26	126.15	69.51
FY 2026-27	85.44	24.64
FY 2027-28	75.19	-
More than 5 years	100.30	42.11
Total	853.74	691.28

B The Group as a lessee

The Group has leases for building, vehicles and plant and machinery. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability except for lease on buildings for which it was agreed that the company shall pay a security deposit which shall be adjusted to the minimum lease payments and due to which no lease liability in the same was created and the amount given as security deposit is treated as Right of use asset depreciated on a straight line basis over the lease period. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and right of use assets. The Company has presented its right-of-use assets in the balance sheet separately from other assets.

Lease arrangements for vehicles contain an option to extend the lease for a further term till the vehicle is handed over to the lessor after the end of lease term as per agreement or for a fixed tenure of 3 to 9 months as the case may be as per the requirement of Lessee. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over Factory buildings, the Company must repair and maintain those properties in a good state and return the properties with all connections, sanitary, water and drainage fittings and fixtures as it may exist on the relevant date.

a. Right of use assets

	Other buildings	Vehicles	Plant and machinery	Total
Cost				
As at 1 April 2021 (Restated)	71.12	128.20	90.33	289.65
Additions during the year	-	24.01	-	24.01
Deletions during the year	-	(4.61)	-	(4.61)
As at 31 March 2022 (Restated)	71.12	147.60	90.33	309.05
Additions during the year	-	31.02	-	31.02
Deletions during the year	-	(14.90)	-	(14.90)
Other Adjustmennts	(21.62)	-	-	(21.62)
As at 31 March 2023	49.50	163.72	90.33	303.55

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

	Other buildings	Vehicles	Plant and machinery	Total
Accumulated depreciation				
As at 1 April 2021 (Restated)	5.50	49.00	45.88	100.38
Charge for the year	5.50	33.65	20.95	60.10
Reversal during the year	-	(4.61)	-	(4.61)
As at 31 March 2022 (Restated)	11.00	78.04	66.83	155.87
Charge for the year	5.50	28.95	20.95	55.40
Reversal during the year	-	(10.99)	-	(10.99)
As at 31 March 2023	16.50	96.00	87.78	200.28
Carrying amount				
As at 31 March 2023	33.00	67.72	2.55	103.27
As at 31 March 2022 (Restated)	60.12	69.56	23.50	153.18

- b. Set out below are the carrying amounts of lease liabilities and the movements during the year:

Particulars	Amount	
As on 1 April 2021 (Restated)	279.18	
Additions during the year	22.48	
Interest expense for the year	30.83	
Payment of lease liabilities	(79.00)	
As on 31 March 2022 (Restated)	253.49	
Additions during the year	31.42	
Interest expense for the year	27.26	
Payment of lease liabilities	(79.36)	
As on 31 March 2023	232.81	
Particulars	As at 31 March 2023	As at 31 March 2022
Current	28.04	50.70
Non Current	204.77	202.79

- c. The following are the amounts recognised in the profit & loss

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Depreciation expenses of right-of-use assets	55.40	60.10
Interest expenses on lease liabilities	27.26	30.83
Expenses relating to short-term leases	163.84	177.21
Expenses relating to lease of Low-value of assets	1.54	1.23
Total amount recognised in the profit & loss	248.04	269.37
Total cash out flows towards leases	244.74	257.44

Lease term of the above referred leases range from 11 months to 63 years

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

d. Information about extension and termination options

Right of use assets	Number of leases	Range of remaining term (in years)	Average remaining lease term (in years)	Number of leases with extension options	Number of leases with purchase option	Number of leases with termination option
Other buildings	2.00	5.92	6.00	2.00	-	-
Plant and Machinery	9.00	0.04 to 0.21	0.11	-	9.00	-
Vehicles	62.00	0.35 to 4.68	2.52	62.00	62.00	62.00

e. The maturity profile for lease liabilities has been provided in note 41(C)

39 Contingent liabilities and commitments**a Contingent liabilities (to the extent not provided for)**

Particulars	31 March 2023	31 March 2022
i Income tax matters in dispute (Refer note 1)	82.07	103.12
ii Value added tax, Service tax and customs matters in dispute (Refer note 2)	1,641.69	1,856.71
iii Customer related cases and complaints (Refer note 3)	2.00	-
iv Matters before prevention of money laundering adjudicating authority Refer note 4)	2,016.00	-
v Other litigation (Refer note 7 and 9)	15.50	15.50
	3,757.26	1,975.33

Note - Pending resolution of the respective proceedings, it is not practicable for the group to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.

The Group does not expect the outcome of these proceeding to have a material adverse effect on its financial position. The Group does not expect any reimbursement in respect of above contingent liability

- The Income Tax Authorities have disputed the tax computation for certain years, which are pending before various forums. Based on the grounds of the appeals, the management believes that there is a reasonably strong likelihood of obtaining a favourable order. Any income, which may arise out of such litigations will be recognised only on the receipt basis/ or where right to receive such income is clearly established. Pending the final decisions on the above matter, no adjustment has been made in these consolidated financial statements.
- There are various disputes pending with the authorities of customs, service tax and value added tax. The group is contesting these demands raised by authorities and are pending at various appellate authorities. 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 consolidated financial statements. The group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.
- There are various litigations going on/ complaints filed against the group primarily in Consumer Redressal Forum and under the real estate regulation act 2016. The group is contesting such litigations with the respective appellate authorities. The management has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required in its separate financial statements. For most number of litigations/ complaints, based on the grounds of the appeals, the management believes that there is a reasonably strong likelihood of succeeding before these authorities and hence, pending the final decisions on the above matters, no adjustment has been made in these consolidated financial statements.
- The Holding Company had entered into a Joint Development Arrangement with certain land owners in Gurugram, Haryana, in earlier years. In respect of this transaction, the Enforcement Directorate ('ED') after due investigation has filed a complaint with Adjudicating Authority, Prevention of Money Laundering ('AA-PML'), alleging certain irregularities in respect of the manner of allotment and pricing of certain plots under this project or payment of applicable fees and charges by the Holding Company or the landowners, with respect to the terms and conditions mentioned in the development policy of Haryana Development and Regulation of Urban Areas Act (HDRUAA), 1975 and the bilateral

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

agreement between the land owners and Directorate of Town and Country Planning, Haryana (DTCP) resulting in provisional attachment under the Prevention of Money Laundering Act, 2002 ('PMLA') of land parcels with value of ₹ 2,016 disclosed under "Other non-current assets" in the accompanying consolidated financial statements, held by Technobuild Developers Private Limited ('TDPL'). The Holding Company has entered into a Memorandum of Understanding ('MoU') with TDPL for acquiring land parcels using advances extended by the Holding Company. As per the MoU, TDPL and its affiliates cannot transfer land parcels without prior approval of the Holding Company and the Holding Company has absolute rights over land parcels acquired by TDPL and its affiliates acquired from such advance given by the Holding Company.

As part of the inquiry process, the Holding Company and its officers have been asked to provide contracts, documents and justification in respect of this transaction by the concerned authorities. The Holding Company and its officers have been responding to the queries raised / documents sought from time to time. During the current quarter, the Holding Company is in receipt of Show Cause Notice (SCN) under the PMLA from AA-PML and the Holding Company has duly filed detailed responses to allegations made in SCN and the Holding Company is yet to receive the response from AA-PML.

The management, based on its overall assessment and independent legal opinion obtained, believes that these transactions have been carried out in accordance with all the applicable laws and regulations and the said bilateral agreement and has not identified any adverse material impact to the consolidated financial statements as at 31 March 2023 or for earlier periods including the recoverability of land advance given against such provisionally attached ₹ 2,016 land parcels held through TDPL.

- 5 The Income Tax Department ("the Department") conducted a Search activity ("the search") under Section 132 of the Income Tax Act ("the Search") at various premises of the Company and certain group companies during March 2023. The Company has provided all the necessary support and cooperation to the Income-tax officials during the search and provided all the necessary information including documents and data sought by the Department. As on the date of issuance of these financial statements, the Group has only received a notice u/s148 requiring the management to re-file the Income Tax return for AY 2016-17.

While the uncertainty exist regarding the outcomes of the proceedings by the Department, the Company and certain group companies after considering all available records and facts known to it, has not identified any adjustments to the current or prior period consolidated financial statements at this stage.

