



SOBHA

PASSION AT WORK



## Corporate Structure



### Real Estate

The Company remains one of the most respected and trusted Real Estate brands in India. SOBHA's residential projects include presidential apartments, villas, row houses, super luxury apartments, luxury apartments and plotted development. The projects are replete with world-class amenities and have a strong emphasis on environmental management.

SOBHA's philosophy is to constantly strive towards enhancing customer value by delivering high-quality products at the best prices.

### Contractual

SOBHA's Contracts division has developed numerous state-of-the-art facilities for corporates including offices, convention centres, software development blocks, multiplex theatres, hostel facilities, hotels, guest houses, food courts, restaurants, research centres and club houses.

MEP is a strategic business unit of contracts. It has in-house capability to design and build electrical, plumbing, HVAC, fire fighting and low voltage services of residential, commercial, office and industrial projects.



## Manufacturing

The backward integration model of the Company includes an interiors division with one of India's largest woodworking factories, glazing and metal works factory and a concrete products factory. All our factories are state-of-the art and have a built-up area of over 600,000 square feet.

## Design & Engineering

Architectural design expertise at SOBHA revolves around developing structures that are functionally efficient, aesthetically appealing and in line with high engineering standards. It is a thoughtful integration of architecture with electrical, mechanical, and structural functions.

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The information provided in the Annual Report is based on the consolidated financial and operational performance except otherwise indicated.

# Build Grow Sustain

At SOBHA, we plan and act for the future – for the long-standing good of our company, our customers, our shareholders and our community. We integrate global and local perspectives, promote sound management of resources and contribute to a better quality of life for those who are at the heart of our operations – our stakeholders. We set high standards, apply advanced technology, and constantly improve and innovate as we thrive on challenge and accomplishment to build, grow and sustain.

To make a positive impact in everything we do, we have always focused on embedding sustainable practices that add value to our business, community and the environment.



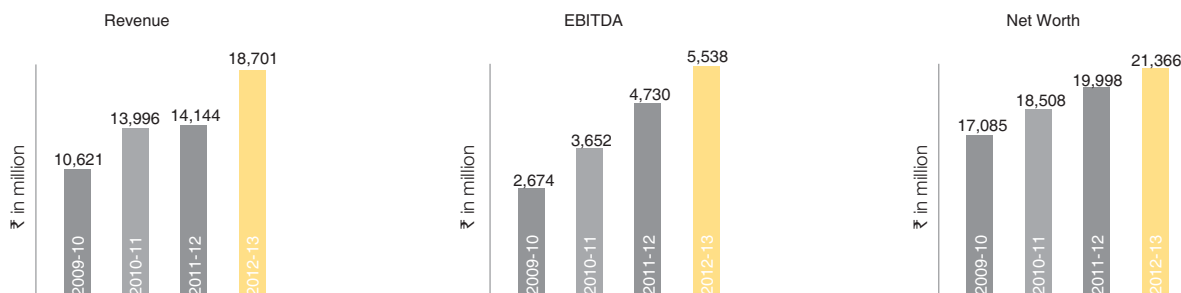
# Business

With quality being our cornerstone, SOBHA is built on rock solid values of passion for perfection, integrity, trust, respect, solidarity and transparency. Our ability to deliver over 56 million square feet of world-class projects is bolstered by our modular business structure that has well-executed modules which work together seamlessly. It underpins our cohesion and drives our development.

Backward integration sets us apart. By assuring total control over the quality, cost and time, it helps strengthen the value proposition of our projects. We have our systems and processes aligned to ensure consistency in quality and obtain optimum efficiency.

Our in-house expertise in design and engineering enables us to deliver best-in-class projects that are in synergy with the environment. What gives us a distinctive edge is our workforce – right talent that has been carefully chosen and constantly trained with myriad skills and capabilities through SOBHA Academy and other programmes to build our culture of excellence. The safety and welfare of our workforce is paramount to us, as we are not just passionate about our products but our people too.

Throughout fiscal 2013, we delivered to market a strong line-up of products and services which translated into double-digit revenue growth. Our sales performance has been consistent and the entry into markets like Chennai and Gurgaon has augured well. During the financial year, we generated our highest-ever cash flow of ₹ 21.23 billion. We also outperformed the guidance for the year with new sales valued at ₹ 22.15 billion comprising of 3.76 million square feet.

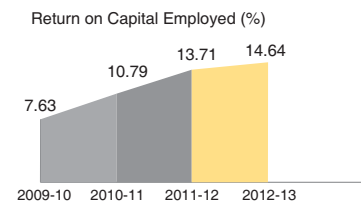
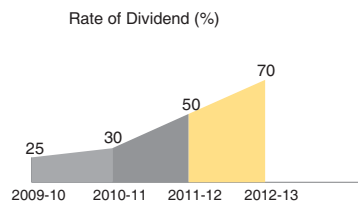
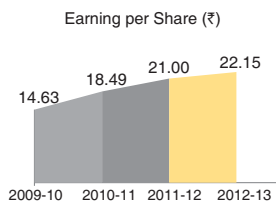


## An epitome of trust and transparency



A clear strategy, sound financial and operational policies have been responsible for our consistent performance. We will continue to achieve the highest standards of governance through sustainable economic actions. Looking further ahead, the forces driving growth in our markets are as powerful as ever. India's economic development and relentless urbanisation provide significant opportunities, which are augmented by the 12<sup>th</sup> National Development Plan (2012-2017).

With an eye to the future, our business plans encompass growth through innovation, cutting-edge approaches so that we can capitalise on the sweet spot between emerging trends and unmet market needs.







## A Safe Haven

Located on 23-acres of verdant green estates, SOBHA Hermitage is an epitome of humanity offering love, care and support to senior citizens and young mothers.



## World-class Healthcare +

SOBHA Healthcare touches lives by providing free consultation, diagnosis, tests, treatment and medicines to the needy.



## Building The Future

Set up in 2007, SOBHA Academy is a school that aims to empower the rural poor by providing their children with world-class education and facilities.



An aerial view of SOBHA's CSR projects

# Community

When we assess our performance, we look beyond economic and financial results – towards societal value creation. We aim at making a difference to the most disadvantaged sections of society, especially those residing in rural India. We have created a model, GraamaSOBHA, for promoting a secular, casteless, self-sustaining, and empowered society.

Through this unique model that has a bottom-up approach towards poverty alleviation, various initiatives have been taken to transform rural communities and empower the disadvantaged with enhanced livelihoods.

Some of the key projects include (a) SOBHA Hermitage, a world-class senior citizens' and young mothers' home, (b) SOBHA Healthcare, a primary health centre with high quality amenities for medical treatment, (c) SOBHA Academy, an exclusive educational institution for the underprivileged providing top-notch education, food and clothing to over 650 children, (d) SOBHA Vocational Training Centre to train and develop skilled tradesmen from the economically weaker sections of the society, (e) social rehabilitation scheme for the poor and (f) dowry-less social weddings.



# Environment

No matter what we do, our operations always revolve around one crucial element – the environment. We help and build sustainable communities and follow a sustainability policy that is both exacting and pragmatic. It rests on two pillars: doing our utmost to reduce the environmental impact of our activities; and contributing to the early effort to invent new solutions in an economy of scarcity.

We deliver more for less by creating less waste, using more recycled materials and designing our projects more efficiently.

As most of the resources required for our projects are produced indigenously, we have less dependence on external entities. This self-sufficiency helps us do our bit to reduce the carbon footprint. For instance, our state-of-the-art Concrete Products Division uses Ground Granulated Blast Furnace Slag (GGBS), instead of the Ordinary Portland Cement (OPC). GGBS releases just 4% of the carbon dioxide released by OPC. Our buildings reduce energy and water consumption by around 40%, which complies with ECBC standards as well. We use recycled steel and cement that is blended with fly ash. At our Interiors Division, which manufactures wood and wood-based products, the wood is sourced from certified agencies.

We have thoughtfully implemented various techniques and methods to conserve the environment and maintain the quality of water, air, and land besides utilising alternate sources of energy such as the power of the sun. The key measures undertaken are highlighted in the following pages.



## **SOBHA Lifestyle**

51% of the 55 acres is earmarked for open spaces.

The green open spaces are planted with more than 4,000 trees of native species of ornamental variety.

A mini forest – the Central Avenue Boulevard – that has 8,000 trees occupies the central area of the development.

The periphery of the property is bordered with silver oak trees, which acts as a good noise and dust barrier, and requires very less water for growth.

### Au Naturel

4.1 acres has been dedicated to green spaces, which amounts to 80% of the total development.

1,562 trees have been planted across the project.

### Rain Water Harvesting

A 6.5-acre manmade lake with a capacity of 187.9 million liters is designed to meet the complete water requirements for the entire township.

A storm water system is designed to collect 65% of the annual rainfall at the site.

SOBHA City, Thrissur

### Energy Saving

The roof tiles have been laid with an air gap for thermal insulation.

### Solar Energy

Solar energy is used for lighting up the common areas.

Timers for providing optimum required working time for street lights.

17% of the total energy requirement of the project is met through solar energy, CFL lamps, VFD and electronic ballast.

# Water

## Rain Water Harvesting (RWH)

Water scarcity is one of the stark realities, particularly in urban areas with a burgeoning population and depleting ground water resources. In such a scenario, harvesting rain water becomes crucial for survival. If scientifically planned, RWH helps increase the ground water table level and replenish ground water resources.

We have gone a step ahead by channelising, storing and treating harvested rain water and providing the same as drinking water in some of our prestigious projects like SOBHA Lifestyle in Bangalore and SOBHA City in Thrissur.

SOBHA Lifestyle is one of the best examples of RWH practices. Based on roof top area, the storage requirement and the optimum intensity of rainfall in Bangalore, the runoff from roof top is routed to rain water tanks for storage. A collection tank of 14,000 m<sup>3</sup> is provided, and the collected water can be utilised for eight months in a year so that dependence on ground water is minimised.

Once the water is collected, it undergoes primary treatment for sedimentation and filtration. Silts from the treatment are contained within the property and are not allowed to overflow into the vicinity.

The treated water is then routed to the clarified water tank for storage. Water from the clarified water tank is pumped into the underground sump or raw water tank. It then undergoes final filtration to make the water usable for domestic purposes.

Such rain water harvesting practices help reduce fresh water consumption up to an estimated 60% in our projects during monsoons.

## Sewage Treatment Plant (STP)

Sewage Treatment Plant (STP) removes harmful elements from the waste, making it safe for discharge into the environment. STP treats wastewater generated from buildings in all our projects. The treated water is used for flushing, gardening and secondary urban purposes. It is designed using hybrid technology, i.e., conventional Activated Sludge Process (ASP) combined with Ultra Filtration (UF) technology for enhancing the final treated sewage quality.

The UF system has been designed for 40% of the total STP capacity, i.e., for the portion of STP treated water used for flushing. This reduces the consumption of fresh water, power and chemicals. STP treated water is reused in our apartments for flushing through a dual plumbing mechanism. Water efficient plumbing fixtures are also used; this further helps conserve water.

These measures not only provide access to increased water supplies to the occupants, but also reduce the demand from local water bodies. This way, we contribute towards sustaining the water resources in the areas we operate in.



# Earth

## Top soil conservation

Top soil is the uppermost layer covering the Earth and is rich in mineral and other nutrients. It is also extremely fertile and conducive for plantation and vegetation. Unplanned construction can disturb the topmost layer of soil and result in its degradation and depletion.

At SOBHA, before any development activity is commenced, the top soil is carefully removed and is stored in a separate location. The soil is then restored to its rightful place on completion of the necessary construction processes, thus contributing to soil conservation.

## Waste management

Waste management is an important function to ensure that there is minimum adverse effect on health, the environment and aesthetics. As cities grow, waste management becomes critical for both local authorities and the public.

All of our buildings are designed bearing in mind the critical function of waste management. We ensure that the generation of waste is kept to the minimum during the process of construction and also when the projects are habitable. Waste that gets generated is disposed using various means such as organic waste converters and recycling. The process of waste management begins with the segregation of waste into organic and inorganic.

Waste of plant or animal origin, as well as man-made food waste, falls under the organic waste stream. An organic waste converter is used to treat these types of waste. It helps in the faster bio conversion of waste into organic manure or fuel pellets. The organic manure is used for landscaping, which reduces the cost of manure procurement. It also eliminates costs associated with the disposal of such waste.

Inorganic waste such as plywood, cardboard boxes and PVC pipes are recovered and handed over to authorised dealers for recycling. At our divisions, waste such as wood shaving and metallic scraps is also sold to authorised dealers.

## Genius loci

Genius loci, is a Latin term, that translates to 'the guardian spirit of a place'. At the time of identification of land parcels, the 'genius loci' is evaluated and every attempt is made to preserve the unique and distinctive characteristics of the surroundings.

## Backfilling

Debris generated from construction such as rocks, blocks and concrete moulds is pulverised using the Debris Crusher. The debris generated is recycled and used for backfilling.

Debris crusher saves energy and costs, as the requirement for transporting debris outside the site premises is reduced. It also reduces waste as the amount of construction debris to be landfilled is decreased.



## Air

### Green spaces

Green spaces are achieved through planting the maximum number of trees in the common areas of a project. Trees are nature's solution to reducing and controlling air pollution. During the process of respiration, trees absorb gaseous pollutants in the air that are then broken down. Green spaces provide shade and help in lowering the outdoor temperature thus having a cooling effect and help increase oxygen levels. Reduced temperatures improve the quality of the ambient air by decreasing the emission of pollutants from air conditioners.

At SOBHA, we undertake large-scale tree plantation in all our projects. We strive to maintain a green belt equivalent to one-third of the area in all of the project sites. It also ensures that the natural fauna of the place is undisturbed to the maximum extent possible. Till date, the Company has planted about 22,769 trees across various real estate projects.

Green cover is the largest natural carbon sink and probably one of the best methods to reduce Green House Gas (GHG) emissions. Through tree planting initiatives, we help reduce GHG emissions and the level of air pollution.

### Low VOC paint

Conventional paints contain volatile organic compounds or VOC. The levels of VOC are much greater in an indoor environment, and long-term exposure to the same can lead to several health problems. We use low VOC paints in all of our buildings and apartments. Low VOC paints have water as a carrier instead of chemical solvents. It considerably reduces the emission of VOC, thereby helping us maintain the quality of indoor air. It also aids in decreasing the level of ozone pollution. We also ensure that we use urea formaldehyde free paints and adhesives in our projects.





### Solar Water Heater

Solar panels are used to provide hot water and external lighting in common areas.



### Sun Path Analysis

Our buildings are designed to use the available solar energy to the maximum possible extent.



SOBHA Adamus, Bangalore



# Sun

## Sun path analysis

Our buildings are designed to use the available solar energy to the maximum possible extent by conducting a Sun path analysis. Benefit is derived in the form of day lighting, which reduces dependence on artificial light and, thereby, saves energy. Heat released from the Sun can also be captured in a controlled manner through the design.

## Solar water heater and solar lighting

Solar energy is an alternative and renewable source of energy. To leverage on the same we use solar water heaters and solar lighting in our projects. Solar panels are used to provide external lighting in common areas.

Other measures undertaken are as follows:

- Use of energy efficient Compact Fluorescent Lamps (CFL) for landscape lighting and illumination of terraces, corridors and lobby area
- Installation of Variable Frequency Drivers (VFD) on pumps to reduce the plumbing load
- Use of gearless lifts to reduce power consumption

With the above initiatives in place and our continued efforts to improve and explore new 'eco-friendly' practices, we try to make our projects as self-sustaining as possible.

We believe that we have a responsibility towards each one of our stakeholders and we remain firm in our commitment to build, grow and sustain through our existing and new operations to achieve the best business, social and environmental performance.