- 6 During the current year, one of the customers of Sobha Assets Private Limited (SAPL), a wholly owned subsidiary of the Group has terminated a project development contract entered by it and demanded compensation of ₹ 2,956 in addition to forfeiture of a ₹ 227 performance guarantee and ₹ 26 of deposits alleging that SAPL has not commenced the contract work. The carrying value of aforesaid project related assets/receivables as at 31 March 2023 in the books of the Group and SAPL is ₹ 24 and ₹ 330 respectively. SAPL has filed a petition with the court of jurisdiction challenging the termination and its grounds, and also filed a counter claim from the customer towards business losses and other receivables. The Group based on its overall assessment and independent legal opinion, believes that the aforesaid termination is illegal and will not have any adverse impact to the financial statements and accordingly no provision has been made.
- 7 In the earlier year, the renewal of Fire Department 'no objection certificate' for one of the project procured by an entrusted person, was found to be defective. On becoming aware of this fact, the Group immediately took remedial steps and obtained renewed approvals, which were then re-submitted with the local body for regularization. During the current year, the local body has cancelled the Occupancy Certificate (OC), against which the Group has filed an appeal with Karnataka Appellate Tribunal challenging the cancellation of OC. The Karnataka Appellate Tribunal has ordered stay on such cancellation order of the OC. The Group is working with the local body for resolution of the aforesaid matter. The management is of the view that the aforementioned event shall not have a material impact on the consolidated financial statements of the Group.
- 8 The Group is involved in certain litigations for lands being developed/ acquired by it for construction purposes, either through a Joint Development Agreement or through outright purchases. These cases are pending with the Civil Courts and scheduled for hearings. After considering the facts and circumstances of each case in detail, and post consideration of the opinions of the in-house legal counsel, management believes that these litigations will not have a material effect on the consolidated financial statements.
- 9 Certain litigations have been filed on the Group by the forest department, Bangalore water supply and sewage board (BWSSB) on certain real estate projects undertaken by the Group. Also, certain claims have been laid upon the Group under the Land acquisition act, against which the Group has filed various writ petitions and obtained stay orders from the honourable high court. The impact of all such litigations and claims is not quantifiable. These litigation/ claims are pending with various courts and are scheduled for hearings. Based on internal assessment, and post consideration of the opinion of its in-house legal counsel, the management is confident that the matter would be decided in its favour, accordingly no adjustment has been made in these consolidated financial statements.
- 10 In one of the subsidiaries, certain charges have been levied by the respective municipal authorities. The Group has contested against the charges with Honourable High court of karnataka and obtained stay on the same. The group management is confident that the matter would be decided in favour of the Group, accordingly no provision has been made in this respect

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

b. Commitments

(a) The contractual commitments pending for the acquisition of property, plant and equipment as at 31 March 2023 is ₹ 250.03 (31 March 2022: ₹ 146.80)

(b) The Group has entered into an aircraft usage agreement with a party wherein the Group along with certain other parties has committed minimum usage of aircraft. During the year ended 31 March 2023, the Group incurred ₹ 129.37 (31 March 2022 - ₹ 110.57) towards aircraft usage as per the agreement.

40 Fair value measurements**a. The carrying amounts of financial instruments by categories is as follows:**

Particulars	Note	As at 31 March 2023			As at 31 March 2022 (Restated)		
		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	9B	-	-	0.08	-	-	0.18
Trade receivables	11	-	-	2,375.34	-	-	4,159.09
Loans	12	-	-	9.00	-	-	11.19
Cash and bank balances	15 & 16	-	-	4,514.04	-	-	1,783.09
Other financials assets	13	-	-	5,094.11	-	-	6,307.54
Total		-	-	11,992.57	-	-	12,261.09
Financial liabilities							
Borrowings	20	-	-	20,035.49	-	-	25,037.27
Trade payables	23	-	-	5,986.75	-	-	4,469.65
Other financial liabilities	21	-	-	8,970.44	-	-	7,578.02
Lease Liabilities	38	-	-	232.81	-	-	253.49
Total		-	-	35,225.49	-	-	37,338.43

b.**Fair value hierarchy**

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities

Particulars	As at 31 March 2023				As at 31 March 2022			
	Carrying amount	Fair value			Carrying amount	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Investment Property (disclosure)	4,518.72	-	1,394.10	7,660.00	3,962.02	-	-	7,546.00
	4,518.72	-	1,394.10	7,660.00	3,962.02	-	-	7,546.00

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 year.

Financial instruments carried at amortised cost such as 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 amortised cost, the carrying amounts are equal to the fair values.

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

Valuation Method used for Level 3 Valuations -

Particulars	Valuation Technique	Unobservable input	Relationship of unobservable input with fair value
Fair value of Investment property	Income approach (Discounted cash flow method)	Discount rate	Increase/decrease in discount rate would result in decrease/ increase in fair value
		Expected vacancy rates	Increase/decrease in vacancy rate would result in decrease/ increase in fair value
		Rental growth rate	Increase/decrease in rental growth rate would result in increase/ decrease in fair value

41 Financial risk management

The Group's principal financial liabilities comprise 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 has exposure to the following risks arising from financial instruments

Risk	Exposure arising from
Market Risk-Interest rate risk (A)	Borrowings
Credit Risk (B)	Trade receivables, cash and cash equivalents, bank balances, and other deposits and investments
Liquidity Risk (C)	Borrowings, trade payables, and other financial liabilities

Risk Management policy

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.

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. The Group does not have a material foreign currency exposure as at balance sheet date and hence, this risk is not applicable.

The sensitivity analysis in the following sections relate to the position as at 31 March 2023 and 31 March 2022. 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 2023 and 31 March 2022.

(i) 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 of borrowings. The Group does not enter into any interest rate swaps.

SOBHA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

Below is the overall exposure of the Group to interest rate risk:

	As at 31 March 2023	As at 31 March 2022
Variable rate borrowings	19,356.81	25,037.27

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:

	Increase/ decrease in interest rate	Effect on profit before tax *
31 March 2023		
INR	+1%	(199.27)
INR	-1%	199.27
31 March 2022		
INR	+1%	(250.11)
INR	-1%	250.11

* determined on gross basis i.e. with out considering inventorisation of such borrowing cost.

(ii) Price risk

The Group's exposure to price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit or loss. To manage the price risk arising from investments, the Group diversifies its portfolio of assets. There are no investments held by the Group which are measured at fair value either through profit and loss or fair value through other comprehensive income, hence the Group is not exposed to price risk.

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 primarily from trade receivables (net of advances/ payables), refundable joint development deposits, security deposits, loans and other financial assets measured at amortised cost. The Group continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. The carrying amounts of financial assets, unbilled revenue and contract assets represent the maximum credit exposure.

The Group assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Group assigns the following credit ratings to each class of financial contracts/assets based on the assumptions, inputs and factors specific to the class of financial contracts/assets.

- (a) Low credit risk
- (b) Medium credit risk
- (c) High credit risk

Based on business environment in which the Group operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

The Group provides for expected credit loss based on the following:

Category	Asset class exposed to credit risk	Allowance for expected credit loss
Low credit risk/ medium credit risk	Loans, trade receivables (Category A and B), cash and cash equivalents, other financial assets measured at amortised cost	12 Months expected credit loss or specific allowance whichever is higher
High credit risk	Trade receivables (Category C)	Life time expected credit loss or specific allowance

a. Management of Credit risk**i. Cash and cash equivalents and bank deposits**

Credit risk related to cash and cash equivalents and bank deposits is managed by only selecting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

ii. Trade receivables

The Group divides its receivables in the following categories based on the credit risk associated with such categories

Category 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. Group recognises impairment on a specific identification basis for debtors where no security exists.

Category B - Receivables from related parties: The Group performs construction services for its subsidiaries which have individual real estate projects. Credit risk in such cases is managed as control is established; Also, such subsidiaries manage their credit risks by requiring their customers to pay in advance, before transfer of ownership. For other related parties, the Group actively manages such credit risk by an established process of inter-party reconciliations, follow ups and active business at an arms length price.

Category C - Receivables resulting from other than sale of properties: Credit risk is managed by each business unit (primarily pertaining to the contractual and manufacturing business subdivisions) 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, who have a history of prompt payment for more than 5 years with the Group. For other customers, impairment is tested collectively based on the business sub-segment in which they operate. 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 30-90 days.

No single customer individually accounted for more than 10% of the trade receivable balance or more than 10% of the revenue of the group as at 31 March 2023 and 31 March 2022.

iii. Other financial assets measured at amortised cost

Other financial assets measured at amortised cost includes refundable deposits paid under joint development arrangements, security deposits, loans to related parties, and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system are in place ensure the amounts are within defined limits.

a. Recognition of Expected credit losses**i. Financial assets with credit risk classified as 'low'/medium**

Group provides for expected credit losses on financial assets other than trade receivables by assessing individual financial instruments for expectation of any credit losses.

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

For cash & cash equivalents, other bank balances and derivative financial instruments - Since the Group deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, derivative financial instruments, other bank balances and bank deposits is evaluated as very low.