# Letter to the shareholder



Dear shareholders and  
Friends of SOBHA,

I always consider myself fortunate to have grown up, and worked so closely with Mr. P.N.C. Menon - our founder, mentor and my father - who passionately created Sobha, a brand that is today synonymous with excellence and trust. Right from my early years in Muscat, I could observe the traits that I thought made him a very unique and amazing personality: the sheer discipline, integrity, passion, and the equal love and care for family, colleagues and the community. The value systems that he taught me, and in which I strongly believe, have always helped me in my journey. On completion of nine years at SOBHA, I am equally humbled by the fact that you have reposed your faith in me to carry his glorious legacy forward. It is a great honour and responsibility to take over the mantle of leadership. Guided by his wisdom and experience, I am confident of effectively executing the responsibilities bestowed on me and leading the Company towards greater echelons of success.

Our improved focus on product deliveries has reaped rich dividends with the cumulative execution levels of the Company leaping from 10.14 million square feet in the year 2004-05 to 56.25 million square feet in the year 2012-13. The Company's average execution of 6.25 million square feet for the last six years is a record in the Indian construction industry.

Having actively diversified into new geographical territories over the years, SOBHA has gradually grown from being a Bangalore-based Company to a nationally recognised and respected player with a presence in 23 cities and 13 states across India. We aspire to judiciously expand our real estate footprint in other cities like Kochi, Kozhikode, Hyderabad and Noida / Ghaziabad. Our foray into the space of commercial development will also be accelerated in the times to come.

In this new phase of development, we have many opportunities ahead of us to leverage SOBHA's distinct capability. We will continue to solidify our position in the industry and seize every opportunity to *build, grow and sustain*.

We truly believe in creating value through all-round performance. With an in-house design to delivery potential, SOBHA is poised for sustainable progress. Above and beyond the technical and economic quality of our projects, our goal is to enhance their social and environmental value by providing solutions that address the long-term issues facing the society as a whole. By investing in eco-design technologies and increasing participative innovation, we improve the energy and climate performance of a building.

SOBHA is a company, which invests in details, however small or insignificant they may appear to be. The hallmark of a world-class product lies in its detailing. Attention to details is deeply embedded into our work culture, the reflection of which can be seen in the image of the Company as a developer of repute. We reassess our quality management systems and practices to make sure our work is done right the very first time, every single time.

Our Company is a highly process-driven organisation wherein standard work procedures are laid down, documented, periodically monitored and strictly adhered to. I believe that our carefully structured, strong and robust business model is capable of sustaining and thriving even under adverse circumstances.

We work hard to ensure that we are a good steward at our worksites and in our communities; and strive to do our bit every day. I remain steadfastly committed to the best-in-class community service initiatives that have been developed with sheer devotion and compassion for the needy. I will strive to further expand the reach of the Company's activities in the realm of Corporate Social Responsibility



The success of the Company is a testament to the talent and expertise of the people associated with it. I would like to acknowledge the hard work, commitment, and skills of our employees who are ultimately responsible for executing our vision into reality. My sincere gratitude is also due to my colleagues on the board for their guidance and support.

We remain fully confident of the growth potential of our businesses. The future is indeed more exciting today than ever. With a clear strategy, solid fundamentals and an active market presence in fast-growing cities, SOBHA is forging ahead in a changing world, fully prepared for the challenges of tomorrow.

On behalf of our employees and customers, I thank you for your unflinching support. I look forward to seeing you at our annual shareholders' meeting on July 5th, 2013.

Yours sincerely,



Ravi PNC Menon

# Awards



"Most Reliable Real Estate Developer"  
at the CNBC Awaaz Real Estate Awards 2012.

If SOBHA has established a credible presence in the market today, it is due to the confidence and trust that our stakeholders have reposed in our products, management and organisation as a whole. Our timely execution backed by our dedication to excellence has helped us serve our shareholders, investors and customers with utmost fervour and integrity.

During the financial year 2012-13, twenty seven prestigious honours were bestowed upon us by various institutes of repute - they are a reflection our commitment to our stakeholders. We are pleased to highlight the key awards and recognitions here.

## Building Reliability

SOBHA was chosen as the "Most Reliable Real Estate Developer" of India by consumers at the CNBC Awaaz Real Estate Awards 2012.

At the Construction World Architect and Builder Awards 2012, we were conferred with the 'CWAB Platinum Award of Excellence'.

Moreover, we received the top honours as the "Best Investor Relations" company (in the Property category) in the Institutional Investor magazine's survey for 'Asia's Best Investor Relations' for 2012.

We were also honoured with a 'Certificate of Excellence' for our notable CSR activities at the Rotary Binani Zinc CSR Excellence Awards, for the year 2012-13.

## Inspiring Leadership

Our Chairman Emeritus, Mr. P.N.C. Menon, was bestowed with the prestigious 'Real Estate CEO of the Year Award' at the Arabian Business Indian CEO Awards 2013. He was honoured with the Cherian Palathra Award 2012 for outstanding contribution and exemplary service to the society by the All Kerala Gold and Silver Merchants Association (AKGSMA). At the Construction Week India Awards 2012, he was conferred with the 'Real Estate Developer of the Year - Editorial Choice' award for his entrepreneurial spirit and leadership abilities.

Our Chairman, Mr. Ravi PNC Menon, was honoured with the 'Young Achievers Award' 2012 by SiliconIndia for demonstrating excellence and good leadership in a short span of time. At the BIB - Building Industry Leadership Awards 2012, Seventh Series, he was recognised as the 'Young Icon of the Year'.

Mr. J.C. Sharma, our Vice Chairman and Managing Director, was voted as the "Top CEO" in the Property category in the 'All Asia Executive Team Ranking' by Institutional Investor magazine.

### Promising Projects

'SOBHA Elite' was awarded as the Best Residential Project in the mid Segment (₹ 35 lakh - ₹ 1 crore) with 70% or more completion at the city level at the CNBC Awaaz Real Estate Awards 2012.

'SOBHA Adamus' was declared as the Best Individual Dwelling Residential Row House in the Metro category at the CREDAI Real Estate Awards 2012.

'SOBHA Topaz' in Sobha City, Thrissur, was chosen as the runner-up in the 'High-Rise Project of the Year' category by Construction Week India.

'SOBHA Petunia' won the 'Luxury Project of the Year' at SiliconIndia 2012 Awards.

SOBHA's self-built registered and corporate office was accredited as the winner in the "Best Office Space Design" category at the 5<sup>th</sup> GIREM Leadership Awards.

### Engineering Value

We received the Muthiah Kasi Award 2012 for the most excellent 'Value Engineering' organisation in the construction and infrastructure segment in India.

One of our most green projects, SOBHA Forest View, was recognised as the 'Best Construction Site' for successful implementation of Environment Health & Safety (EHS) in a state-level competition organised by The Karnataka State Safety Institute (KSSI).

### Communicating Excellence

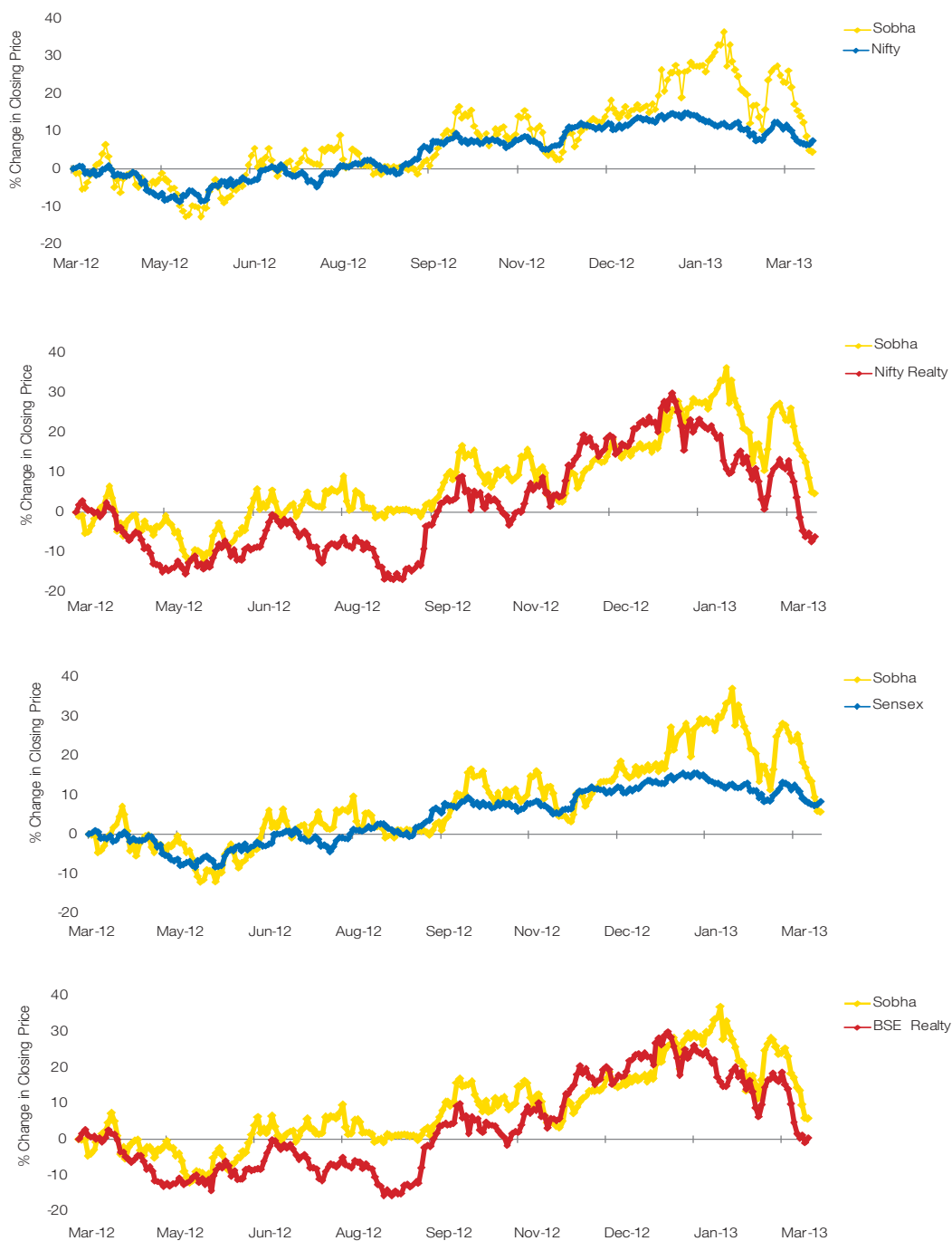
SOBHA, for the third consecutive year, won the prestigious LACP (League of American Communication Professionals) awards for its Annual Report 2011-12, titled 'Embracing New Markets'. The five awards were: Top 100 Annual Reports Worldwide of 2011, Top 10 Indian Annual Reports of 2011 (Ranking at No. 2), Top 50 Annual Reports in the Asia-Pacific Region, Gold Award for Excellence within the Industry, Best Annual Report Financials - Silver (Asia-Pacific Region) and Best In-house Annual Report - Bronze (Asia-Pacific Region).

We turned up trumps at the Public Relations Society of India (PRSI) awards where we bagged the First Prize for "Best Social Media", Second Prize for "Best In-house Journal", Second Prize for "Best Special/Prestige Publication" and Second Prize for "Public Relations in Action."

At the Emerging Dwarka Expressway Property Fair 2013, we won the coveted award for 'Excellence in Stall Design'.

Our pride in these pages isn't so much about the awards we received but what these awards truly represent. As a Company whose culture has been built on quality, excellence and customer service, being recognised this way implies that we are on the right path and encourages us to do even better.

# Share Price Performance



Based on NSE Prices (₹)

Share Price at the beginning of the financial year (April 01, 2012)	333.15
Highest Share Price (March 12, 2013)	498.30
Lowest Share Price (May 25, 2012)	282.50
Share Price at the close of the financial year (March 31, 2013)	348.10
Equity Shares at the close of the financial year	98,063,868
Market Capitalisation at the beginning of the financial year (₹ in million)	32,669.98
Market Capitalisation at the close of the financial year (₹ in million)	34,136.03



## Comparison With Broad Based Indices

	March 31, 2013	March 31, 2012	% Change
NSE Realty Index	223.95	239.05	(6.32)
BSE Realty Index	1,780.09	1,776.96	0.18
NSE Nifty	5,682.55	5,295.55	7.31
BSE Sensex	18,835.77	17,404.20	8.23
Sobha Share	348.10	333.15	4.49



## Shareholding Movements

	March 31, 2013	March 31, 2012	% Change
Promoter and Promoter Group	59,409,300	59,376,350	0.06
Foreign Institutional Investors	32,600,193	31,744,744	2.69
Mutual Funds	2,499,669	1,991,242	25.53
Financial Institutions	556,564	555,029	0.28
Corporate Bodies	787,245	985,603	(20.13)
Others	2,210,897	3,410,900	(35.18)
<b>Total</b>	<b>98,063,868</b>	<b>98,063,868</b>	

The free float represents 38,654,568 equity shares comprising 39.42 % of the total capital of the Company. The average daily traded quantity recorded in the stock exchanges in which the Company is listed during the financial year 2012-13 is 186,364 equity shares.



# Board of Directors

From left to right

**P. Ramakrishnan**  
Deputy Managing Director

**R.V.S. Rao**  
Independent Director

**M. Damodaran**  
Independent Director

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

**Dr. S.K. Gupta**  
Independent Director

**Ravi PNC Menon**  
Chairman

**Anup Shah**  
Independent Director





**Mr. Ravi PNC Menon - Chairman**

Mr. Ravi PNC Menon, 32, is the Chairman of the Company. He holds a degree in Bachelor of Science in Civil Engineering from Purdue University, USA. He has nine years experience in the field of construction and development. He is responsible for developing the strategic vision of the Company, establishing the organisations' goals and objectives and directing the Company towards its fulfilment. He focuses on the overall functioning of the Company with particular emphasis on product delivery, project execution, quality control, technology advancement, process and information technology and customer satisfaction. He supervises the performance of various departments in the organisation such as Sales & Marketing, Estimation, Cost Audit, Value Engineering, Landscaping, Human Resources, QST, Purchase, Architects etc. He has played an influential and prominent role in the Company attaining superior standards of quality, new product launches and customer relationship management.

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

Mr. J.C. Sharma, 55, is the Vice-Chairman and Managing Director of the Company. He holds a degree in Bachelor of Commerce (Honours) from St. Xavier's College, Calcutta. He is a qualified Chartered Accountant and Company Secretary with over 29 years of experience in diversified industries such as automobiles, textiles and steel. He was previously associated with organisations of repute such as Auto Distributors Limited, Bhoruka Steels Limited and Grasim Industries Limited in varied capacities. Mr. J.C. Sharma is entrusted with the responsibility of managing the overall affairs of the Company and is responsible for achieving the targets of the Company. He plays an instrumental role in spearheading the growth mantle of the Company.

**Mr. P. Ramakrishnan - Deputy Managing Director**

Mr. P. Ramakrishnan, 50, is the Deputy Managing Director of the Company. He holds a bachelors degree in Technology (Electrical and Electronics Engineering) from Bharathiyar University and a master's degree in Business Administration from Madurai Kamaraj University. He has over 30 years of experience in the realm of techno-commercial skill development, system design, project execution and supply chain management. Before joining the Company, he was associated with reputed companies like ICOMM Tele Limited and Enares Infranet Private Limited. Mr. P. Ramakrishnan supervises the operations of the Company in Thrissur, Kerala and is responsible for overseeing the contractual projects and manufacturing facilities of the Company.

**Mr. Meleveetil Damodaran - Independent Director**

Mr. Meleveetil Damodaran, 66, is an Independent Director of the Company. He holds degrees in Economics and Law from the Universities of Madras and Delhi respectively. He is a retired official of the Indian Administrative Service. He has over 41 years of experience in financial services and public sector enterprises. He was an officer on special duty with the Reserve Bank of India which dealt primarily with the restructuring of three identified weak public sector banks. He was also instrumental in turning around the Unit Trust of India. He was elected as the Chairman of the Emerging Markets Committee of the International Organisation of Securities Commissions (IOSCO). He is a former Chairman of Securities and Exchange Board of India (SEBI) before which he headed the IDBI Bank.

**Dr. S.K. Gupta - Independent Director**

Dr. S.K. Gupta, 74, is an Independent Director of the Company. He is a Metallurgical Engineer with a Ph.D. (Tech.) and D.Sc. (Tech.) from Moscow. He has over 52 years of experience in the field of metallurgy, engineering

and management in the steel domain. He has been associated with several reputed organisations in varied capacities such as Jindal Vijayanagar Steel Limited, Rourkela Steel Plant, Steel Authority of India Limited and Mishra Dhatu Nigam Limited. He was Professor and Head of Department of Metallurgy Engineering at IIT Bombay. He has served on the Executive Board of Standing Conference of Public Enterprises (SCOPE), Committee of Technology of International Iron & Steel Institute, Belgium and Board of Governors of National Institute of Foundry & Forge Technology. He also served as the Chairman of the Government of India task force on Steel Growth plan till 2010.

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

Mr. R.V.S. Rao, 69, 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 41 years of experience in the areas of banking and finance. He has served on the Board of Directors of

Housing Development Finance Corporation Limited. As a United States Agency for International Development (USAID) Consultant, he was the team leader that reviewed operations and made recommendations for the Housing Finance Company, Ghana, Africa. He also led the consultancy team, which advised the National Development Bank of Sri Lanka in establishing its mortgage finance business. He is an associate of Indian Institute of Bankers and a life member of All India Management Association.

**Mr. Anup Shah - Independent Director**

Mr. Anup Shah, 56, is an Independent Director of the Company. He has a bachelor's degree in commerce from HR College, Mumbai and a degree in law from Government Law College, Mumbai. He has over 29 years of experience in the field of law, specifically real estate law. He specialises in commercial and property documentation, corporate and commercial litigation, property related issues, land laws and arbitration and alternative dispute resolutions. He is the Founder Partner of Anup S Shah Law Firm in Bangalore.

## Board Committees

### Audit Committee

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

### Investor Relations Committee

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

### Nomination, Remuneration and Governance Committee

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

### Risk Management Committee

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

### Share Transfer Committee

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

## Corporate Information

### Company Secretary and Compliance Officer

Mr. Kishore Kayarat

### Statutory Auditors

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

### Bankers

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

### Legal Advisors

Anup S Shah Law Firm

### Registered & Corporate Office

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



# Directors' Report

Dear Member,

We have pleasure in presenting the Eighteenth Annual Report on the business and operations of the Company together with the audited results for the financial year ended March 31, 2013.

(₹ in million)

Particulars	Standalone		Consolidated	
	2012-13	2011-12	2012-13	2011-12
Total Revenue	18,106.94	14,028.41	18,700.59	14,143.72
Operating Expenditure	13,240.76	9,626.56	13,162.89	9,413.47
Earnings before Interest, Depreciation and Amortisation	4,866.18	4,401.85	5,537.70	4,730.25
Depreciation and Amortisation	559.65	387.78	593.73	387.78
Finance Cost	1,428.66	1,061.71	1,704.90	1,165.39
<b>Profit Before Tax</b>	<b>2,877.87</b>	<b>2,952.36</b>	<b>3,239.07</b>	<b>3,177.08</b>
<b>Tax Expenses</b>				
• Current Tax	604.40	586.90	760.74	719.59
• Deferred tax charge / (credit)	307.74	404.16	307.74	404.16
• MAT credit entitlement	-	(47.20)	-	(47.20)
<b>Profit after Tax</b>	<b>1,965.73</b>	<b>2,008.50</b>	<b>2,170.59</b>	<b>2,100.53</b>
Minority Interest	-	-	(1.20)	40.99
<b>Profit for the year</b>	<b>1,965.73</b>	<b>2,008.50</b>	<b>2,171.79</b>	<b>2,059.54</b>

## Financial Overview

### Performance

During the financial year 2012-13, the Company has on a standalone basis, registered total revenue of ₹ 18,106.94 million as compared to ₹ 14,028.41 million in the previous year, showing an increase of 29.07 % Y-O-Y. EBITDA has increased from ₹ 4,401.85 million in 2011-12 to ₹ 4,866.18 million, an increase of 10.55 %.

The consolidated revenue of the Company during the financial year 2012-13 was ₹ 18,700.59 million, a growth of 32.22 % from the previous year. EBITDA has increased from ₹ 4,730.25 million in 2011-12 to ₹ 5,537.70 million, an increase of 17.07 %.

### Transfer to Reserves

An amount of ₹ 200 million is proposed to be transferred out of the current profits to the General Reserve.

### Dividend

The Board of Directors has, subject to the approval of the shareholders in the Annual General Meeting, recommended a dividend of ₹ 7 per equity share of ₹ 10 each.

### Debentures

During the year under review, the Company has not issued any debentures. As on date, the Company does not have any outstanding debentures.

### Deposits

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

## Operational Overview

### Completed Projects

During the year under review, the Company has executed and handed over 6 residential projects covering an area of 1.48 million square feet and 19

contractual projects covering an area of 2.98 million square feet resulting in an aggregate development of 4.46 million square feet.

The Company has completed 85 residential projects and 228 contractual projects covering about 56.25 million square feet of area since inception.

### Ongoing Projects

The Company currently has 43 ongoing residential projects aggregating to 25.83 million square feet of developable area and 38 ongoing contractual projects aggregating to 10.65 million square feet under various stages of construction.

### Forthcoming Projects

During the financial year 2013-14, the Company proposes to launch projects (residential and commercial) measuring about 12.02 million square feet in which it has an economic interest of approximately 8.95 million square feet of developable area in various cities including Bangalore, Thrissur, Kochi, Kozhikode and Chennai.

The Company has a geographic presence in 23 cities and 13 states across India.

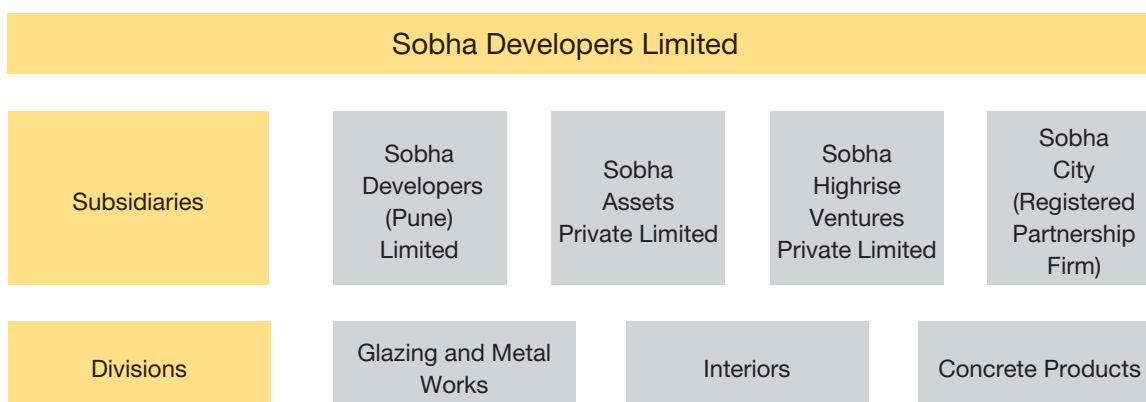
### Business Overview

Sobha Developers Limited is a public limited company with its equity shares listed on National Stock Exchange of India Limited and the Bombay Stock Exchange Limited. The issued, subscribed and paid-up capital of the Company is ₹ 980,638,680 (Rupees Ninety Eight Crores Six Lakhs Thirty Eight Thousand Six Hundred and Eighty only) divided into 98,063,868 (Nine Crores Eighty Lakhs Sixty Three Thousand Eight Hundred and Sixty Eight only) equity shares of ₹ 10 each. During the year under review, there was no change in the capital structure of the Company.

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

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

A summary of completed and ongoing projects as on March 31, 2013 has been detailed in the Management Discussion and Analysis Report titled as Management Report forming part of the Annual Report.



#### Divisions

The backward integration business model of the Company is ably supported by its three divisions which act as the conduit of resources and expertise required for the execution of projects.

<p><b>Glazing Division</b></p> <ul style="list-style-type: none"> <li>• The Glazing Division is engaged in the business of metal fabrication such as aluminum windows and doors, structural and architectural glazing.</li> <li>• The division has facilities in Bangalore and Chennai.</li> </ul>	<p><b>Interiors Division</b></p> <ul style="list-style-type: none"> <li>• The Interiors Division specialises in wood work and in manufacturing wood and wood-based products.</li> <li>• The division has facilities in Bangalore and Hosur.</li> </ul>	<p><b>Concrete Products Division</b></p> <ul style="list-style-type: none"> <li>• The Concrete Products Division is engaged in the manufacture of a wide range of concrete products such as hollow and solid concrete blocks, medium and heavy duty concrete pavers and varieties of concrete paving slabs.</li> <li>• The division has facilities in Bangalore, Gurgaon and Pune.</li> </ul>
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## Subsidiaries

As on date, the Company has four subsidiaries, the details of which are enumerated below. Further, the financial statements of the subsidiaries have been reviewed by the Audit Committee and the minutes of the same have been placed before the Board of Directors as stipulated under Clause 49 of the Listing Agreement. No subsidiary of the Company is a material non-listed Indian subsidiary as defined under the Listing Agreement.

### A. Sobha Developers (Pune) Limited

Sobha Developers (Pune) Limited is a wholly-owned subsidiary of the Company. It was incorporated on February 13, 2007 and became a subsidiary of the Company with effect from July 01, 2011.

Sobha Developers (Pune) Limited is presently executing a residential project, "Sobha Forest View", situated at Hosahalli Village, Uttarahalli Hobli, Bangalore South Taluk, Bangalore.

### B. Sobha Assets Private Limited

Sobha Assets Private Limited was incorporated as a wholly-owned subsidiary of the Company on March 13, 2012.

Sobha Assets Private Limited has been identified as a Special Purpose Vehicle of the Company to develop a Modern Agricultural Market Complex in Byatarayanapura, Bangalore on PPP (Public Private Partnership) scheme between the APMC (Agriculture Produce Marketing Committee), Government of Karnataka and the Company.

### C. Sobha Highrise Ventures Private Limited

Sobha Highrise Ventures Private Limited is a subsidiary of the Company. It was incorporated on May 28, 2012 and became a subsidiary of the

Company with effect from August 09, 2012. As on date, the Company holds an economic interest in Sobha Highrise Ventures Private Limited to an extent of 50.0003%.

Pursuant to a joint venture between the Company, Winona SA Investments LLC and SA Winona Ventures Limited, Sobha Highrise Ventures Private Limited has been identified as a Special Purpose Vehicle to develop a proposed 100 % FDI (subject to performance conditions) Compliant residential project situated at Doddanekkundi Village, Varthur Hobli, Bangalore East Taluk, Bangalore.

### D. Sobha City

The Company had earlier formed a Partnership Firm under the name and style of "Sobha City" with Tree Hill Estates Private Limited for the construction and development of Sobha City Project located in Thrissur, Kerala with a profit sharing ratio of 70:30.

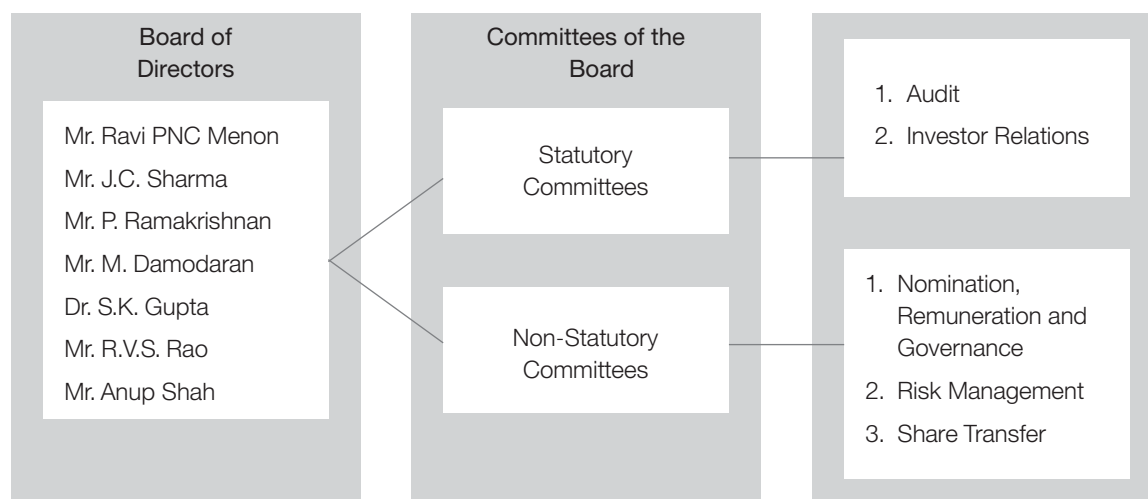
During the financial year 2012-13, Tree Hill Estates Private Limited has retired as a Partner from "Sobha City" and Sobha Developers (Pune) Limited has been inducted as a Partner. As on date, the Company holds the entire economic interest in "Sobha City".

## Statement relating to subsidiaries

Pursuant to the general exemption granted by the Ministry of Corporate Affairs vide General Circular No. 2/2011 dated February 08, 2011, the balance sheet, statement of profit and loss and other documents of subsidiary companies as prescribed under Section 212 of the Companies Act, 1956, have not been attached. As stipulated in the Circular, the Company has disclosed the requisite financial information of the subsidiaries in the Annual Report. Further, the annual accounts and the related detailed information of the subsidiaries shall be provided to the Members upon

request and the same shall also be available for inspection on any working day during business hours at the registered office of the Company and the respective subsidiary companies.

### Governance Structure



### Board of Directors

As on date, the Board of Directors of the Company comprises seven Directors of which four are Non-Executive Independent Directors in terms of Clause 49 of the Listing Agreement.

### Cessation

Mr. P.N.C. Menon, the Founder Chairman, resigned from the directorship of the Company with effect from June 30, 2012. As part of the succession planning, Mr. P.N.C. Menon who had led the Company for 17 years, had expressed his desire to be relieved of the day-to-day responsibilities of running the Company. In gratitude and acknowledgement of his immense contribution to the Company and to ensure that the Company continues to benefit from his wisdom and guidance, the Board of Directors has conferred upon him the title of Chairman Emeritus.

### Appointment

Mr. Ravi PNC Menon was reappointed as a Whole-Time Director by the members of the Company for a period of five years commencing from April 01, 2012

in the Annual General Meeting held on June 30, 2012.

In view of the significant contributions made by Mr. Ravi PNC Menon, the Board of Directors based on the recommendation of the Nomination, Remuneration and Governance Committee, has appointed Mr. Ravi PNC Menon as the Chairman of the Company with effect from June 30, 2012.

### Re-appointment

In terms of Sections 255 and 256 of the Companies Act, 1956 and Articles 107, 108 and 109 of Articles of Association of the Company, Dr. S.K Gupta and Mr. R.V.S. Rao, Independent Directors are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

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

of the companies in which they hold directorship and membership / chairmanship of the Board Committees, as stipulated under Clause 49 of the Listing Agreement, have also been included.