For refundable deposits (RD) under joint development arrangements (JDA) and security deposits - Credit risk is considered low because the Group is in possession of the underlying asset.

For trade receivables (category A and B) and other financial assets - Credit risk is evaluated based on Group's knowledge of the credit worthiness of those parties and loss allowance is measured. For such financial assets, the Group policy is to provide for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses/ specific allowance upon significant increase in credit risk.

Particulars	Note no.	Gross carrying amount	Expected probability of default	Expected credit losses	Carrying amount net of impairment allowance
31 March 2023					
Cash and bank balances	15 & 16	4,514.04	0.00%	-	4,514.04
Trade receivables (Category A and B)	11	345.95	0.00%	29.12	316.83
Loans	12	9.00	0.00%	-	9.00
Refundable deposits under JDA	13	3,391.06	0.00%	-	3,391.06
Other financials assets	13	1,703.05	0.00%	-	1,703.05
Unbilled Revenue	14	1,764.53	0.00%	-	1,764.53
31 March 2022					
Cash and bank balances	15 & 16	1,783.09	0.00%	-	1,783.09
Trade receivables (Category A and B)	11	1,469.34	0.00%	29.12	1,440.22
Loans	12	11.19	0.00%	-	11.19
Refundable deposits under JDA	13	3,963.17	0.00%	50.55	3,912.62
Other financials assets	13	2,344.37	0.00%	-	2,344.37
Unbilled Revenue	14	3,361.68	0.00%	-	3,361.68

ii. Financial assets with credit risk classified as 'high'

For trade receivables (Category C) - The Group uses an allowance matrix to measure the expected credit losses of such trade and finance receivables. The measurement is made collectively based on the business sub-segment in which the respective customers operate. Loss rates are separately measured for customers which have a history of prompt payment, and are not significantly past due from payment. Based on the industry practices and the business environment in which the entity operates, management considers that the trade receivables and loans are in default (credit impaired) if the payments are more than 730 days past due (Net of advances/ payables). Loss rates are based on actual credit loss experience over the past eleven quarters. In the current year, the Group has revised its estimation of loss rates.

Expected credit losses measured on the simplified approach

31 March 2023	Weighted average loss rate	Gross carrying amount	Loss Allowance	Net carrying amount after loss allowance
Current (Not past due)	1%	1,226.92	12.56	1,214.36
Upto 90 days past due	4%	641.55	23.95	617.60
91 - 180 days past due	10%	52.24	5.12	47.12
181 - 270 days past due	16%	110.93	17.23	93.71
271 - 360 days past due	25%	20.51	5.11	15.40
361 - 730 days past due	65%	91.00	59.07	31.93
More than 730 days past due	93%	582.37	543.96	38.40

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

31 March 2022	Weighted average loss rate	Gross carrying amount	Loss Allowance	Net carrying amount after loss allowance
Current (Not past due)	1%	1,095.61	11.59	1,084.02
Upto 90 days past due	3%	514.75	13.15	501.60
91 - 180 days past due	8%	138.98	10.73	128.25
181 - 270 days past due	19%	92.47	17.11	75.36
271 - 360 days past due	21%	65.62	13.65	51.97
361 - 730 days past due	23%	175.56	39.54	136.02
More than 730 days past due	32%	671.99	212.22	459.77

Movement in allowance for credit losses of Trade receivables

Particulars	31 March 2023	31 March 2022
		Restated
Opening balance	347.11	304.62
Amounts written off	(23.09)	(0.54)
Net remeasurement of loss allowance	372.10	43.03
Closing balance	696.12	347.11

Movement in allowance for credit losses of others

Particulars	Other financial assets	
	31 March 2023	31 March 2022
		Restated
Opening balance	50.55	-
Amounts written off	-	-
Amounts written back	(50.55)	-
Net remeasurement of loss allowance	-	50.55
Closing balance	-	50.55

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 2023 and 31 March 2022 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.

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

The Group has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Group also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	On demand	Less than one year	1 to 5 years	> 5 years	Total
31 March 2023					
Borrowings (refer note 20)	6,321.46	5,645.20	9,347.82	1,433.96	22,748.44
Trade payables (refer note 23)	-	5,986.75	-	-	5,986.75
Other financial liabilities (refer note 21)	1.89	8,968.55	-	-	8,970.44
Lease liabilities (refer note 38)	-	49.85	113.92	734.57	898.34
	6,323.35	20,650.35	9,461.74	2,168.53	38,603.97
31 March 2022					
Borrowings (refer note 20)	6,120.61	8,672.88	11,676.63	1,591.09	28,061.21
Trade payables (refer note 23)	-	4,469.65	-	-	4,469.65
Other financial liabilities (refer note 21)	38.03	7,419.57	-	-	7,457.60
Lease liabilities (refer note 38)	-	75.54	122.39	749.08	947.01
	6,158.64	20,637.64	11,799.02	2,340.17	40,935.47

This space is intentionally left blank

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

42 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 and interest bearing borrowings.

Particulars	As at 31 March 2023	As at 31 March 2022
Borrowings (long-term and short-term) (Note 20)	20,035.49	25,037.27
Other financial liabilities (interest accrued but not due) (Note 21)	62.39	35.07
Net debt	20,097.88	25,072.34
Equity share capital (Note 17)	948.46	948.46
Other equity (Note 18)	23,998.25	23,280.67
Total capital	24,946.71	24,229.13
Capital and net debt	45,044.59	49,301.47
Gearing ratio	44.62%	50.86%

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 2023 and 31 March 2022.

43 Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

Particulars	As at 31 March 2023	As at 31 March 2022
A. Current		
Financial assets		
Trade receivables	2,224.64	2,277.38
Cash and cash equivalents	82.17	76.37
Bank balance other than cash and cash equivalents	39.88	86.38
Non-financial assets		
Inventories	42,332.90	37,726.43
Other assets	1,529.13	3,047.73
Total current assets pledged as securities	46,208.72	43,214.29
B. Non-current Assets		
Non-financial assets		
Property, plant and equipment	433.79	748.91
Investment property	3,427.05	3,497.30
Financial assets		
Other financial assets		
Fixed deposits with banks with maturity more than 12 months	64.81	75.76
Total non-current assets pledged as securities	3,925.65	4,321.97
Total assets pledged as security	50,134.37	47,536.26

SOBHA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

44 Additional information pursuant to para 2 of general instructions for the preparation of the consolidated financial statements for year ended 31 March 2023 and 31 March 2022

31 March 2023

Name of the entity	Net assets		Share in profit or loss		Share in OCI		Share in total comprehensive income	
	% of consolidated net assets	Amount	% of consolidated profit or loss	Amount	% of consolidated OCI	Amount	% of consolidated total comprehensive income	Amount
Parent	79.51%	23,410.68	82.99%	952.89	100.00%	(39.93)	82.38%	912.96
Subsidiaries								
Indian								
Sobha City [Partnership firm]	6.04%	1,777.73	1.64%	18.79	0.00%	-	1.70%	18.79
Yayaloor Properties Private Limited	0.01%	2.07	0.00%	-	0.00%	-	0.00%	-
Yayaloor Builders Private Limited	0.01%	3.44	0.00%	-	0.00%	-	0.00%	-
Yayaloor Developers Private Limited	0.01%	3.33	0.00%	-	0.00%	-	0.00%	-
Yayaloor Real Estate Private Limited	0.01%	3.91	0.04%	0.47	0.00%	-	0.04%	0.47
Yayaloor Realtors Private Limited	0.00%	0.69	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
Valasai Vettikadu Realtors Private Limited	0.00%	1.47	0.00%	-	0.00%	-	0.00%	-
Sobha Developers (Pune) Limited	7.32%	2,156.57	1.52%	17.41	0.00%	-	1.57%	17.41
Sobha Assets Private Limited	0.00%	0.89	0.03%	0.32	0.00%	-	0.03%	0.32
Sobha Highrise Ventures Private Limited	2.16%	637.31	-3.87%	(44.39)	0.00%	-	-4.01%	(44.39)
Sobha Interiors Private Limited	-0.07%	(19.61)	0.49%	5.67	0.00%	-	0.51%	5.67
Sobha Construction Products Private Limited	0.04%	10.64	0.04%	0.42	0.00%	-	0.04%	0.42
Sobha Contracting Private Limited	-0.01%	(1.86)	-0.03%	(0.30)	0.00%	-	-0.03%	(0.30)
Sobha Nandambakkam Developers Limited	0.18%	53.53	0.77%	8.82	0.00%	-	0.80%	8.82
Sobha Tambaram Developers Limited	0.40%	117.92	1.28%	14.68	0.00%	-	1.32%	14.68
Kilai Builders Private Limited	0.59%	173.26	15.11%	173.44	0.00%	-	15.65%	173.44
Kuthavakkam Builders Private Limited	-0.06%	(18.77)	0.00%	(0.03)	0.00%	-	0.00%	(0.03)
Kuthavakkam Realtors Private Limited	-0.06%	(17.66)	0.00%	(0.03)	0.00%	-	0.00%	(0.03)
Joint ventures (Investment as per the equity method)								
Kondhwa Projects LLP	3.90%	1,149.33	0.00%	-	0.00%	-	0.00%	-
Associates								
C.V.S.Tech Park Private Limited	0.00%	0.05	0.00%	-	0.00%	-	0.00%	-
Sub total	100.00%	29,444.92	100.00%	1,148.15	100.00%	(39.93)	100.00%	1,108.22
Adjustments arising out of consolidation		(4,498.21)		(106.10)		-		(106.10)
Total		24,946.71		1,042.05		(39.93)		1,002.12