#### **Board Committees**

During the year under review, the scope of the Investors' Grievance Committee was enhanced and the Committee was renamed as the Investor Relations Committee with effect from August 07, 2012.

The Board of Directors, in its meeting held on January 31, 2013, had constituted a Risk Management Committee which is entrusted with the responsibility of establishing policies to monitor and evaluate the risk management systems of the Company.

A detailed note on the Committees of the Board of Directors is given in the Corporate Governance Report forming part of the Annual Report.

#### **Internal Control and Internal Audit**

The Company has in place well-defined internal control mechanisms and comprehensive internal audit programmes with the activities of the entire organisation under its ambit. The internal audit programme is reviewed and approved by the Audit Committee at the beginning of each financial year and progress reports are placed before the Committee on a quarterly basis.

#### **Audit Recommendations**

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

#### **Auditors**

S.R. Batliboi & Associates LLP, Statutory Auditors of the Company retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Board of Directors upon the recommendation of the Audit Committee proposes the re-appointment of S.R. Batliboi & Associates LLP as the statutory auditors of the Company subject to the approval of the

members at the Annual General Meeting.

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

#### **Secretarial Audit**

The Secretarial Audit Report for the year ended March 31, 2013 issued by Mr. Nagendra D Rao, Practicing Company Secretary confirming compliance with all the applicable provisions of Corporate Laws and the Listing Agreement is provided separately in the Annual Report.

#### **Human Resources**

Employees form the cornerstone of Sobha Developers Limited. With well-established policies and employee-friendly measures, the Company ensures the development and wellbeing of all its employees.

The Leadership, Development and Training Department of the Company organises and conducts extensive training and motivational programmes on myriad subjects. Cultivation of leadership abilities, augmentation of occupational skills and enhancement of employee morale are the prime focus of these programmes. They result in the overall development of the employees which in turn contributes to the growth of the Company.

Innovation lies at the heart of every sustainable and viable business model. The Company has a strong Value Engineering Department which plays an active and key role in the development and implementation of advanced and modern techniques of construction. At SOBHA, employees are also given ample opportunities to suggest and develop new and innovative ideas, methods and techniques which assist in improving the efficiency levels of the Company. An organisation-wide event is conducted on an annual basis wherein employees are given a platform to exhibit their innovations. The most adaptable and inventive ideas are recognised and aptly rewarded.

Employee relations continue to be cordial and harmonious at all levels and in all divisions of the

Company. The Board of Directors would like to express their sincere appreciation to all the employees for their continued hard work and dedication.

As on March 31, 2013, the Company has an organisational strength of 2,879 employees.

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

### **Quality, Safety and Technology**

The Company's commitment to quality is reflected in its vision 'Transform the way people perceive Quality'. At SOBHA, emphasis is laid on delivery of products which conform to international benchmarks of quality.

The Department of Quality, Safety and Technology (QST) is entrusted with the responsibility of ensuring adherence to established quality and safety parameters. It meticulously monitors the working of various project sites and periodically reports to the Board of Directors on the safety performance of the Company. It is also responsible for inducting the latest in construction technology thereby enabling project delivery at par with relevant specifications, norms and standards.

The department predominantly focuses on quality of construction, establishment and review of safety standards, infrastructure execution, civil maintenance works, geo-technical aspects, drawing detail development and import / implementation of new tools and materials for process upgradation.

### **Corporate Social Responsibility**

At SOBHA, being a responsible corporate citizen is given utmost priority. The Corporate Social Responsibility of the Company is discharged under the aegis of Sri Kurumba Trust, a public charitable trust. A detailed report on the CSR initiatives and activities are given in a separate section on Corporate Social Responsibility which forms part of the Annual Report.

### **Awards and Recognitions**

During the financial year 2012-13, the Company was bestowed with various awards and recognitions, the

details of which are given in a separate section of the Annual Report.

### **Statutory Information**

#### **Directors' Responsibility Statement**

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

- i) In the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any.
- ii) The Directors had selected the accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit of the Company for that period.
- iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- iv) The Directors had prepared the annual accounts on a "going concern" basis.

#### **Disclosure of Employees**

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

#### **Transfer to Investor Education and Protection Fund**

During the financial year 2013-14, the Company will be required to transfer to the Investor Education



and Protection Fund, the share application money received during the Initial Public Offer of the Company which is due for refund and lying unclaimed with the Company in terms of Section 205C of the Companies Act, 1956. The applicants are requested to claim the share application money before transfer of the amount to the said Fund. The details of the unclaimed share application money together with the procedure for claiming the same has been detailed in the Corporate Governance Report and the Notice convening the Annual General Meeting forming part of the Annual Report.

#### **Conservation of Energy, Research and Development, Technology Absorption, Foreign Exchange Earnings and Outgo**

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

#### **Corporate Governance**

A detailed report on Corporate Governance and a certificate from Mr. Nagendra D Rao, Practicing Company Secretary affirming compliance with the various conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

#### **Code of Conduct**

As prescribed under Clause 49 of the Listing

Agreement, a declaration signed by the Vice Chairman and Managing Director affirming compliance with the Code of Conduct by the Directors and senior management personnel of the Company for the financial year 2012-13 forms part of the Corporate Governance Report.

#### **Management Discussion and Analysis Report**

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

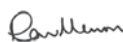
#### **Additional Information to Shareholders**

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](http://www.sobha.com)) on a regular basis.

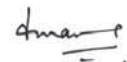
#### **Acknowledgements**

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

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



Ravi PNC Menon  
Chairman



J.C. Sharma  
Vice Chairman & Managing Director

Place: Bangalore  
Date: May 10, 2013

## Annexure

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

### I. Conservation of Energy

The Company has adopted the following energy conservation measures:

1. Use of energy efficient lamps, control gears, ballast VFDs highly efficient motors and PV cells
2. Use of CFLs, fluorescent tubes, metal halide and LEDs in the common areas of residential projects
3. Use of external street light fixtures with timers
4. Provision of back-up solar power for lighting in residential projects
5. Use of lighting software in the design stage of our projects
6. Use of daylight sensors and occupancy sensors with dimmable ballasts
7. Use of best quality wires, cables, switches and low self power loss breakers
8. Following standard specifications like colour codes, independent neutral and earthing for each circuit to curb energy leakage
9. Use of low- loss electronic ballast
10. Selection of high efficiency transformers, DG sets and other equipments
11. Introduction of auto-correction power factor capacitor panels and harmonic filters
12. Use of heat pumps and solar water heaters instead of geysers to reduce power consumption
13. The use of separate energy meters for major common area loads so that power consumption can be monitored and efforts can be made to minimise the same
14. Use of energy efficient lifts with group control in residential projects

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

### II. Technology Absorption

The Company uses German tools, waterproofing techniques and follows European standards in all 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. Testing of new formwork systems (PERI and BSL) and testing of H-Beam for structure perfection
2. Introduction of laser plummets for accurate marking
3. Introduction of 'Scaff board' for safety of workforce who work at heights
4. Software for BBS to generate fast and accurate bar bending schedules
5. 'Grab & Trolley' for block shifting
6. 'Debris Crusher' for crushing & recycling the debris generated at the site

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.

### III. Research and Development (R&D)

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

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

#### 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.

### IV. Foreign Exchange Earnings and Outgo

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

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

- (b) Total foreign exchange used and earned

Total expenditure in foreign exchange:  
₹ 34.42 million

Total income in foreign exchange: Nil

**Statement pursuant to Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 amended vide notification G.S.R 289 (E) dated March 31, 2011**

Sl. No	Name	Age	Designation	Gross Remuneration ₹	Qualification	Experience (Years)	Date of commencement of Employment	Previous Employment held
<b>(A) Employed throughout the financial year</b>								
1	Mr. Ravi PNC Menon	32	Chairman	87,541,586	B.S.C.E	9	06.06.2004	Not Applicable
2	Mr. J.C. Sharma	55	Vice Chairman and Managing Director	48,317,221	B.Com (Hons), ACA, ACS	29	01.06.2001	Grasim Industries Limited
3	Mr. P. Ramakrishnan	50	Deputy Managing Director	7,006,366	BE, MBA	27	15.03.2007	Enares Infranet Private Limited
4	Mr. Sanjay Khosla	55	Executive Director - Sales & Marketing	10,269,549	BA, PGDBM	31	01.08.2008	Ozone Group
5	Mr. Jagadish Nangineni	34	Regional Head - New Delhi	12,144,564	B.Tech Civil, PGDM	11	12.11.2009	Greenbox Realty & Highstreet Capital
6	Mr. Madappa Palachanda	47	CEO - Contracts	13,272,696	BE Civil, M.E.S	25	19.12.2011	DEC Australia Company
7	Ms. Tina Talwar	37	Associate Vice President	6,652,019	BA	13	08.02.2010	Hotel Leela Ventures

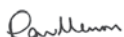
**(B) Employed for part of the financial year**

1	Mr. Jayanand Potdar	49	Executive Director - Contracts	7,404,930	D.C.E, D.B.M, M.M.S, A.D.I.S.	28	16.11.2011	Tecpro Systems Limited
2	Mr. Ganesh Venkataraman	47	Chief Financial Officer	1,794,660	B. Com, ACA, ACS, AICWA	23	17.01.2013	GVK Bio Sciences Private Limited
3	Mr. S. Baaskaran	44	Chief Financial Officer	6,430,117	B. Com, ACA, AICWA	20	01.04.2006	Sobha Space Private Limited


**Notes**

- Gross Remuneration comprises salary, allowances, Company's contribution to provident fund and taxable value of perquisites.
- An employee would be qualified to be included in Category (A) or (B) on the following basis:  
For (A) if the aggregate remuneration drawn by him during the year was not less than ₹60,00,000 per annum.  
For (B) if the aggregate remuneration drawn by him during the part of the year was not less than ₹5,00,000 per month.
- None of the employees mentioned above are relatives of any Director of the Company.
- All the employees referred above are / were in full-time employment of the Company and there is no other employee who is in receipt of remuneration in terms of the provisions of Section 217(2A(a)(iii)) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended from time to time.

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



**Ravi PNC Menon**  
Chairman



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

**Place: Bangalore**  
**Date: May 10, 2013**

# Corporate Governance Compliance Certificate

To the Members of Sobha Developers Limited,

I have examined all the relevant records of Sobha Developers Limited for the purpose of certifying compliance of the conditions of corporate governance under Clause 49 of the Listing Agreement with Stock Exchanges for the financial year ended 31st March 2013. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of certification.

The compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to the procedure and implementation process adopted by the Company for ensuring compliance of the conditions of corporate governance. This certificate is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management has conducted the affairs of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the said Listing Agreements.



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

Place: Bangalore  
Date : May 10, 2013

# Corporate Governance Report

*Corporate governance practices at Sobha emphasise on fair and ethical conduct, efficient and economical use of resources, transparency and accountability in our dealings with a view to contribute meaningfully to the economic, environmental and social upliftment of all our stakeholders to ensure sustainability of our operations and overall performance.*

Company's Philosophy

Board of Directors

Committees of the Board

Disclosures

Company Information

Additional Shareholder Information

## Green Initiative by Ministry of Corporate Affairs

The Ministry of Corporate Affairs vide Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011, has permitted Companies to deliver annual reports to investors through electronic mode. In furtherance of the same, SEBI vide its Circular No. CIR/CFD/DIL/7/2011 dated October 05, 2011 has made consequential amendments to Clause 32 of the Listing Agreement directing listed companies to send soft copies of the annual report to those shareholders who have registered their email address.

In view of the same, shareholders are requested to update their email IDs with their depository participants where shares are held in dematerialised mode and where the shares are held in physical form to update the same in the records of the Company in order to facilitate electronic servicing of annual reports and other documents.



### Company's Philosophy

At Sobha Developers Limited, we believe in maintaining the highest standards of Corporate Governance. The Company endeavours to imbibe the best in Corporate Governance practices and to this end, has adopted a comprehensive corporate governance policy. The Policy is based on the following broad principles:

- Independence and impartiality of the Board of Directors
- Diversity of experience and expertise across the Board
- Delegation of decision-making authority with clearly defined roles, responsibilities and accountability
- Timely and regular disclosures of all relevant corporate, operational and financial information to stakeholders

The policy also provides oversight and guidance to the management in strategy implementation, risk management and achievement of stated goals and objectives.

Sobha is in compliance with the Corporate Governance guidelines as stipulated under various clauses of the Listing Agreement entered into with stock exchanges. A report on the matters mentioned in the said clauses and the practices followed by the Company is detailed below.

### Board of Directors

The Board of Directors ensures congruence between shareholders' expectations, the Company's plans and management performance. It has the responsibility to participate directly or through its committees, in developing and approving the mission of the Company's business, its objectives and goals, and the strategy for their achievement. It is entrusted with the supervision of the management of the business and affairs of the Company.

As on date, the Board of Directors of the Company comprises seven directors of which four are non-executive independent directors, ensuring an optimum mix of Executive and Non-Executive Directors. The composition of the Board of Directors satisfies the requirements of Clause 49 of the Listing Agreement.

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

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

The composition of the Board of Directors\* as on May 10, 2013 is as follows:

Name	Designation	Category	Date of Appointment	Directorships**	Committee Chairmanships***	Committee Memberships***
Mr. Ravi PNC Menon	Chairman	Executive	June 08, 2004	15	-	1
Mr. J.C. Sharma	Vice Chairman & Managing Director	Executive	April 01, 2003	15	-	2
Mr. P. Ramakrishnan	Deputy Managing Director	Executive	January 29, 2010	1	-	-
Mr. M. Damodaran	Independent Director	Non-Executive	January 29, 2010	14	2	5
Dr. S.K. Gupta	Independent Director	Non-Executive	June 28, 2006	6	1	5
Mr. R.V.S. Rao	Independent Director	Non-Executive	June 28, 2006	6	1	2
Mr. Anup Shah	Independent Director	Non-Executive	June 28, 2006	5	-	2

\*None of the directors are related to each other.

\*\* Directorship in both public (listed and unlisted) and private limited companies has been considered.

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

## Board Meetings

Being the apex body constituted by the shareholders for overseeing the overall functioning of the Company, the Board evaluates the proposals involving strategic decision making on a collective consensus basis. The Board meetings are usually held at the Company's Registered and Corporate Office in Bangalore.

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

The Board meetings held during the financial year 2012-13 are:

Date of the Meeting	Total Strength of BOD	No. of Directors Present
May 06, 2012	8	8
June 30, 2012	8	8
August 07, 2012	7	7
November 02, 2012	7	7
January 31, 2013	7	7

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

Director	Board Meetings					Annual General Meeting
	May 06, 2012	June 30, 2012	August 07, 2012	November 02, 2012	January 31, 2013	June 30, 2012
Mr. Ravi PNC Menon	✓	✓	✓	✓	✓	✓
Mr. J.C. Sharma	✓	✓	✓	✓	✓	✓
Mr. P. Ramakrishnan	✓	✓	✓	✓	✓	✓
Mr. M. Damodaran	✓	✓	✓	✓	✓	✓
Dr. S.K. Gupta	✓	✓	✓	✓	✓	✓
Mr. R.V.S. Rao	✓	✓	✓	✓	✓	✓
Mr. Anup Shah	✓	✓	✓	✓	✓	✓

\*Mr. P.N.C. Menon attended the meetings of the Board of Directors held on May 06, 2012 and June 30, 2012. He resigned from the directorship of the Company with effect from June 30, 2012.

#### Agenda for the Meetings and Information furnished to the Board

The agenda for the meetings are planned and structured by the Company Secretary in consultation with the Chairman and Vice Chairman and Managing Director. The agenda along with explanatory notes and necessary supporting documents is circulated to the Directors within the time prescribed under the Secretarial Standards issued by the Institute of Company Secretaries of India. The Company also facilitates separate meetings of Independent Directors.

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

All items mentioned under Clause 49 of the Listing Agreement are covered to the fullest extent and extensive information and presentations are made to the Board on the following matters:

Quarterly Unaudited and Annual Audited Financial Results of the Company.	Joint venture, collaborations and acquisitions undertaken by the Company.
Minutes of the meetings of the Board and various Board and Management Committees.	Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
Financial statements and minutes of subsidiary companies.	Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
<b>Information placed before the Board</b>	
Information on recruitment and remuneration of senior officers just below the Board level.	Safety performance of the Company including a report on serious and fatal accidents.
Significant development in human resources.	Material litigations by and against the Company.
Presentations covering the Sales, Delivery, Finance, Compliance, and Risk Management practices.	Any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the Company.

### Meeting Compliances

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

### Cessation, Appointment and Re-appointment of Directors

During the period under review, Mr. P.N.C. Menon resigned from the directorship of the Company with effect from June 30, 2012. In recognition of his immense contribution to the Company and to ensure that the Company continues to benefit from his wisdom and guidance, the Board of Directors has conferred upon him the title of Chairman Emeritus.

Mr. Ravi PNC Menon was reappointed as a Whole-Time Director of the Company for a period of five years commencing from April 01, 2012 in the Annual General Meeting held on June 30, 2012. Further, based on the recommendation of the Nomination, Remuneration and Governance Committee and in view of the significant contributions made by Mr. Ravi PNC Menon, the Board of Directors at a meeting held on June 30, 2012, appointed him as the Chairman of the Company.

According to Section 255 of the Companies Act, 1956, not less than two-thirds of the total number of directors of a public company shall be liable to retire by rotation and one-third of such directors shall retire every year. Further, the Articles of Association of the Company provide that one-third of the Directors shall retire by rotation every year and, if eligible, offer themselves for re-appointment at the Annual General Meeting.

The members in the seventeenth Annual General Meeting of the Company had reappointed Mr. M Damodaran and Mr. Anup Shah as Non-Executive Independent Directors of the Company who are liable

to retire by rotation.

In terms of Section 255 of the Companies Act, 1956 read with Articles 107, 108 and 109 of the Articles of Association, Dr. S.K. Gupta and Mr. R.V.S. Rao, Independent Directors retire at the ensuing Annual General Meeting. The Board has recommended the re-appointment of all the retiring Directors.

The brief profiles of Dr. S.K. Gupta and Mr. R.V.S. Rao are provided as an annexure to the Notice convening the Annual General Meeting.

### Resolutions passed by circulation

No resolution by way of circulation was passed by the Board of Directors during the financial year 2012-13.

### Board Compensation

The Board is responsible for the appointment of new directors and determining their remuneration subject to approval of the shareholders at the Annual General Meeting. The compensation to the Board of Directors is approved by the shareholders and disclosed separately in Notes to Accounts. Compensation to the Vice Chairman and Managing Director / Wholetime Director(s) consists of fixed salary and / or performance incentive. The Nomination, Remuneration and Governance Committee of Board of Directors reviews and recommends to the Board of Directors the remuneration payable to the Vice Chairman and Managing Director and the Wholetime Directors. The Executive Directors of the Company are not entitled to sitting fees for attending the Board meetings or the Committee Meetings.

### Independent Directors

Independent Directors are non-executive directors who apart from receiving director's remuneration, do not have any material pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries and associate companies, which in the

opinion of the Board may affect their independence of judgment.

We have an eminent pool of Independent Directors who with their repertoire of knowledge, expertise and varied experience contribute to the development of strategies and also evaluate the performance of the management. A statement of independence has been obtained from each of the independent directors of the Company.

Clause 49 of the Listing Agreement states that if the Chairman of the Company is an Executive Director, at least half of the Board should comprise of Independent Directors. The Company is in compliance with the same.

#### Independent Directors Remuneration

Section 309 of the Companies Act, 1956 provides that a Director who is neither in the whole-time employment

of the Company nor a Managing Director may be paid remuneration by way of commission, if the Company by special resolution, authorises such a payment. The members of the Company at the sixteenth Annual General Meeting held on June 30th 2011, had approved the payment of remuneration by way of commission to Non-Executive Directors, at a rate not exceeding 1% per annum of the net profits of the Company for a period of five years commencing from April 01, 2011. The said resolution shall remain in force until March 31, 2016.

As per the resolution of the Board dated May 10, 2013, Independent Directors who attend the Board Meetings are entitled to sitting fees of ₹ 20,000 per meeting. Furthermore, Independent Directors who are members of the Audit Committee, Investor Relations Committee, Nomination, Remuneration and Governance Committee and Risk Management Committee are entitled to sitting fees of ₹ 10,000 per meeting.

The following are the details of compensation paid to the Directors\* for the financial year 2012-13

(₹ in million)

Name	Salary	Perquisites	Contribution to Provident Fund	Commission / Incentive	Sitting Fees	Total
Mr. Ravi PNC Menon	45.06	1.09	3.38	38.02	-	87.54
Mr. J.C. Sharma	10.25	0.04	0.01	38.02	-	48.32
Mr. P. Ramakrishnan	6.30	0.04	0.01	0.66	-	7.01
Mr. M. Damodaran	-	-	-	1.20	0.07	1.27
Dr. S.K. Gupta	-	-	-	1.20	0.09	1.29
Mr. R.V.S. Rao	-	-	-	1.20	0.09	1.29
Mr. Anup Shah	-	-	-	1.20	0.09	1.29
<b>Total</b>	<b>61.61</b>	<b>1.17</b>	<b>3.39</b>	<b>81.50</b>	<b>0.33</b>	<b>148.00</b>

\*Mr. P.N.C. Menon resigned from directorship of the Company with effect from June 30, 2012. He has not drawn any remuneration during the financial year 2012-13.

### Shareholding of Directors

The shareholding of the Directors of the Company as on March 31, 2013 is as follows:

Name	No. of Shares	%
Mr. Ravi PNC Menon	32,950	0.034
Mr. J.C. Sharma	82,671	0.084
Mr. P. Ramakrishnan	-	-
Mr. M. Damodaran #	-	-
Dr. S.K. Gupta #	1,935	0.002
Mr. R.V.S. Rao #	15,000	0.015
Mr. Anup Shah #	4,300	0.004
<b>Total</b>	<b>136,856</b>	<b>0.139</b>

# Non- Executive Independent Director

### Committees of the Board of Directors

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

The Board of Directors of the Company has constituted the following Committees:

Statutory Committees	Non-Statutory Committees
1. Audit Committee	1. Nomination Remuneration and Governance Committee
2. Investor Relations Committee	2. Risk Management Committee
	3. Share Transfer Committee

### Audit Committee

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

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



<p>Regular review of accounts, accounting policies, financial and risk management policies, disclosures, etc.</p> <p>Review of the major accounting entries, based on exercise of judgment by management and review of significant adjustments arising out of audit.</p> <p>Review of qualifications in the draft audit report and suggesting action points.</p> <p>To look into reasons for substantial defaults in payment to depositors, debenture holders, shareholders and creditors.</p>	<p>Establishing and reviewing the scope of the independent audit including the observations of the auditors and review of the quarterly, half-yearly and annual financial statements before submission to the Board.</p> <p>Post audit discussions with the independent auditors to ascertain any area of concern.</p> <p>Establishing the scope and frequency of internal audit, reviewing the findings of the internal auditors and ensuring the adequacy of internal control systems.</p>
<b>Terms of Reference</b>	
<p>Appointment and remuneration of statutory and internal auditors.</p> <p>Compliance with stock exchange and legal requirements concerning financial statements, to the extent applicable.</p> <p>Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Audit Committee.</p>	<p>To look into matters pertaining to the Director's Responsibility Statement with respect to compliance with accounting standards and accounting policies.</p> <p>Review the functioning of the Whistle Blower mechanism.</p> <p>Any related party transactions, i.e., transactions of the Company of a material nature, with promoters or management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the Company at large.</p>

#### Powers of Audit Committee

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

#### Review of information by the Audit Committee

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

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

#### Meetings

The Company is in compliance with Clause 49 of the Listing Agreement which specifies that the Audit Committee should have at least 3 members of which at least two-third should be independent.

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

The Audit Committee has met 4 times during the financial year 2012 - 2013 and not more than four months has elapsed between two such meetings. The meetings held during the financial year 2012-13 are:

Date of the Meeting	Total Strength of Committee	No. of Members Present
May 06, 2012	5	5
August 07, 2012	5	5
November 02, 2012	5	4
January 31, 2013	5	5

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

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

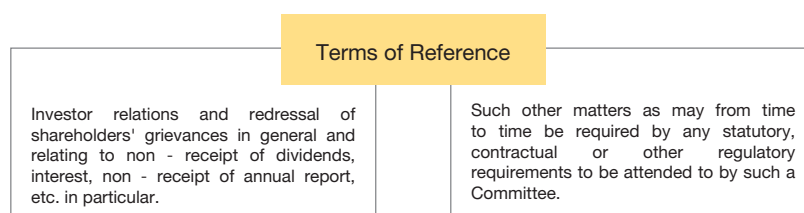
Name	Category		Audit Committee Meetings			
			May 06, 2012	August 07, 2012	November 02, 2012	January 31, 2013
Mr. R.V.S. Rao	Chairman	Non-Executive Independent	✓	✓	✓	✓
Mr. M. Damodaran	Member	Non-Executive Independent	✓	✓	✓	✓
Dr. S.K. Gupta	Member	Non-Executive Independent	✓	✓	✓	✓
Mr. Anup Shah	Member	Non-Executive Independent	✓	✓	x	✓
Mr. J.C. Sharma	Member	Vice Chairman & Managing Director	✓	✓	✓	✓

#### Invitees

The Chief Financial Officer and the Head of the Internal Audit Function along with the Statutory Auditors have attended all the Audit Committee Meetings held so far by the Company in the capacity of invitees. The Chairman and Deputy Managing Director are also invited to attend the Committee Meetings.

#### Investor Relations Committee

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



#### Meetings

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

The Investor Relations Committee has met four times during the financial year 2012-13

Date of the Meeting	Total Strength of Committee	No. of Members Present
May 06, 2012	3	3
August 07, 2012	3	3
November 02, 2012	3	3
January 31, 2013	3	3

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

The composition and attendance of the members of the Investor Relations Committee are as follows

Name	Category		Investor Relations Committee Meetings			
			May 06, 2012	August 07, 2012	November 02, 2012	January 31, 2013
Dr. S.K. Gupta	Chairman	Non-Executive Independent	✓	✓	✓	✓
Mr. Ravi PNC Menon	Member	Executive Chairman	✓	✓	✓	✓
Mr. J.C. Sharma	Member	Vice Chairman & Managing Director	✓	✓	✓	✓

#### Investor Grievances and Queries

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

Particulars	Balance as on 01.04.2012	Received during the year	Resolved during the year	Balance as on 31.03.2013
<b>IPO Related</b>				
Consumer Forum Case	1	-	-	1
SCORES (Non-credit of shares)	-	1	1	-
Registrar and Transfer Agents (Non-credit of shares)	-	1	1	-
<b>Non IPO Related</b>				
SCORES (Non receipt of Dividend)	-	1	1	-
Stock Exchange	-	1	1	-
Non-Receipt / Revalidation of Dividend Warrants	-	125	125	-
Miscellaneous	-	200	200	-
<b>Total</b>	<b>1</b>	<b>329</b>	<b>329</b>	<b>1</b>

#### Nomination, Remuneration and Governance Committee

The Nomination, Remuneration and Governance Committee of the Board of Directors recommends and reviews compensation plans of the Managing Director, Whole-Time Directors and the senior management based on their performance, defined assessment criteria and job responsibilities along with the responsibilities of nomination of Directors and also deals with the Governance issues of the Company. It oversees the implementation of the Nomination, Remuneration and Governance Policies of the Company, reviews the effectiveness of such policies from time to time and recommends revisions as and when deemed necessary or expedient.

<p>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.</p> <p>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.</p>	<p>To make recommendations to the Board on the following matters:</p> <ul style="list-style-type: none"> <li>• Re-appointment of any executive and non-executive director at the conclusion of their specified term of office</li> <li>• Re-election by members of any director who are liable to retire by rotation as per the Company's Articles of Association</li> <li>• Any matters relating to the continuation in office of any director at any time.</li> </ul> <p>To produce an annual report on executive compensation for inclusion in the Company's Annual Report, in accordance with applicable rules and regulations.</p>
<p style="text-align: center;"><b>Terms of Reference</b></p>	
<p>To take all necessary steps for the administration of the Employee Stock Option Scheme or the Employee Stock Purchase Scheme.</p> <p>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.</p> <p>To receive reports, investigate, discuss and make recommendations in respect of breaches or suspected breaches of the Company's Code of Conduct.</p>	<p>To review and consider the Company's position and practices on significant issues of corporate social responsibility such as workforce diversity, protection of the environment, and charitable contributions</p> <p>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.</p> <p>To perform such functions as may be detailed in the Listing Agreement, Companies Act, 1956 and the relevant Rules made there under.</p>

## Meetings

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

Three meetings of the Nomination, Remuneration and Governance Committee were held during the financial year 2012-13 on the following dates:

Date of the Meeting	Total Strength of Committee	No. of Members Present
June 29, 2012	3	3
November 02, 2012	3	3
March 30, 2013	3	3

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

Name	Category		Nomination, Remuneration and Governance Committee Meetings		
			June 29, 2012	November 02, 2012	March 30, 2013
Mr. Anup Shah	Chairman	Non-Executive Independent	✓	✓	✓
Mr. R.V.S. Rao	Member	Non-Executive Independent	✓	✓	✓
Mr. J.C. Sharma	Member	Vice Chairman & Managing Director	✓	✓	✓

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

#### Risk Management Committee

The Risk Management Committee of the Board of Directors is entrusted with the responsibility of establishing policies to monitor and evaluate the risk management systems of the Company. It also oversees the functioning of the risk management, internal compliance and control policies and procedures of the Company.

<p>Oversee and approve the risk management, internal compliance and control policies and procedures of the Company.</p> <p>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.</p> <p>Establish policies for the monitoring and evaluation of risk management systems to assess the effectiveness of those systems in minimising risks that may adversely affect the business of the Company.</p>	<p>Receive reports from, review with, and provide feedback to Management on the categories of risk the Company faces including but not limited to credit, market, liquidity and operational risk, the exposures in each category, significant concentrations within those risk categories, the metrics used to monitor the exposures and Management's views on the acceptable and appropriate levels of those risk exposures.</p> <p>Recommend to the Board or the Audit Committee of the Board as it deems appropriate on any area within its terms of reference where an action or improvement is needed.</p>
<div>Terms of Reference</div>	
<p>Oversee and monitor management's documentation of the material risks that the Company faces and update as events change and risks shift.</p> <p>Review reports on any material breach of risk limits and the adequacy of the proposed actions undertaken.</p> <p>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.</p>	<p>In consultation with the Audit Committee, review and discuss with Management:</p> <ul style="list-style-type: none"> <li>•the key guidelines and policies governing Company's significant processes for risk assessment and risk management; and</li> <li>•Company's major risk exposures and the steps Management has taken to monitor and control such exposures.</li> </ul> <p>Report the proceedings of the Committee to the Board or the Audit Committee of the Board at its regular meetings on all matters which fall within its terms of reference.</p>

#### Meetings

The quorum for the meeting shall be any two members present at the meeting. One meeting of the Committee was held during the financial year 2012-13.