SOBHA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts in ₹ millions, unless otherwise stated)

44 Additional information pursuant to para 2 of general instructions for the preparation of the consolidated financial statements for year ended 31 March 2023 and 31 March 2022 (continued)

31 March 2022

Name of the entity	Net assets		Share in profit or loss		Share in OCI		Share in total comprehensive income	
	% of consolidated net assets	Amount	% of consolidated profit or loss	Amount	% of consolidated OCI	Amount	% of consolidated total comprehensive income	Amount
Parent	79.70%	22,782.26	94.51%	1,691.48	100.00%	(9.01)	94.48%	1,682.47
Subsidiaries								
Indian								
Sobha City [Partnership firm]								
Yavaloor Properties Private Limited	5.83%	1,665.58	0.72%	12.95	0.00%	-	0.73%	12.95
Yavaloor Builders Private Limited	0.01%	2.07	0.00%	-	0.00%	-	0.00%	-
Yavaloor Developers Private Limited	0.01%	3.44	0.00%	0.01	0.00%	-	0.00%	0.01
Yavaloor Real Estate Private Limited	0.01%	3.33	0.00%	-	0.00%	-	0.00%	-
Yavaloor Realtors Private Limited	0.01%	3.44	0.00%	-	0.00%	-	0.00%	-
Vaiasai Vetiikadu Realtors Private Limited	0.00%	0.69	0.00%	-	0.00%	-	0.00%	-
Sobha Developers (Pune) Limited	0.01%	1.47	0.00%	-	0.00%	-	0.00%	-
Sobha Assets Private Limited	7.49%	2,140.06	1.22%	21.86	0.00%	-	1.23%	21.86
Sobha Highrise Ventures Private Limited	0.00%	0.57	0.04%	0.63	0.00%	-	0.04%	0.63
Sobha Interiors Private Limited	2.38%	681.66	1.51%	26.99	0.00%	-	1.52%	26.99
Sobha Construction Products Private Limited	0.11%	32.61	0.26%	4.66	0.00%	-	0.26%	4.66
Sobha Contracting Private Limited	0.04%	10.23	0.02%	0.38	0.00%	-	0.02%	0.38
Sobha Nandambakkam Developers Limited	-0.01%	(1.56)	-0.01%	(0.20)	0.00%	-	-0.01%	(0.20)
Sobha Tambaram Developers Limited	0.16%	44.72	0.19%	3.35	0.00%	-	0.19%	3.35
Kilai Builders Private Limited	0.36%	103.24	1.10%	19.65	0.00%	-	1.10%	19.65
Kuthavakkam Builders Private Limited	0.00%	(0.18)	-0.01%	(0.21)	0.00%	-	-0.01%	(0.21)
Kuthavakkam Realtors Private Limited	-0.07%	(18.74)	0.00%	(0.03)	0.00%	-	0.00%	(0.03)
Kondhwa Projects LLP	-0.06%	(17.64)	0.46%	8.20	0.00%	-	0.46%	8.20
Joint ventures (Investment as per the equity method)								
Associates								
CV S.Tech Park Private Limited	4.02%	1,149.33	0.00%	-	0.00%	-	0.00%	-
Sub total	100.00%	28,586.63	100.00%	1,789.72	100.00%	(9.01)	100.00%	1,780.71
Adjustments arising out of consolidation		(4,357.50)		(57.82)		-		(57.82)
Total		24,229.13		1,731.90		(9.01)		1,722.89

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

45 Restatement

The financial statements for the previous reporting years were restated for correction of certain items in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors which are described in more detailed as below:

(i) The Group had accrued for notional interest on advance from customers involving sale of real estate unit and had capitalised such interest to project cost. However, the Group received such consideration in accordance with the terms of the contract in proportion to the completion of such real estate project and accordingly does not involve any significant financing element.

(ii) The Group has restated the accounting for revenue from the development and transfer of constructed area/ revenue sharing arrangement in exchange of such development rights acquired under Joint Development Arrangement (JDAs) [not being jointly controlled operations] on gross basis in accordance with guidance on 'non-cash consideration' under Ind AS 115, Revenue from Contract with Customer.

(iii) The Group has restated the capitalisation of borrowing cost on lands and land advances wherein no significant development activity had commenced and projects wherein substantially all activities necessary for their sale had been completed to capitalise appropriate borrowing cost and other directly attributable project cost to projects under construction in accordance with relevant Ind AS.

(iv) rectification of certain other items pertaining to (a) accounting of construction contracts, other operating income and expense (b) right of use asset (c) discounting of retention money and (d) reclassification of borrowings. Consequential impact of deferred tax has been recorded on these adjustments.

The effect of restatement on financial statement line items for the prior years as follow:

Balance sheet as at 01 April 2021

Particulars	Note	As previously reported	Rectification of error	Restated
Assets				
Property, plant and equipment	(iv)	4,414.00	124.79	4,538.79
Investment property	(iv)	3,529.21	427.25	3,956.46
Goodwill (Included under Intangible assets)	(iv)	223.32	(50.42)	172.90
Right of use assets	(iv)	157.42	31.85	189.27
Trade receivables (non - current)	(iv)	423.99	97.02	521.01
Other non-current financial assets	(iv)	1,418.24	(150.92)	1,267.32
Deferred tax asset (net)	(iv)	(322.54)	475.00	152.46
Other non-current assets	(i), (iii)	5,200.77	(658.08)	4,542.69
Inventories	(i), (ii), (iii)	71,246.35	3,737.65	74,984.00
Other current financial assets	(iii)	5,718.07	83.87	5,801.94
Other current assets	(ii)	13,822.43	(853.51)	12,968.92
Equity				
Other equity	(i), (ii), (iv)	23,328.89	(1,439.15)	21,889.74

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

Particulars	Note	As previously reported	Rectification of error	Restated
Liabilities				
Non-current lease liabilities	(iv)	67.97	150.23	218.20
Current borrowings	(iv)	26,396.34	420.00	26,816.34
Current lease liabilities	(iv)	61.98	(1.00)	60.98
Total outstanding dues of creditors other than micro enterprises and small enterprises	(iv)	7,317.59	(2,331.05)	4,986.54
Other current financial liabilities	(iv)	6,562.97	1,016.21	7,579.18
Other current liabilities	(iv)	43,193.17	5,449.26	48,642.43
Balance sheet as at 31 March 2022				
Particulars	Note	As previously reported	Rectification of error	Restated
Assets				
Property, plant and equipment	(iv)	4,079.79	81.14	4,160.93
Investment property	(iv)	3,676.61	285.41	3,962.02
Goodwill (Included under Intangible assets)	(iv)	222.09	(50.42)	171.67
Right of use assets	(iv)	123.37	29.81	153.18
Trade receivables (non - current)	(iv)	564.23	90.33	654.56
Other non-current financial assets	(iv)	1,460.92	(46.87)	1,414.05
Deferred tax asset (net)	(iv)	(131.35)	261.72	130.37
Other non-current assets	(i), (iii)	4,341.36	(639.07)	3,702.29
Inventories	(i), (ii), (iii)	74,271.19	2,244.60	76,515.79
Loans	(iv)	-	11.19	11.19
Other current financial assets	(iii)	4,884.91	8.58	4,893.49
Other current assets	(ii)	13,834.32	(923.69)	12,910.63
Equity				
Other equity	(i), (ii), (iv)	24,156.75	(876.08)	23,280.67
Liabilities				
Non-current borrowings	(iv)	7,277.05	(3,629.13)	3,647.92
Non-current lease liabilities	(iv)	40.02	162.77	202.79
Current borrowings	(iv)	17,252.46	4,136.89	21,389.35
Current lease liabilities	(iv)	60.87	(10.17)	50.70
Total outstanding dues of creditors other than micro enterprises and small enterprises	(iv)	6,752.66	(2,283.01)	4,469.65
Other current financial liabilities	(iv)	6,440.74	1,137.28	7,456.60
Other current liabilities	(iv)	50,488.55	2,714.18	53,202.73