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

Name	Category		Risk Management Committee Meetings March 30, 2013
Mr. Anup Shah	Chairman	Non-Executive Independent	✓
Mr. Ravi PNC Menon	Member	Executive Chairman	✓
Mr. J.C. Sharma	Member	Vice Chairman & Managing Director	✓

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

### Share Transfer Committee

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

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

### Meetings

The quorum for the meeting shall be any two members present at the meeting. One meeting of the Committee was held during the financial year 2012-13.

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

Name	Category		Share Transfer Committee Meetings March 25, 2013
Mr. J.C. Sharma	Chairman	Vice Chairman & Managing Director	✓
Mr. Ravi PNC Menon	Member	Executive Chairman	✓
Mr. P. Ramakrishnan	Member	Deputy Managing Director	✓

The Company Secretary and Compliance Officer of the Company, acted as the secretary to the Committee. No requests pertaining to transfer, dematerialisation, rematerialisation etc of shares were received during the financial year 2012-13.



## Disclosures

### Related Party Transactions

None of the transactions with any of the related parties were in conflict with the interest of the Company and the transactions have been undertaken on an arm's length basis. The disclosure of related party transactions is part of the Notes on Accounts section of the Annual Report.

### Subsidiary Monitoring Framework

As on date, the Company has four subsidiaries:

- Sobha Developers (Pune) Limited having its registered office at 'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore - 560 103.
- Sobha Assets Private Limited, having its registered office at 'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore - 560 103.
- Sobha Highrise Ventures Private Limited having its registered office at 'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore - 560 103.
- Sobha City (Registered Partnership Firm) having

its principal place of business at E-106, Sunrise Chambers, 22, Ulsoor Road, Bangalore - 560 042.

None of the aforesaid subsidiary is a material non-listed Indian subsidiary as defined under the Listing Agreement.

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

- Financial statements, in particular the investments made by the subsidiaries are reviewed by the Audit Committee of the Company.
- Review of annual business plan and budgets
- All the minutes of Board meetings of the subsidiaries are placed before the Company's Board regularly.

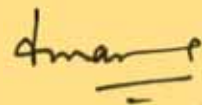
### Code of Conduct

In accordance with Clause 49 of the Listing Agreement, the Company has adopted a Code of Conduct for the Board of Directors and senior management personnel of the Company. The same has been posted on the website of the Company. The code is circulated to all the members of the Board and senior management personnel on an annual basis and compliance of the same is affirmed by them on or before 31st March of every year.

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

This is to confirm that the Company has adopted a Code of Conduct for its Board members and the 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, 2013, received from the senior management personnel of the Company and the members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.



Place: Bangalore  
Date: May 10, 2013

J.C. Sharma  
Vice Chairman and Managing Director

### Employee Share Dealing Code

The Company has adopted the Employee Share Dealing Code in terms of the SEBI (Prohibition of Insider Trading) Regulations 1992. This code is applicable to all Directors and designated employees. The code ensures prevention of dealing in shares by persons having access to unpublished price sensitive information. The Company regularly monitors the transactions undertaken by the employees in terms of the Employee Share Dealing Code.

### Compliances

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

The Company has complied with the requirements of the stock exchanges / SEBI / any other statutory authority on all matters related to capital markets. There are no penalties or strictures imposed on the Company by the stock exchanges / SEBI / any other statutory authority relating to the above.

### Management Discussion and Analysis Report

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

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

### Corporate Governance Compliance Certificate

The Corporate Governance Compliance Certificate for the year ended 31st March 2013 in terms of Clause 49 of the Listing Agreement issued by Mr. Nagendra D

Rao, Practicing Company Secretary forms part of the Annual Report.

### Secretarial Audit Report

The Secretarial Audit Report for the year ended 31st March 2013 issued by Mr. Nagendra D Rao, Practicing Company Secretary forms part of the Annual Report.

### CEO / CFO Certificate

The Chief Executive Officer (CEO) / Chief Financial Officer (CFO) certification in terms of Clause 49 of the Listing Agreement forms part of the Annual Report.

### Remuneration to Statutory Auditors

During the financial year 2012 - 2013, the details of the fees paid to the Statutory Auditors of the Company are as follows:

(₹ in million)

Audit fees	4.55
Other services [includes fees for quarterly reviews]	4.05
Out of pocket expenses (excluding service tax)	0.33
<b>Total</b>	<b>8.93</b>

### Compliance of Non-Mandatory Requirements

Clause 49 of the Listing Agreement states that non-mandatory requirements may be implemented as per the Company's discretion. However, disclosures on compliance with mandatory requirements and adoption (and compliance) / non-adoption of the non-mandatory requirements shall be made in the Corporate Governance Report of the Annual Report. The status of compliance of the non-mandatory requirements is as follows:

#### A. The Board

The Chairman of the Board of Directors is an Executive Chairman and hence the provisions

pertaining to non-executive Chairman are not applicable to the Company. None of the present Independent Directors of the Company have served on the Board of Directors for more than nine years in aggregate.

**B. Remuneration Committee**

The Board of Directors of the Company has formed a Nomination, Remuneration and Governance Committee. A detailed note on this Committee forms part of the report.

**C. Shareholders Rights**

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

**D. Audit Qualifications**

The audited financial statements of the Company for the financial year 2012-13 do not contain any qualifications and the Audit Report does not contain any adverse remarks.

**E. Training of Board Members**

The Board of Directors of the Company are regularly updated and informed about the material business and regulatory developments affecting the Company and the steps to be taken by them,

if any, in this regard.

**F. Mechanism for evaluating Non-Executive Board Members**

The Non-Executive Independent Directors of the Company are eminent academicians and professionals who possess the qualifications and experience required to contribute effectively towards the development of the Company. The Company does not follow a formal evaluation mechanism for reviewing the performance of Non-Executive Independent Directors of the Company.

**G. Whistle Blower Policy**

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

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

## Company Information

### Annual General Meeting

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

Financial Year	Date and Time	Venue	Special Resolutions
2011-2012	June 30, 2012 at 10.00 am	'SOBHA', Sarjapur-Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore - 560 103	Appointment of Mr. Ravi PNC Menon as a Wholetime Director designated as Chairman of the Company.
2010-2011	June 30, 2011 at 10.00 am	Sobha Academy, Sobha Suburbia, 107/108, Behind Jakkur Flying Club, Jakkur Village, Bangalore - 560 064	Remuneration to Non-Executive Directors of the Company.
2009-2010	June 11, 2010 at 10.00 am	Sobha Academy, Sobha Suburbia, 107/108, Behind Jakkur Flying Club, Jakkur Village, Bangalore - 560 064	i. Re-appointment of Mr. P. Ramakrishnan as a Wholetime Director designated as Deputy Managing Director of the Company. ii. Re-appointment of Mr. P.N.C. Menon as a Wholetime Director designated as Chairman of the Company. iii. Reappointment of Mr. Ravi PNC Menon as a Wholetime Director designated as Vice Chairman of the Company. iv. Reappointment of Mr J.C. Sharma as Managing Director of the Company.

### Extraordinary General Meeting

No Extraordinary General Meeting was held during the financial years 2010-2011, 2011-2012 and 2012-2013.

### Postal Ballot

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

### Means of Communication

Website	<p>All vital information relating to the Company and its performance including financial results, press releases pertaining to important developments, performance updates and corporate presentations are regularly posted on the website <a href="http://www.sobha.com">www.sobha.com</a></p> <p>The 'Investors' section provides comprehensive and up to date information to the shareholders on matters such as shareholding pattern, outcome of board and general meetings, stock performance, unclaimed equity shares, unclaimed dividend, unclaimed share application money, investor presentations, etc.</p>
Social Media	Key events and happenings are shared by the Company through social media like Facebook, Twitter, Google Plus and YouTube.
Financial Results	The quarterly, half-yearly and annual results are published in Business Standard (all editions) and Vijaya Karnataka (Bangalore edition) regional language newspaper where the registered office of the Company is situated.

Corpfilng	Information sent to stock exchanges such as financial results, shareholding pattern is available at the common portal platform <a href="http://www.corpfiling.in">www.corpfiling.in</a> maintained by both NSE and BSE.
NEAPS	Stock exchange intimations are submitted to NSE through NSE Electronic Application Processing System (NEAPS).
BSE Listing Centre	Stock exchange intimations are submitted to BSE through BSE Listing Centre which came into operation from February 08, 2013.
Annual Report	The Directors' Report, Management Discussion and Analysis Report, Chairman's Message and the Corporate Governance Report form part of the Company's Annual Report and is available on the website of the Company.
Investor Servicing	The Company has designated a separate E-mail ID called <a href="mailto:investors@sobha.com">investors@sobha.com</a> for investor servicing.

#### Recommendation of Dividend and Dividend Payment Date

The Board of Directors has recommended a dividend of ₹ 7 for each equity share of ₹ 10.

The dividend amount is deposited in a separate bank account within 5 days from the date of Annual General Meeting and the same is paid to the shareholders within one week from the date of such deposit.

#### Dividend History

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

Financial Year	Rate of Dividend (%)	Dividend per Share (in ₹)
2006-07	55.00	5.50 per equity share of ₹10 each
2007-08	65.00	6.50 per equity share of ₹10 each
2008-09	10.00	1.00 per equity share of ₹10 each
2009-10	25.00	2.50 per equity share of ₹10 each
2010-11	30.00	3.00 per equity share of ₹10 each
2011-12	50.00	5.00 per equity share of ₹10 each

#### Other Information

Custodial Fee	The Company has paid custodial fees for the year 2013-14 to NSDL and CDSL on the basis of the number of beneficial accounts maintained by them.
Listing on Stock Exchanges	The equity shares of the Company are listed on the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE) since December 19, 2006.  The Company has paid the requisite Listing Fees to the stock exchanges for 2013-14.

Reconciliation of Share Capital Audit	In terms of Regulation 55A of the SEBI (Depositories and Participants) Regulations, 1996, reconciliation of Share Capital Audit is conducted every quarter by Mr. Natesh K, Practicing Company Secretary to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital and the report is forwarded to the Stock Exchanges where the shares of the Company are listed.
Outstanding GDRs / ADRs / Warrants / Convertible Instruments and their Impact on Equity	As on March 31, 2013, the Company does not have any outstanding GDRs / ADRs / Warrants / Convertible Instruments.
Legal Proceedings	There are no legal proceedings against the Company which are of material nature.
Location of Divisions	<p><b>Interiors Division:</b></p> <ul style="list-style-type: none"> <li>Plot No.9, JBLR Industrial Area, Hennagara (Post), Anekal Taluk, Bommasandra, Bangalore - 562 106</li> <li>Shed No.4, Anumepalli Agraharam Village, Krishnagiri District, Hosur Taluk, Tamil Nadu</li> </ul> <p><b>Glazing Division:</b></p> <ul style="list-style-type: none"> <li>Plot No.10, JBLR Industrial Area, Hennagara (Post), Anekal Taluk, Bommasandra, Bangalore - 562 106</li> <li>Plot No.G6, SIPCOT Industrial Park, Irungulam Village, Sriperumbudur Taluk, Kancheepuram District, Chennai - 602 105</li> </ul> <p><b>Concrete Products Division:</b></p> <ul style="list-style-type: none"> <li>Plot No # 329, Bommasandra Jigani Link Road, Industrial Area, Jigani, Anekal Taluk, Bangalore - 560 105</li> <li>Sector 106, 108 and 109, Babupur Village, Near New Palam Vihar, Gurgaon - 122 017</li> <li>Survey No: 822 / 828 / 829, Ahmed Nagar Road, Sanaswadi Post, Shirur Taluk, Pune - 412 208</li> </ul>

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

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



## Stock Price Data

Month	National Stock Exchange (NSE)				Bombay Stock Exchange (BSE)			
	High ₹	Low ₹	Average ₹	Volume No	High ₹	Low ₹	Average ₹	Volume No
April-12	368.50	301.00	329.47	3,460,813	366.80	304.25	329.29	475,934
May-12	333.90	282.50	312.68	4,056,999	333.00	282.45	312.70	402,063
June-12	354.95	285.30	318.71	3,142,795	356.75	285.60	318.75	371,942
July-12	358.90	325.50	339.39	3,271,054	359.00	325.60	339.81	239,748
August-12	369.95	322.30	341.83	2,762,288	370.70	322.00	341.58	278,696
September-12	370.00	325.30	341.06	2,631,751	370.00	322.30	341.01	102,158
October-12	393.30	351.00	370.22	2,509,365	394.00	346.00	369.44	231,640
November-12	410.00	338.95	362.13	3,306,102	398.00	338.15	362.67	1,268,698
December-12	397.00	350.00	375.87	1,707,202	395.90	352.00	375.29	81,960
January-13	446.70	372.10	405.76	4,365,589	447.45	378.00	405.87	706,792
February-13	473.00	365.30	421.68	5,871,848	472.40	365.00	421.39	1,184,536
March-13	498.30	339.00	394.57	3,315,694	429.00	330.95	393.96	658,915

The share price performance of the Company vis-à-vis the broad based indices during the financial year 2012-13 forms part of the Annual Report

## Shareholding Pattern

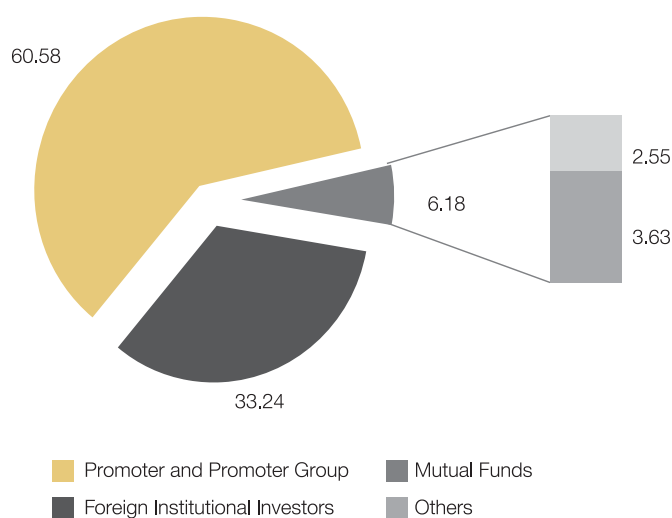
### Distribution of Shareholding as on March 31, 2013

Range of Equity Shares held	No. of Shareholders	%	Number of Shares	%
1 - 5000	55,797	98.8432	1,357,558	1.3844
5001 - 10000	268	0.4748	204,734	0.2088
10001 - 20000	120	0.2126	177,465	0.1810
20001 - 30000	27	0.0478	69,199	0.0706
30001 - 40000	12	0.0213	39,499	0.0403
40001 - 50000	14	0.0248	62,844	0.0641
50001 - 100000	41	0.0726	280,197	0.2857
100001 and above	171	0.3029	95,872,372	97.7652
<b>Total</b>	<b>56,450</b>	<b>100.00</b>	<b>98,063,868</b>	<b>100.00</b>

## Shareholding Pattern of the Company as on March 31, 2013

Category	No. of Shares	%
<b>Promoter Holdings:</b>		
Promoters	59,364,300	60.54
Relative of Promoter	45,000	0.04
<b>Total Promoter Holdings</b>	<b>59,409,300</b>	<b>60.58</b>
<b>Public Shareholding:</b>		
<b>Institutions</b>		
Mutual Funds	2,499,669	2.55
Financial Institutions and Banks	556,564	0.57
Foreign Institutional Investors (FII)	32,600,193	33.24
Foreign Venture Capital Investors	2,000	-*
<b>Others</b>		
Bodies Corporate	787,245	0.80
Individuals	1,808,142	1.84
Independent Directors	21,235	0.02
Clearing Member	85,541	0.09
Trusts	1,740	-*
Non Resident Indians (Repatriable)	142,016	0.15
Non Resident Indians (Non-Repatriable)	23,356	0.03
Overseas Corp Bodies	11	-*
Office Bearers	126,856	0.13
<b>Total Public Shareholding</b>	<b>38,654,568</b>	<b>39.42</b>
<b>Grand Total</b>	<b>98,063,868</b>	<b>100</b>