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

Statement of consolidated profit and loss for the year ended 31 March 2022

Particulars	Note	As previously reported	Rectification of error	Restated
Revenue from operations	(i), (ii), (iv)	27,308.60	(1,696.00)	25,612.60
Other income	(iv)	907.15	(67.48)	839.67
Land purchase cost	(ii)	1,960.18	111.89	2,072.07
Changes in purchase of project materials, land stock, work in progress and finished goods	(i), (ii), (iii)	(3,152.93)	1,619.51	(1,533.42)
Employee benefits expense	(iv)	2,294.47	217.49	2,511.96
Finance cost	(i), (iii)	7,498.25	(4,415.00)	3,083.25
Depreciation and amortization expense	(iv)	720.09	(1.82)	718.27
Other expenses	(iv)	3,724.07	(80.20)	3,643.87
Profit before tax		1,581.60	784.65	2,366.25
Tax expenses	(i), (ii), (iii), (iv)	412.77	221.58	634.35
Total comprehensive income for the year		1,159.82	563.07	1,722.89
Basic and Diluted EPS		12.32	5.95	18.27

Consolidated Statement of cash flows for the year ended 31 March 2022

Particulars	Note	As previously reported	Rectification of error	Restated
Net cash from operating activities	(iv)	8,213.88	50.68	8,264.56
Net cash flows from financing activities	(iv)	(8,842.73)	(50.68)	(8,893.41)

46 Derivative instruments and unhedged foreign currency exposure

Particulars	As at 31 March 2023	As at 31 March 2022
Foreign currency exposure that are not hedged by derivative instruments or otherwise:		
Trade payables	50.71	24.78

47 Additional regulatory information pursuant to the requirement in Division II of Schedule III to the Companies Act 2013

- (i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- (ii) The Group does not have any transactions with companies struck off.
- (iii) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (iv) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

SOBHA LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

(All amounts in ₹ millions, unless otherwise stated)

- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (v) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (vi) The Group has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.
- (vii) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (viii) The Group has complied with number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

48 As the Group is engaged in providing infrastructural facilities as specified in Schedule VI of the Act, provisions of section 186 except sub-section (1) of the Act are not applicable to the Group.

49 No material events have occurred between the Balance Sheet date to the date of issue of these consolidated financial statements that could affect the values stated in the financial statements as at 31 March 2023.

As per our report of even date attached

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm registration number: 001076N/N500013

Manish Agrawal

Partner

Membership No.: 507000

Bengaluru

29 May 2023

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

Ravi PNC Menon

Chairman

DIN: 02070036

Yogesh Bansal

Chief Financial Officer

Bengaluru

29 May 2023

Jagadish Nangineni

Managing Director

DIN: 01871780

Vighneshwar G Bhat

Company Secretary and Compliance

Officer ACS16651

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 Construction Products Private Limited	Sobha Contracting Private Limited*	Kilai Builders Private Limited**	Sobha Interiors Private Limited**	Kuthavakkam Builders Private Limited**	Kuthavakkam Realtors Private Limited**
Reporting Period	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23
Reporting Currency	₹ in million	₹ in million	₹ in million	₹ in million	₹ in million	₹ in million	₹ in million	₹ in million	₹ in million	₹ in million	₹ in million
Share Capital	0.526	206.00	0.100	0.500	0.500	10.000	0.100	0.500	6.000	0.500	0.500
Reserve and Surplus	2,156.044	508.30	0.790	117.419	53.534	0.642	(1,960)	172.764	(25.611)	(19,268)	(18,165)
Total Assets	2,347,827	1,885.66	337,088	142,609	71,863	10,649	1,403,997	267,798	130,590	75,567	125,087
Total Liabilities	191,257	1,248.36	336,198	24,690	18,329	0.007	1,405,857	94,534	150,201	94,335	142,752
Investments	1,706.591	-	-	-	-	-	-	-	119,384	-	-
Turnover	25.561	168.12	0.464	30,630	23,259	0.554	-	433,267	14,039	-	-
Profit before Taxation	23,221	(58.73)	0.437	19,709	11,813	0.540	(0.297)	232,121	7,917	(0,027)	(0,030)
Provision for Taxation	5,813	(14.37)	0.113	5,030	2,996	0.124	-	58,677	2,249	-	-
Profit after Taxation	17,408	(44.36)	0.324	14,679	8,817	0.416	(0.297)	173,444	5,668	(0,027)	0.030
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-
% Share Holding	100%	100%	100%	100%	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, Sobha Interiors Private Limited, Kuthavakkam Builders Private Limited and Kuthavakkam Realtors Private Limited are wholly owned subsidiary of Sobha Developers (Pune) Limited. Hence, stepdown subsidiaries of Sobha Limited.

Note:

- Names of subsidiaries which are yet to commence business: **None**.
- Names of subsidiaries which have been liquidated or sold during the year : **None**.

Part "B": Subsidiaries

Particulars	Sobha City (Partnership firm)*	Valasai Vettikadu Realtors Private Limited**	Vayaloor Prop- erties Private Limited**	Vayaloor Re- altors Private Limited**	Vayaloor Real Estate Private Limited**	Vayaloor De- velopers Pri- vate Limited**	Vayaloor Build- ers Private Limited**
Reporting Period	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23
Reporting Currency	₹ in million	₹ in million	₹ in million	₹ in million	₹ in million	₹ in million	₹ in million
Share Capital/ Partner's capital	400***	0.100	0.100	0.100	0.100	0.100	0.100
Reserve and Surplus	1,377.726	1.369	1.970	0.585	3.808	3.228	3.341
Total Assets	3,320.347	1.502	2.107	5.996	4.020	3.367	3.476
Total Liabilities	1,542.621	0.033	0.037	5.311	0.112	0.039	0.035
Investments	0.600	-	-	-	-	-	-
Turnover	350.071	0.006	0.011	0.002	0.645	0.013	0.019
Profit before Taxation	28.448	(0.002)	0.001	(0.007)	0.636	0.003	-
Provision for Taxation	9.661	-	-	-	0.116	-	-
Profit after Taxation	18.787	(0.002)	0.001	(0.007)	0.470	0.003	-
Proposed Dividend	-	-	-	-	-	-	-
% Share Holding	100%	100%	100%	100%	100%	100%	100%

* Sobha City* (Partnership firm) is having 100% Investment of Sobha Limited.

** Sobha City Firm Holding 100% equity shares of the Valasai Vettikadu Realtors Private Limited, Vayaloor Properties Private Limited, Vayaloor Realtors Private Limited, Vayaloor Real Estate Private Limited, Vayaloor Developers Private Limited, and Vayaloor Builders Private Limited.

*** ₹ 400 million [Partner's capital ₹ 400 million includes Partner's capital namely Sobha Limited and Sobha Developers(Pune) Limited].

Note:

- Names of subsidiaries which are yet to commence business: **None**
- Names of subsidiaries which have been liquidated or sold during the year: **None**

Part "C": 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	2022-23
Reporting Currency	₹ in million
Share Capital	0.10
Reserve and Surplus	-
Total Assets	0.10
Total Liabilities	0.10
Investments	-
Turnover	-
Profit before Taxation	-
Provision for Taxation	-
Profit after Taxation	-
Proposed Dividend	-
% Share Holding	49%

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

Sd/-
Ravi PNC Menon
Chairman
DIN: 02070036

Sd/-
Jagadish Nangineni
Managing Director
DIN: 01871780

Bengaluru,
29 May 2023

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of the Members of Sobha Limited will be held on Tuesday, the 8th August, 2023 at 3:00 PM through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) 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, 2023, 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, 2023, 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 Statutory Auditors thereon.
2. To declare a dividend on equity shares for the financial year ended March 31, 2023 and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an *Ordinary Resolution*:

“RESOLVED THAT a dividend at the rate of ₹3.00/- (Three rupees only) per equity share of ₹10/- (Ten rupees) each fully paid-up of the Company, as recommended by the Board of Directors, be and is hereby declared for the financial year ended March 31, 2023 and the same be paid out of the profits of the Company.”
3. To appoint a Director in place of Mr. Jagadish Nangineni (DIN: 01871780), who retires by rotation as a Director and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an *Ordinary Resolution*:

“RESOLVED THAT in accordance with the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Jagadish Nangineni (DIN: 01871780), who retires by rotation at this meeting, be and is hereby appointed as a Director of the Company.”

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 ₹185,000 (Rupees One lakh and eighty five thousand only) plus reimbursement of out of pocket expenses and taxes as may be applicable from time to time to M/s. Srinivas and Co., Cost Accountants (Firm Registration No: 000278), the Cost Auditors of the Company for the financial year 2022-23.

RESOLVED FURTHER THAT any of the Directors or the Company Secretary and Compliance Officer of the Company be and are hereby severally authorised to do all such acts, deeds, things, matters, and to execute all such documents as may be required to give effect to this Resolution.”

5. Issue of Non-Convertible Debentures on private placement basis:

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

“RESOLVED THAT pursuant to the provisions of Section 42, 71 and other applicable provisions, if any, of the Companies Act, 2013, relevant rules made thereunder and any other law for the

VOTING THROUGH ELECTRONIC MEANS AND PARTICIPATION AT THE ANNUAL GENERAL MEETING

6. 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 M/s. Link Intime India Private Limited (Link Intime) for providing the necessary remote e-Voting platform to the members of the Company.
7. Members may note that the Notice of the Twenty Eighth Annual General Meeting and the Annual Report 2023 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 M/s. Link Intime India Private Limited. The Company has published a Public Notice by way of advertisement in a Kannada newspaper and in an English newspaper with the required details of 28th AGM, for information of the Members.
8. **The e-voting period shall commence on Saturday, the 5th Day of August, 2023 at 9:00 AM and ends on Monday, 7th August, 2023 at 5.00 PM. Once the vote on a resolution is cast by a shareholder, it cannot be changed subsequently.**
9. Members who have acquired the shares of the Company after the dispatch 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. Tuesday, August 01, 2023 will be eligible to cast their vote through remote e-Voting.
10. 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 e-Voting during the AGM in accordance with law and in a fair and transparent manner. The Scrutinizer shall within a period of 2 working days 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.
11. The Results declared along with the Scrutinizer's Report shall be placed on the website of the Company and on the website of Link Intime.
12. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
13. **The details of the process and manner for remote e-voting are explained herein below:**

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL:	<ol style="list-style-type: none"> 1. Existing IDeAS user can visit the e-Services website of NSDL viz. https://eservices.nsd.com either on a personal computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be re-directed to "InstaVote" website for casting your vote during the remote e-Voting period. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com Select "Register Online for IDeAS Portal" or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp

	<p>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com either on a personal computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen-digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period.</p>
Individual Shareholders holding securities in demat mode with CDSL:	<p>1. Users who have opted for CDSL Easi/Easiest facility, can login through their existing user id and password. The option will be made available to reach e-Voting page without any further authentication. The users to login Easi / Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then use your existing my easi username & password.</p> <p>2. After successful login of Easi/Easiest the user will be able to see the e-Voting Menu. The Menu will have links of e-Voting service provider i.e. LINKINTIME. Click on LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period.</p> <p>3. If the user is not registered for Easi/Easiest, the option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option.</p> <p>4. Alternatively, the user can directly access e-Voting page by providing demat account number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. LINKINTIME. Click on LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period.</p>
Individual Shareholders (holding securities in demat mode) login through their depository participants:	<p>1. You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility.</p> <p>2. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period.</p>

Login method for Individual shareholders holding securities in physical form/Non-Individual Shareholders holding securities in Demat mode is given below:

Individual Shareholders of the Company, holding shares in physical form/ Non-Individual Shareholders holding securities in Demat mode as on the cut-off date for e-Voting may register for e-Voting facility of Link Intime as under:

1. Open the internet browser and launch the URL: <https://instavote.linkintime.co.in>
2. Click on "Sign Up" under 'SHARE HOLDER' tab and register with your following details: -
 - A. User ID: Shareholders holding shares in physical form shall provide - Your Event No + Folio Number registered with the Company. Share holders holding shares in NSDL Demat account shall provide 8 character DPID followed by 8 digit Client ID; shareholders holding shares in CDSL Demat

account shall provide 16 digit Beneficiary ID.

- B. PAN: Enter your 10-digit Permanent Account Number PAN, Shareholders who have not updated their PAN with the Depository Participant (DP)/Company shall use the sequence number provided to you, if applicable.
- C. DOB/DOI: Enter the Date of Birth (DOB/Date of Incorporation (DOI) (As recorded with your DP/Company - in DD/MM/YYYY format)
- D. Bank Account Number: Enter your Bank Account Number (last four digits), as recorded with your DP/Company.

Note: Shareholders/members holding shares in **physical form** but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above. Shareholders holding shares in NSDL form shall provide 'D' above.

- Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#\$%&*), at least one numeral, at least one alphabet and at least one capital letter).
 - Click "confirm" (Your password is now generated).
3. Click on 'Login' under 'SHARE HOLDER' tab.
 4. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on 'Submit'.

Cast your vote electronically:

1. After successful login, you will be able to see the notification for e-Voting. Select 'View' icon.
2. E-Voting page will appear.
3. Refer the Resolution description and cast your vote by selecting your desired option 'Favour/Against' (If you wish to view the entire Resolution details, click on the 'View Resolution' file link).
4. After selecting the desired option i.e. Favour/Against, click on 'Submit'. A confirmation box will be displayed. If you wish to confirm your vote, click on 'Yes', else to change your vote, click on 'No' and accordingly modify your vote.

Guidelines for Institutional shareholders:

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-Voting system of LIIPL at <https://instavote.linkintime.co.in> and register themselves as 'Custodian/Mutual Fund/Corporate Body'. They are also required to upload a scanned certified true copy of the board resolution/authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian/Mutual Fund/Corporate Body' login for the Scrutinizer to verify the same.

Helpdesk for Individual Shareholders holding securities in physical mode/ Institutional shareholders:

Shareholders facing any technical issue in login may contact Link Intime INSTAVOTE helpdesk by sending a request at enotices@linkintime.co.in or contact on: - Tel: 022 - 4918 6000.

Helpdesk for Individual Shareholders holding securities in demat mode:

Individual Shareholders holding securities in demat mode may contact the respective helpdesk for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at: 022 - 4886 7000 and 022 - 2499 7000

Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33
--	--

Individual Shareholders holding securities in Physical mode has forgotten the password:

If an Individual Shareholders holding securities in Physical mode has forgotten the USER ID [Login ID] or Password or both, then the shareholder can use the “Forgot Password” option available on the e-Voting website of Link Intime: <https://instavote.linkintime.co.in>

- Click on ‘Login’ under ‘SHARE HOLDER’ tab and further Click ‘forgot password?’
- Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on “SUBMIT”.

In case shareholders is having valid email address, Password will be sent to his/her registered e-mail address. Shareholders can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above. The password should contain minimum 8 characters, at least one special character (@!#\$%&), at least one numeral, at least one alphabet and at least one capital letter.*

User ID for Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No + Folio Number registered with the Company.

Individual Shareholders holding securities in demat mode with NSDL/CDSL has forgotten the password:

Shareholders who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned depository/ depository participants website.

- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For shareholders/members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.
- During the voting period, shareholders/members can login any number of time till they have voted on the resolution(s) for a particular “Event”.

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 enotices@linkintime.co.in Thereafter, members are requested to follow the steps mentioned above to cast their vote.
2. Shareholders can update their mobile numbers and e-mail IDs with M/s Linkintime India Private Limited by clicking the link https://web.linkintime.co.in/EmailReg/Email_Register.html
3. In case of any queries, shareholders may refer to the Frequently Asked Questions (FAQs) and remote e-voting user manual for shareholders available on the website of M/s Linkintime India Private Limited under the help section or send an email to enotices@linkintime.co.in Shareholders may also contact the Company or its Registrar and Transfer Agents for any assistance in this regard.
4. 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.

Instructions for members for e-Voting on the day of the AGM are as under:

Once the electronic voting is activated by the scrutinizer/moderator during the meeting, shareholders/ members who have not exercised their vote through the remote e-Voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting “Cast your vote”.

2. Enter your 16 digit Demat Account No./Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET and click on 'Submit'.
3. After successful login, you will see "Resolution Description" and against the same, the option "Favour/ Against" for voting.
4. Cast your vote by selecting appropriate option i.e. "Favour/Against" as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'.
5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "Save". A confirmation box will be displayed. If you wish to confirm your vote, click on "Confirm", else to change your vote, click on "Back" and accordingly modify your vote.