\*Less than 0.01%



### Top 10 Shareholders as on March 31, 2013

Sl No	Name of Shareholders	Category	No. of Shares	%
1	Mrs. Sobha Menon	Promoter	41,348,421	42.16
2	Mr. P.N.C. Menon	Promoter	12,488,522	12.73
3	Mr. P.N.C. Menon jointly with Mrs. Sobha Menon	Promoter	5,494,407	5.60
4	Eastspring Investments (Singapore) Limited A/C The Prudential Assurance Company Limited	FII	2,992,523	3.05
5	HSBC Bank (Mauritius) Limited A/C Jwalamukhi Investment Holdings	FII	2,796,600	2.85
6	Eastspring Investments India Equity Open Limited	FII	2,049,848	2.09
7	Morgan Stanley Mauritius Company Limited	FII	2,002,208	2.04
8	Aranda Investments (Mauritius) PTE Ltd	FII	1,601,407	1.63
9	Oppenheimer Developing Markets Fund	FII	1,480,095	1.51
10	Comgest Growth PLC A/C Comgest Growth India	FII	1,050,000	1.07
Total			73,304,031	74.73

### Share Capital History

Date of Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Nature of Consideration	Reasons for Allotment	Cumulative No. of Equity Shares	Cumulative Paid-up share capital (₹)
August 7, 1995	30	10	10	Cash	Subscribers to Memorandum	30	300
February 11, 1998	1,174,729	10	10	Cash	Further allotment	1,174,759	11,747,590
October 16, 1998	1,934,823	10	10	Cash	Further allotment	3,109,582	31,095,820
December 22, 1998	855,000	10	10	Cash	Further allotment	3,964,582	39,645,820
March 25, 1999	3,000,000	10	10	Cash	Further allotment	6,964,582	69,645,820
July 11, 2002	14,175,898	10	10	Cash	Further allotment	21,140,480	211,404,800
June 28, 2006	42,280,960	10	10	-	Bonus Issue in the ratio of 2:1	63,421,440	634,214,400
October 28, 2006*	97,245	10	617	Cash	Preferential Allotment-Pre IPO Placement to Bennett, Coleman & Co. Limited	63,518,685	635,186,850
October 28, 2006**	486,223	10	617	Cash	Preferential Allotment-Pre IPO Placement to Kotak Mahindra Private Equity Trustee Limited	64,004,908	640,049,080
December 12, 2006***	8,896,825	10	640	Cash	8,014,705 Equity Shares were allotted to the public and 882,120 Equity Shares were allotted pursuant to employee reservation pursuant to the Initial Public Offering	72,901,733	729,017,330
July 03, 2009****	25,162,135	10	209.4	Cash	Qualified Institutional Placement	98,063,868	980,638,680

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

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

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

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

### Shares Held in Physical and Dematerialised Form

The Company is in compliance with SEBI Circular No. CIR/ISD/3/2011 dated June 17, 2011 which states that the entire shareholding of promoter and promoter group should be in dematerialized form.

As on March 31, 2013, 99.999 % of the Company's shares were held in dematerialized form and the rest in physical form. The following is the break-up of the equity shares held in the electronic form and in the physical form.

Description	No of Shareholders	No of Shares	% of Equity
NSDL	41,376	97,312,752	99.234
CDSL	15,061	750,588	0.765
Physical	13	528	0.001
TOTAL	56,450	98,063,868	100.00



### Additional Shareholder Information

#### Procedure for Claiming Unpaid Dividend

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

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

Financial year	Date of declaration of dividend	Last date for claiming unpaid dividend	Unclaimed amount as on March 31, 2013 (₹)	Due date for transfer to Investor Education and Protection Fund
2006-07	August 13, 2007	August 12, 2014	164,780.00	September 11, 2014
2007-08	July 24, 2008	July 23, 2015	309,543.00	August 22, 2015
2008-09	June 24, 2009	June 23, 2016	401,791.00	July 22, 2016
2009-10	June 11, 2010	June 10, 2017	244,287.50	July 09, 2017
2010-11	June 30, 2011	June 29, 2018	203,616.00	July 28, 2018
2011-12	June 30, 2012	June 29, 2019	336,780.00	July 28, 2019

Members can claim the unpaid dividend from the Company before transfer to the Investor Education and Protection Fund. It may be noted that after the unpaid dividend is transferred to the said Fund, the same cannot

be claimed. Members who have so far not encashed the dividend warrant(s) are requested to make their claim to the Secretarial Department at the Registered and Corporate Office of the Company or send an email to [investors@sobha.com](mailto:investors@sobha.com)

#### Procedure for Claiming Refund of Share Application Money

In terms of Section 205C of the Companies Act, 1956, the application moneys received by companies for allotment of any securities and due for refund and lying unpaid or unclaimed for a period of seven years from the date they became due for payment, shall be transferred by the Company to the Investor Education and Protection Fund established by the Central Government.

Given below is a table providing the amount of share application money received during the Initial Public Offer of the Company which is due for refund and lying unpaid or unclaimed and the date when such amount is due to be transferred to the Central Government:

Unclaimed Amount as on March 31, 2013 (₹)	Last date for claiming Unclaimed Share Application Money	Due date for transfer to Investor Education and Protection Fund
662,800.00	November 25, 2013	December 11, 2013

During the current financial year, the Company will be required to transfer the unclaimed share application money to the Investor Education and Protection Fund. It may be noted that after the share application money is transferred to the said Fund, the same cannot be claimed. Applicants who have so far not claimed a refund of their share application money are requested to make their claim to the Secretarial Department at the Registered and Corporate Office of the Company or send an email to [investors@sobha.com](mailto:investors@sobha.com)

#### Procedure for Claiming Equity Shares Lying in the Unclaimed Suspense Account

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

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

Financial Year	Aggregate No. of Shareholders and outstanding equity shares as on April 01, 2012	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, 2013
2012-13	85 Shareholders and 861 outstanding equity shares	2 shareholders (20 equity shares)	2 shareholders (20 equity shares)	83 Shareholders and 841 outstanding equity shares

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

## Other Information

Corporate Identification Number	L45201KA1995PLC018475
Registered and Corporate Office	Sobha Developers Limited 'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore - 560 103
Date and Venue of the Annual General Meeting (AGM)	Date: July 05, 2013 Time: 10.00 am Venue: Registered and Corporate Office 'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore - 560 103
Financial Year	The financial year of the Company starts from 1st April of every year and ends on 31st March of the succeeding year.
Book Closure	The date of Book Closure is June 29, 2013
Declaration of Financial Results for financial year 2012-13	<ul style="list-style-type: none"> <li>• For quarter ending June 30, 2012 - August 07, 2012</li> <li>• For quarter ending September 30, 2012 - November 02, 2012</li> <li>• For quarter ending December 31, 2012 - January 31, 2013</li> <li>• For the year ending March 31, 2013 - May 10, 2013</li> </ul>
Securities and Exchange Board of India	Securities and Exchange Board of India SEBI Bhavan, Plot No.C4-A,'G' Block, Bandra Kurla Complex, Bandra(East), Mumbai - 400 051 Tel: 1800 266 7575 Website: <a href="http://www.sebi.gov.in">www.sebi.gov.in</a>   <a href="http://www.scores.gov.in">www.scores.gov.in</a>
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 8173 Website: <a href="http://www.nseindia.com">www.nseindia.com</a>
The Bombay Stock Exchange Limited	The Bombay Stock Exchange Limited Floor 25, P.J Towers, Dalal Street, Mumbai - 400 001 Tel: +91 22 2272 8286 Website: <a href="http://www.bseindia.com">www.bseindia.com</a>
National Securities Depository Limited	National Securities Depository Limited Trade World, 4th floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013 Tel: +91 22 2499 4200 Website: <a href="http://www.nsdl.co.in">www.nsdl.co.in</a>

Central Depository Services (India) Limited	Central Depository Services (India) Limited 17th floor, P J Towers, Dalal Street, Fort, Mumbai - 400 001 Tel: +91 22 2272 3333 Website: www.cdslindia.com
R&T Agents	Link Intime (India) Private Limited C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West) Mumbai - 400 078 Tel: +91 22 2594 6970 Fax: +91 22 2596 0329 Email: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>
Share Transfer System	Share transfers would be registered and returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects. The Company holds Share Transfer Committee Meetings up to three times a month or as may be required, for approving the transfers / transmissions of equity shares. Share transfers and other communication regarding share certificates and change of address, etc., may be addressed to the R&T Agents as mentioned above.
Nomination	Pursuant to the provisions of Section 109A of the Companies Act, 1956, members may file nomination in respect of their shareholdings:  For shares held in physical form, members are requested to give the nomination request to Registrar & Share Transfer Agents of the Company.  For shares held in dematerialised mode, members are requested to give the nomination request to their respective Depository Participants directly.

#### Address for Correspondence

##### For any queries, please write to

Mr. Kishore Kayarat  
Company Secretary & Compliance Officer  
Sobha Developers Limited  
'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli,  
Bellandur Post, Bangalore - 560 103  
Direct Line: +91 80 4205 2798  
Board Line: +91 80 4932 0000 | Extension: 6024  
Fax: +91 80 4932 0444  
Email: [kishore.kayarat@sobha.com](mailto:kishore.kayarat@sobha.com)  
[investors@sobha.com](mailto:investors@sobha.com)

##### For queries relating to financial statements, please write to

Mr. Ganesh Venkataraman  
Chief Financial Officer  
Sobha Developers Limited  
'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR),  
Devarabisanahalli,  
Bellandur Post, Bangalore - 560 103  
Telephone: +91 80 4932 0000 | Extension: 5026  
Fax: +91 80 4932 0444  
Email: [ganesh.v@sobha.com](mailto:ganesh.v@sobha.com)  
[investors@sobha.com](mailto:investors@sobha.com)



## SECRETARIAL AUDIT REPORT FOR THE YEAR ENDED MARCH 31, 2013

To,  
The Board of Directors,  
Sobha Developers Limited,  
Bangalore - 560 103

I have examined the records, registers and documents of **Sobha Developers Limited** (hereinafter referred to as ['the Company'] for the financial year ended on March 31, 2013, required to be maintained under the provisions of -

1. The Companies Act, 1956, hereinafter referred to as ('the Act'), rules made there under and also the provisions contained in the Memorandum of Association and Articles of Association of the Company;
2. The Equity Listing Agreements with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
3. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');
  - i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (since repealed) and the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
  - ii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

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

- A. The provisions of the Companies Act, 1956 ('the Act') and the Rules made there under

the Act and also the provisions contained in the Memorandum of Association and Articles of Association of the Company, with specific reference to:

- 1) The Company has kept and maintained the requisite registers and other records required under the Act, the Rules made there under. The Company on its own volition has kept and maintained the requisite registers and other records as per the Secretarial Standards issued by the Institute of Company Secretaries of India.
- 2) The Company has filed required forms, returns, documents and resolutions required to be filed with the Registrar of Companies, Ministry of Corporate Affairs.
- 3) The Company closed its Register of Members and Share Transfer Books on June 23, 2012 and necessary compliance of Section 154 of the Act has been made.
- 4) The Board of Directors of the Company is duly constituted in accordance with the Act and Clause 49 (I) (A) of the Listing Agreement.
- 5) The Board of Directors of the Company met 5 times, during the financial year viz. May 06, 2012, June 30, 2012, August 07, 2012, November 02, 2012 and January 31, 2013 in respect of which meetings, proper notices were given and

- the proceedings were properly recorded and signed in the Minutes book.
- 6) During the financial year, no Circular Resolution was passed by the Board of Directors of the Company.
  - 7) As per the declarations received by the Company, the Directors have disclosed their interest in other firms / companies to the Board of the Directors pursuant to the Provisions of Section 299 of the Act.
  - 8) As per the declarations received by the Company, none of the Directors are disqualified under Section 274(1)(g) of the Act read with the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003.
  - 9) The Audit Committee constituted as per the requirement of Section 292A of the Act and Listing Agreement duly met 4 times during the financial year, viz. May 06, 2012, August 07, 2012, November 02, 2012 and January 31, 2013 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes book.
  - 10) The meetings of the other Committees of the Board namely Investor Relations Committee, Nomination Remuneration and Governance Committee, Risk Management Committee and Share Transfer Committee were duly and properly convened and minutes of such meetings have been properly recorded and signed in the Minutes book maintained for the said purpose.
  - 11) The Annual General Meeting for the financial year ended on 31st March 2012, was held on June 30, 2012, after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
  - 12) During the financial year, no Extraordinary General Meeting of the Company was held.
  - 13) The Company has not advanced any Loan to its directors and / or persons or firms or companies referred in Section 295 of the Act.
  - 14) The Company has obtained approvals of the Members of the Company, the Board of Directors, and the Committees of Directors, wherever required.
  - 15) The appointment and remuneration of Managing Director, Whole-time Director, and other Directors of the Company have been made in accordance with the Articles of Association of the Company and the relevant provisions of the Act.
- During the year under review, Mr. P.N.C. Menon resigned from the directorship of the Company with effect from June 30, 2012. Mr. Ravi PNC Menon was appointed by the Board of Directors as the Co-Chairman with effect from May 06, 2012 and as the Chairman of the Company with effect from June 30, 2012. Further, Mr. Ravi PNC Menon was reappointed as a Whole-Time Director for a period of five years commencing from April 01, 2012 by the members of the Company in the Annual General Meeting held on June 30, 2012.
- 16) Pursuant to Section 256 of the Act, the Members had re-appointed Mr. M Damodaran and Mr. Anup Shah,

Directors retiring by rotation at the Annual General Meeting held on June 30, 2012.

- 17) The Company has re-appointed M/s. S.R. Batliboi & Associates, Chartered Accountants as Statutory Auditors of the Company in accordance with the Act.
- 18) The Company has deposited the amount of dividend declared at the Annual General Meeting held on June 30, 2012, in a separate bank account on July 04, 2012 with Axis Bank Limited within 5 days from the date of declaration of such dividend in accordance with the provisions of Section 205 of the Act.
- 19) During the period under review, the Company was not required to effect any transfer of the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to the Investor Education and Protection Fund.
- 20) The Company has not issued any Redeemable Non Convertible Debentures / Commercial Paper during the financial year and there are no outstanding Redeemable Non Convertible Debentures / Commercial Paper issued by the Company.
- 21) The Company has not issued any redeemable preference shares and there was no redemption of preference shares during the financial year.
- 22) The Company has not bought back any shares during the financial year.
- 23) The Company has not altered the provisions of the memorandum with respect to the situation of the Company's registered office from one State to another during the year under scrutiny.
- 24) The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
- 25) The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
- 26) The Company has not altered the provisions of the memorandum with respect to the Share Capital of the Company during the year under scrutiny.
- 27) The Company has not altered its Articles of Association during the financial year under report.
- 28) During the year under review, Sobha Highrise Ventures Private Limited became a subsidiary of the Company with effect from August 09, 2012. Also during the year, the Company has acquired the entire economic interest in "Sobha City" (Registered Partnership Firm).
- 29) The Company has obtained approval under Section 297 of the Act from the Regional Director, Ministry of Corporate Affairs, to enter into a contract with Sobha Projects and Trade Private Limited for purchasing firefighting, sanitary ware products, general light fittings, electrical equipment and related tools and accessories for a period of three years from January 07, 2013 to January 06, 2016 for an estimated value

of ₹ 900,000,000 (Rupees Ninety Crores only) per annum.