Instructions for members for attending the AGM through VC/OAVM are as under: -

- Open the internet browser and launch the URL: <https://instameet.linkintime.co.in> and click on "login".
- Select the "Company" and 'Event Date' and register with your following details:
 - i. Demat Account No. or Folio No: Enter your 16 digit Demat Account No. or Folio No.
 - ii. Shareholders/members holding shares in physical form shall provide Folio Number registered with the Company.
 - iii. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/Company shall use the sequence number provided to you, if applicable).
 - iv. Mobile No.: Enter your mobile number.
 - v. Email ID: Enter your email id, as recorded with your DP/Company.
- Click "Go to Meeting" (You are now registered for InstaMeet and your attendance is marked for the meeting).

DIVIDEND

The Register of Members and the Share Transfer Books of the Company shall remain closed on Saturday, 29th July, 2023.

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 as per the provisions of the Companies Act, 2013 and the Rules made thereunder and Circulars issued from time to time.

INVESTOR CLAIMS

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 31.03.2023 are available in the 'Investors Section' of the website of the Company www.sobha.com

During the financial year 2023-24, 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 August 03, 2016 and which is lying unclaimed with the Company for a period of seven years from the date of transfer to the Unpaid Dividend Account.

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

As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, M/s. Link Intime India Private Limited for assistance in this regard.

To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with the Company/Registrar and transfer agent M/s. Link Intime India Private Limited, in case the shares are held by them in physical form.

Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to the Company/Registrar and transfer agent M/s. Link Intime India Private Limited, in case the shares are held by them in physical form.

As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Members are requested to submit the said details to their DP in case the shares are held by them in electronic form and to the Company/Registrar and transfer agent in case the shares are held in physical form.

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 247, LBS Marg, Vikhroli (West), Mumbai - 400083 or send an e-mail to rnt.helpdesk@linkintime.co.in.

OTHERS

1. In compliance with the aforesaid MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report 2022-23 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice and Annual Report 2022-23 will also be available on the Company's website www.sobha.com websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively.
2. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
3. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates.

A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to investors@sobha.com, sobhadivtax@linkintime.co.in on or before Friday, 28th July, 2023. Further no tax shall be deducted on the dividend payable to a resident individual shareholders if the total amount of dividend to be received from the Company during the Financial Year 2022-23 does not exceed ₹5,000/-. Shareholders may note that in case PAN is not updated with the Depository Participant/Registrar of the Company, the tax will be deducted at a higher rate of 20%.

Non-resident shareholders can avail beneficial tax rates under Double Tax Avoidance Agreement [DTAA] i.e. tax treaty between India and their country of residence. Non-resident shareholders are required to provide details on applicability of beneficial tax rates and provide following documents:

- Copy of PAN card, if any, allotted by Indian Income Tax Authorities duly self attested by the member.
- Copy of Tax Residency Certificate [TRC] for the FY2022-23 obtained from the revenue authorities of country of tax residence duly attested by the member.
- Electronic Form 10-F for Shareholders having PAN or self declaration in Form 10-F for Shareholders not having PAN.
- No-PE [permanent establishment] certificate .
- Self Declaration of beneficial ownership by the non-resident shareholder.
- Lower withholding Tax certificate, if any, obtained from the Indian Tax Authorities.

The members/shareholders are required to provide above documents/declarations by sending an E-mail to rnt.helpdesk@linkintime.co.in on or before Friday, 28th July, 2023. The aforesaid documents are subject to verification by the Company and in case of ambiguity, the Company reserves its right to deduct the TDS as per the rates mentioned in the Income Tax Act, 1961.

4. 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 a notice and financial statements through electronic mode. In view of the same, shareholders are requested to update their e-mail IDs with their Depository Participants where shares are held in dematerialised mode and where the shares are held in physical form to update the same in the records of the Company in order to facilitate electronic servicing of annual reports and other documents.
5. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at investors@sobha.com from 1st August, 2023 (9:00 a.m. IST) to 5th August, 2023 (5:00 p.m. IST). Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
6. SEBI has mandated the submission of PAN, KYC details and nomination by holders of physical securities by October 1, 2023, vide its circular dated March 16, 2023. Shareholders are requested to submit their PAN, KYC and nomination details to the Company's RTA, M/s Linkintime India Private Limited, at kyc@linkinindia.co.in The forms for updating the same are available at <https://web.linkintime.co.in>
7. In case a holder of physical securities fails to furnish PAN and KYC details before October 1, 2023, in accordance with the SEBI circular dated March 16, 2023, RTA is obligated to freeze such folios. The securities in the frozen folios shall be eligible to receive payments (including dividend) and lodge grievances only after furnishing the complete documents. If the securities continue to remain frozen as on December 31, 2025, the RTA / the Company shall refer such securities to the administering authority under the Benami Transactions (Prohibitions) Act, 1988, and / or the Prevention of Money Laundering Act, 2002.

**By Order of the Board of Directors
For Sobha Limited**

Place : Bangalore

Date : 29th May, 2023

Registered Office:

SOBHA,

Sarjapur-Marathahalli Outer Ring Road,

Bellandur Post, Bangalore – 560 103.

CIN: L45201KA1995PLC018475

**Sd/-
Vighneshwar G Bhat
Company Secretary & Compliance Officer**

EXPLANATORY STATEMENT ANNEXED TO NOTICE

[PURSUANT TO PROVISIONS OF SECTION 102(1) OF THE COMPANIES ACT, 2013]

Item No. 4

In terms of Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014 as may be amended from time to time, the Company is required to get its cost records audited.

The Board of Directors, based on the recommendation of the Audit Committee, have appointed M/s. Srinivas and Co, Cost Accountants (Firm Registration No: 000278) as the Cost Auditors of the Company for the financial year 2022-23. Further, the Board of Directors, on the recommendations of the Audit Committee, have approved the payment of remuneration not exceeding ₹185,000 (Rupees One lakh and eighty-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 2022-23.

In terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2023.

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 except to the extent of their shareholding in the Company.

The Board of Directors recommends the Ordinary Resolution set out in Item No. 4 for approval by the Members.

Item No. 5:

The Company in order to execute various projects, both residential and contractual, has

to borrow money from banks and other financial institutions as a means of finance. The Company has currently availed project-specific or general purpose borrowings from various banks and financial institutions to finance the execution of the projects of the Company.

The Board of Directors envisages a continued need for the funding requirements of the Company to be met through various components, i.e. equity, project loans, general purpose corporate loans, borrowings from financial institutions, debentures etc. A mix of these instruments will result in optimum utilisation of funds at an optimum cost and help meet the various business requirements of the Company. The Board is therefore, contemplating the feasibility of borrowing money through further issue of Non-Convertible Debentures.

In terms of Rule 14 of The Companies (Prospectus and Allotment of Securities) Rules, 2014, the issue of Non-Convertible Debentures on a private placement basis requires previous approval of the members of the Company by way of a Special Resolution and such an approval shall be valid for all the offers or invitation for such Debentures during the year.

Accordingly, 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 ₹7,000,000,000 (Rupees Seven hundred crores only) as may be required and such approval shall be valid for a year.

None of the Directors or the Key Managerial Personnel or their relatives are in any way interested or concerned, financially or otherwise, in this Resolution except to the extent of their shareholding in the Company.

The Board recommends the Special Resolution set-out in Item 5 of the Notice for approval by the members.

ADDITIONAL INFORMATION ON DIRECTOR SEEKING 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. Jagadish Nangineni
Age	44 Years
Date of First Appointment	April 1 st , 2022
Qualifications	MBA from the Indian Institute of Management, Calcutta and Bachelor of Technology (B.Tech) in Civil Engineering from Indian Institute of Technology, Bombay
No. of Board Meetings attended during the financial year 2022-2023	5
Experience	Overall 21 years and in the Company 14 years of experience.
Expertise in specific functional areas	Mr. Jagadish Nangineni is entrusted with the overall responsibility of managing the affairs of the Company and for achieving the targets of the Company. He plays an instrumental role in leading the growth mantle of the Company in all operational businesses and related functions.
Details of remuneration	Remuneration paid and payable is in accordance with the approval of shareholders granted vide special resolution passed through Postal Ballot on 9 th June, 2022. The remuneration paid for the financial year 2022-23 is disclosed in the Corporate Governance Report that forms part of the Annual Report.
Directorship and membership of Committees of the Board held in other listed companies	None
Directorships held in other Public Limited companies	Sobha Assests Private Limited, Sobha Highrise Ventures Private Limited and Sobha Developers (Pune) Limited [Subsidiaries of Sobha Limited, a public company]
Relationship with other Directors and Key Managerial Personnel	None
Number of shares held as on 29 th May, 2023	2400 equity shares of ₹10 each
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.

GLOSSARY

ADR	American Depository Receipts	JD / JV	Joint Development / Joint Venture
BBS	Bar Bending Schedule	KMP	Key Managerial Personnel
BSE	BSE Limited	LED	Light-emitting diode
CAGR	Compounded Annual Growth Rate	Listing Regulations	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
CDSL	Central Depository Services (India) Limited	MCA	Ministry of Corporate Affairs, New Delhi
CEO	Chief Executive Officer	MD&A	Management Discussion & Analysis
CFO	Chief Financial Officer	MEP	Mechanical, Electrical and Plumbing
CIN	Corporate Identification Number	NCR	National Capital Region
CPD	Concretes Product Division	NEAPS	NSE Electronic Application Processing System
CREDAI	Confederation of Real Estate Developers Association of India	NECS	National Electronic Clearing System
CRM	Customer Relationship Management	NEFT	National Electronic Fund Transfer
CSR	Corporate Social Responsibility	NRI	Non Resident Indian
Demat	Dematerialised Account	NSDL	National Securities Depository Limited
DG	Diesel Generator	NSE	National Stock Exchange of India Limited
DIN	Director Identification Number	OHSAS	Occupational Health Safety Assessment Series
EBITDA	Earnings before Interest, Depreciation and Amortisation	PAT	Profit after Tax
ECS	Electronic Clearing System	PBDIT	Profit before Depreciation, Interest and Tax
EHS	Environment, Health & Safety	PBIT	Profit before Interest and Tax
EPS	Earnings Per Share	PBT	Profit before Tax
ERP	Enterprise Resource Planning	PV Cells	Photovoltaic Cells
EVEN	E-Voting Event Number	QST	Quality, Safety and Technology
FII	Foreign Institutional Investors	R&D	Research and Development
FSI	Floor Space Index	R&T Agents	Registrar and Share Transfer Agents
GDP	Gross Domestic Product	RBI	Reserve Bank of India
GDR	Global Depository Receipts	RERA	Real Estate (Regulation and Development) Act, 2016
HUF	Hindu Undivided Family	ROCE	Return on Capital Employed
HVAC	Heating, Ventilating and Air Conditioning	ROE	Return on Equity
ICRA	ICRA Limited [Formerly Investment Information and Credit Rating Agency of India Limited]	RTGS	Real Time Gross Settlement
IEPF	Investor Education and Protection Fund	SBA	Super Built-up Area
IPO	Initial Public Offer	SCORES	SEBI Complaint Redress System
ISIN	International Securities Identification Number	SEBI	Securities and Exchange Board of India
ISO	International Organization for Standardization	VFD	Variable Frequency Drive
IT / ITES	Information Technology / Information Technology Enabled Services	WTD	Whole-time Director
		Y-O-Y	Year-on-Year

FISCAL 2023 HIGHLIGHTS

Q1 - 2023

- Revenues of ₹5,737 million with a PBT of ₹85 million and PAT of ₹47 million.
- Collections of ₹11,177 million.
- Average cost of debt as end of Q1-23 stood at 8.45%.
- Sold 1.36 million square feet of area total valued at ₹11,455 million (Sobha Share value of 9,534 million).
- Launched 3 new residential projects of total saleable area of 2.02 million square feet -
 - SOBHA Sentosa in Bangalore with SBA of 779,066 square feet.
 - SOBHA Royal Crest in Bangalore with SBA of 654,429 square feet.
 - SOBHA Victoria Park in Bangalore with SBA of 588,425 square feet.
- Completed 0.32 million square feet of Real Estate projects and 0.19 million square feet of Contractual projects, totalling 0.51 million square feet of developable area during Q1-23.

Q2 - 2023

- Revenues of ₹6,906 million with a PBT of ₹343 million and PAT of ₹192 million.
- Collections of ₹13,351 million.
- Average cost of debt as end of Q2-23 stood at 8.57%.
- Sold 1.34 million square feet of area, total valued at ₹11,642 million (Sobha Share of ₹9,610 million).
- Launched 3 new residential projects of total saleable area of 0.88 million square feet -
 - SOBHA Insignia in Bangalore with SBA of 80,251 square feet.
 - SOBHA Meadows-Whispering hills in Trivandrum with SBA of 1,964,201 square feet. This was our first project launch in city of Trivandrum.
 - SOBHA Brooklyn Tower – Town Park with total SBA of 604,222 square feet was launched after redesigning.
- Completed 1.27 million square feet of developable area during Q2-23 in Real Estate projects.

Q3 - 2023

- Revenues of ₹8,980 million with a PBT of ₹352 million and PAT of ₹318 million.
- Collections of ₹14,071 million.
- Average cost of debt as end of Q3-23 stood at 8.81%.
- Sold 1.48 million square feet of area, total valued at ₹14,247 million (Sobha Share of ₹11,112 million).
- Completed 1.78 million square feet of Real Estate projects and 0.07 million square feet of Contractual projects, totalling 1.84 million square feet of developable area during Q3-23.

Q4 - 2023

- Revenues of ₹12,401 million with a PBT of ₹669 million and PAT of ₹485 million.
- Collections of ₹14,224 million.
- Average cost of debt as end of Q4-23 stood at 8.93%.
- Sold 1.48 million square feet of area total valued at ₹14,634 million (Sobha Share of 12,074 million).
- Launched 3 new residential projects of total saleable area of 1.06 million square feet -
 - SOBHA Galera in Bangalore with SBA of 131,102 square feet.
 - SOBHA Oakshire in Bangalore with SBA of 275,486 square feet.
 - SOBHA Waterfront with SBA of 654,661 square feet, this being our first ever project in city of Hyderabad
- Completed 2.42 million square feet of Real Estate projects and 0.36 million square feet of Contractual projects, totalling 2.78 million square feet of developable area during Q4-23.

3 YEARS FINANCIAL HIGHLIGHTS (CONSOLIDATED FINANCIALS)

	(₹ in million)		
Particulars	2022-23	2021-22	2020-21
Financial Performance			
Total Income	34,024.33	26,452.27	21,904.00
Profit before depreciation interest and tax (PBDIT)	4,618.36	6,167.77	4,907.35
Depreciation	678.37	718.27	793.67
Profit before interest and tax (PBIT)	3,939.99	5,449.50	4,113.68
Interest	2,490.24	3,083.25	3,361.83
Profit before tax (PBT)	1,449.75	2,366.25	751.85
Profit after tax (PAT)	1,042.05	1,731.90	629.26
Dividend			
Equity (paid/proposed)	284.54	284.54	331.96
Rate of dividend	30%	30%	35%
Financial position			
Shareholder's funds	24,946.71	24,229.13	24,277.35
Borrowed fund	20,035.49	25,037.27	30,386.36
Total	44,982.20	49,266.40	54,663.71
Net fixed assets	8,822.41	8,345.85	9,034.34
Investments	1,149.38	1,148.78	1,142.70
Net current and non current assets	34,913.85	39,641.40	44,809.21
Deferred tax assets/(liability)	96.56	130.37	(322.54)
Total	44,982.20	49,266.40	54,663.71
Ratios			
EBIDTA Margin	13.57%	23.32%	22.40%
Pre-Tax Margin	4%	9%	3%
Post Tax Margin	3%	7%	3%
Interest coverage ratio	1.58	1.77	1.22
Net debt to EBIDTA (times)	3.55	3.79	5.76
Fixed assets to turnover ratio	26%	32%	41%
Debtors turnover ratio (Net Debtors)	2.80	2.85	6.58
Debtors turnover ratio (Gross Debtors)	2.42	2.48	5.48
Return on Equity (ROE)	4%	7%	2%
Return on Capital Employed (ROCE)*	8%	11%	8%
Earnings per share(EPS)	10.99	18.26	6.57
Book Value	263.02	255.46	255.97
Debt/Equity Ratio	0.81	1.03	1.33
Price Earning Ratio	39.19	38.76	66.55
Price/book value	1.64	2.77	1.71

*EBIT/ Average capital employed.

Figures are regrouped wherever necessary.



SOBHA

PASSION AT WORK

SOBHA Restoplus[®]

SLEEP ENGINEERING AT WORK

Sharing The Joy Of Great Sleep With You



FLAT

35% OFF*

For our valued shareholders only,
on the complete range of Sobha Restoplus Mattresses
OFFER VALID TILL 31ST DECEMBER, 2023 | FREE DELIVERY ACROSS INDIA

***TERMS & CONDITIONS**

Mattress & Accessories value will be considered on current MRP | No cash exchange will be considered | FOLIO # to be provided with the coupon for redemption | Any discrepancies will come under Bangalore Jurisdictions only



Scan To
Download
Brochure

BOOK NOW

Call at 080 - 2783 9700 /+91 98807 30400
Email at sobha.restoplus@sobha.com

*T&C Apply



Read the online edition
of this Annual Report