B. I further report that,

- 1) The equity shares of the Company are listed with Bombay Stock Exchange Limited bearing Stock Code No. 532784 and National Stock Exchange of India Limited bearing Stock Symbol 'SOBHA' and has complied with the requirements under the Equity Listing Agreements entered into with the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

C. I further report that,

- 1) The Company has complied with the provisions of the :
  - a) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations,

1997, including the provisions with regard to disclosures and maintenance of records required under the above Regulations (since repealed) and

- b) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, including the provisions with regard to disclosures and maintenance of records required under the above Regulations.
- 2) The Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the Regulations.



Nagendra D. Rao

Practising Company Secretary

Membership No. FCS - 5553

Certificate of Practice No. 7731

Place: Bangalore

Date : May 10, 2013

# Markets and Operating Environment

## Macro Economic Overview

The Indian economy still remains one of the fast growing economies in the world having registered growth rates of 8.6 % and 9.3 % in FY 2009-10 and FY 2010-11 respectively. However, on account of macro-economic uncertainties, it has showed signs of slow down in the last two financial years. The GDP growth was 6.2 % in FY 2011-12 which further dipped to 5.0% in the FY 2012-13. The two important sectors - manufacturing and services - grew at a lesser rate leading to the decline in GDP growth.

Nevertheless, moderating inflation and easing of regulatory requirements to induce investments is expected to provide the much needed stimulus for growth. The Economic Survey has pegged the GDP growth at around 6 % for the current financial year.

## Sector Overview

In India, the real estate sector is in an evolution phase. While the sector was historically dominated by a handful of players in the early 90's, it has witnessed a spate of new developers entering the fray in the recent years. The changing customer preferences of urban households have led to increasing demand for quality housing with value added amenities. This paradigm shift in customer preference and increasing customer awareness has attracted more professionals to the sector. The FDI policy issued by the Department of Industrial Policy and Promotion has further opened new windows of opportunities for the sector.

There are various factors which act as strong drivers for long term sustainable real estate demand in India

such as:

1. Continued economic growth
2. Trend towards nuclear families
3. Young working population
4. Rising disposable incomes
5. Increased urbanisation
6. Increased immigration
7. Inherent desire to own a home

The Economic Survey 2013 points the following interesting facts which have a bearing on the real estate sector:

1. The real estate sector contributed 10.8% of GDP while the housing sector contributed 5.9% of the GDP.
2. The per capita income is expected to increase by 11.7%.
3. Due to moderation of inflation, the Reserve Bank of India has undertaken certain monetary policies to ease the interest rates. The interest rates were marginally reduced, the benefit of which has been passed onto the customers. However, the banks have not yet passed on the benefits to the companies operating in the sector.
4. RBI, to prevent asset bubble in the real estate sector, continued to assign high risk weight-age to loans disbursed to the companies operating in the sector.
5. Despite the challenges faced by the economy, the housing credit has been growing.

6. There is thrust on providing low cost housing loans for the affordable housing segment.
7. The ECB Guidelines were relaxed to give an impetus to low cost housing projects.

However, in spite of importance of the sector, there are various short term factors which impact growth such as:

1. Inflation
2. Higher interest rates
3. High risk weight-age for loans to companies operating in the sector
4. Non-availability of low cost working capital
5. Employment growth
6. Time lag during the approval process while launching a project
7. Higher statutory levies
8. Non-availability of skilled manpower
9. Uncertainties surrounding land title

The employment generated in the construction and real estate sector is tremendous and it is, in fact, the second largest employer in the country. The development of the real estate and construction industry can also be directly linked to the development of approximately 300 different industries like cement, steel, building materials etc. It is, therefore, imperative that impetus should be provided to the construction and real estate sector so that overall economic development can be achieved.

#### Our Markets

In the real estate vertical, SOBHA has a presence in 7 cities spanning 5 States. The Company has added 3 new markets, viz. NCR, Chennai and Mysore during the last 3 financial years and looks to expand further into cities like Kochi, Kozhikode, Noida / Ghaziabad and Hyderabad.

Our primary markets, being Bangalore, Chennai, NCR, Pune and Thrissur, witnessed a strong user demand and continue to exhibit steady growth as compared to the previous year. The Company remains ideally placed in these markets with its superior quality of products. We expect this growth momentum to sustain and look to broaden our presence in the said cities.

Our prime focus will remain on the core residential business to generate positive cash flows through faster execution and monetization of receivables and to maintain the debt at optimum levels.

#### Regulatory Environment

Real Estate and Construction Industry remains one of the most highly regulated sectors in India. Apart from being overly regulated, the sector is also one of the highest tax paying sectors.

The Government has introduced the Real Estate (Regulation and Development) Bill, 2011 which was placed in the public domain for comments. The Bill seeks to establish a Real Estate Regulatory Authority for the planned development of the real estate sector. It also mandates prior registration with the Real Estate Regulatory Authority for any project exceeding 4,000 square meters and compliance with the requirements stated through a web enabled platform. It also provides for the establishment of a Real Estate Appellate Tribunal as a dispute redressal authority. This is a welcome step and would weed out players who do not have the expertise to meet customer commitments.

During the year, the Reserve Bank of India had issued Guidelines for allowing External Commercial Borrowings (ECB) for low cost housing projects. However, since the Company is not engaged in the business of low cost housing, any likely benefits accruing to the Company are not significant.

Due to increase in excise duty on cement and steel along with the introduction of a negative list in the

taxation of services, the end product costs have increased by 2%.

The Institute of Chartered Accountants of India had issued a revised Guidance Note on Accounting for Real Estate Transactions during the year which has resulted in lower revenue recognition and understatement of profits.

The Union Budget for the year 2013 - 2014 has evoked mixed response from the real estate and construction sector. The much awaited industry status for real estate companies has not still gained ground amongst the policy makers. There has been no sector specific initiatives like the erstwhile Section 80(IA) and Section 80(IB) of the Income Tax Act, 1961 in the Budget though such initiatives had resulted in revival of many other industries which are ancillary in nature and which

support the real estate and construction industry. However the introduction of Section 80(E) will be advantageous for first time home buyers. Though the introduction of withholding taxes in case of immovable property transactions is a welcome step to check the avoidance of taxes, the procedural hassles involved will have to be examined as to whether the provisions would yield the desired results. The abatement for service tax has been reduced from 75% to 70% in case of residential units beyond a carpet area of 2,000 square feet and where the unit value is more than ₹ 10 million whichever is higher.

While we continue to be optimistic about the markets we operate, we remain cautious about the macroeconomic headwinds and the regulatory hurdles being faced by the sector as a whole.



# Projects and work done in 2012-13

We have always given paramount importance to execution. With a robust backward integration model, the Company has always believed that its core strength lies in execution and timely delivery of Projects. The execution and delivery strengths of the Company have resulted in sustained development thereby creating a mark of credibility amongst various stakeholders.

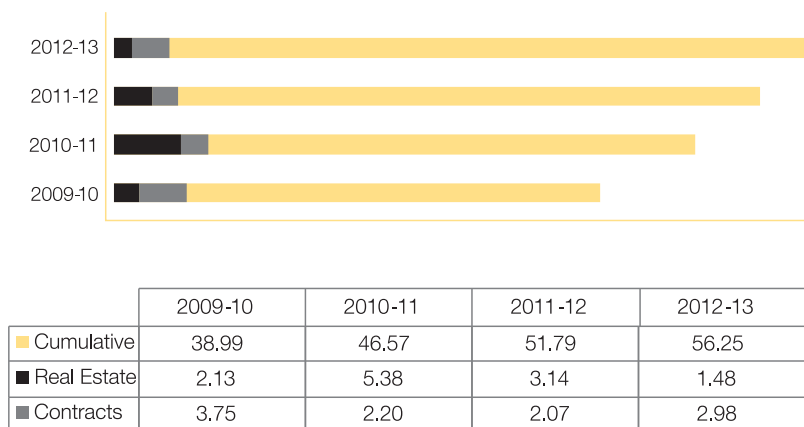
## Overall Execution

While the construction and development sector is influenced by the availability of construction finance and the availability of skilled manpower, SOBHA has during this financial year completed a total of 25

projects in its Real Estate and Contracting vertical, measuring 4.46 million square feet of developable area and 3.75 million square feet of Super Built-up area.

The Company has since inception executed 313 projects aggregating to 56.25 million square feet. The Company has been consistently launching new real estate projects and executing new contractual projects wherein significant project level investments are being continuously made. These ongoing projects are excluded from the purview of overall execution since on an average, a project takes around 3 to 4 years for completion.

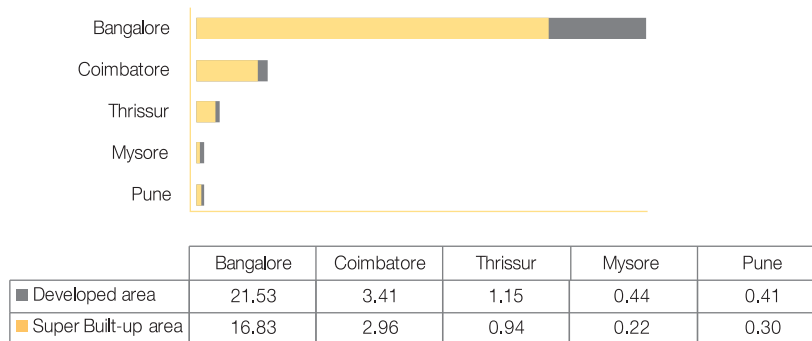
Execution Track Record  
[Area in Million Square Feet]



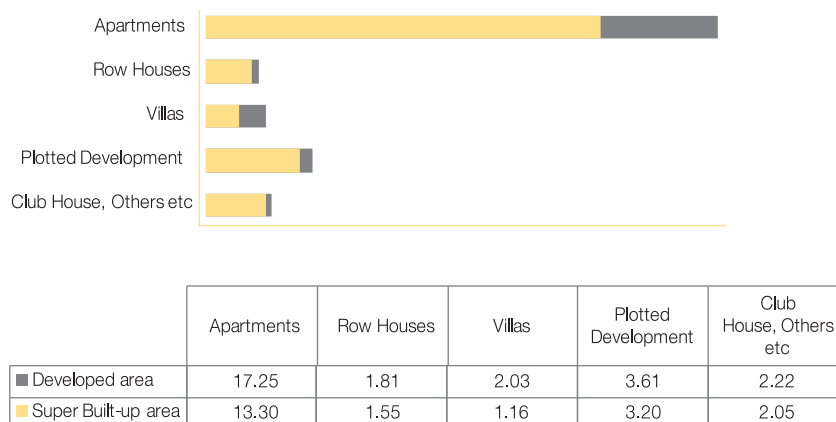
## Real Estate

In the real estate vertical, the Company has presence in 7 cities covering 5 states. During the financial year 2012-13, we completed 6 Real Estate projects measuring 1.48 million square feet of developable area and 0.77 million square feet of Super Built-up area. Since inception we have completed 85 real estate projects measuring 26.93 million square feet of developable area and 21.25 million square feet of Super Built-up area.

Real Estate Completed - Location Wise Breakup

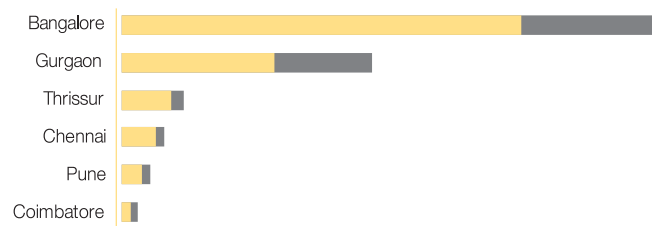


Real Estate Completed - Product Mix



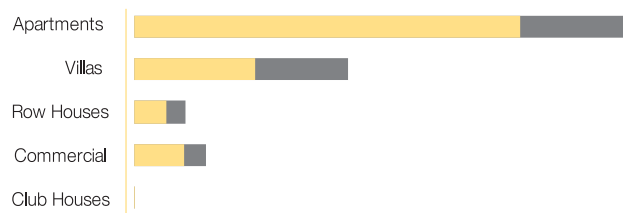
The Company currently has 43 ongoing real estate projects aggregating to 25.83 million square feet of developable area and 18.37 million square feet of super built up area.

Real Estate Ongoing - Location Wise Breakup



	Bangalore	Gurgaon	Thrissur	Chennai	Pune	Coimbatore
■ Developable area	14.77	6.88	1.72	1.19	0.79	0.47
■ Super Built-up area	10.99	4.22	1.36	0.95	0.59	0.26

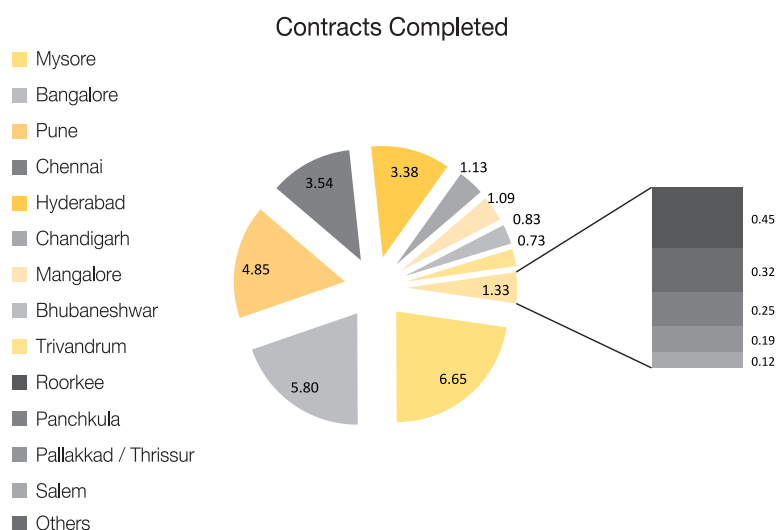
Real Estate Ongoing - Product Mix



	Apartments	Villas	Row Houses	Commercial	Club Houses
■ Developable area	15.31	6.65	1.60	2.23	0.04
■ Super Built-up area	12.01	3.77	1.00	1.55	0.04

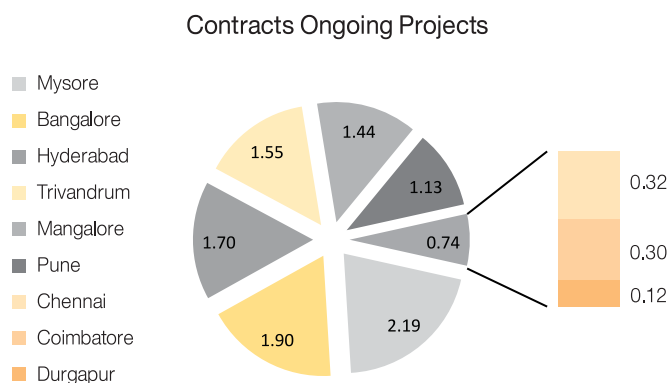
## Contractual

In the contracts vertical, the Company has since inception completed 228 real estate projects measuring 29.32 million square feet. During the financial year 2012-13, we completed 19 Contractual projects measuring 2.98 million square feet spread across 9 cities covering 5 states. We have 38 ongoing contractual projects aggregating to 10.65 million square feet in 9 cities covering 6 states.



### Others include:

Jaipur	0.09
Baddi	0.08
Noida	0.07
Gurgaon	0.05
Kolkata	0.02
Ooty	0.01
Kozhikode	0.01
Mumbai	0.01

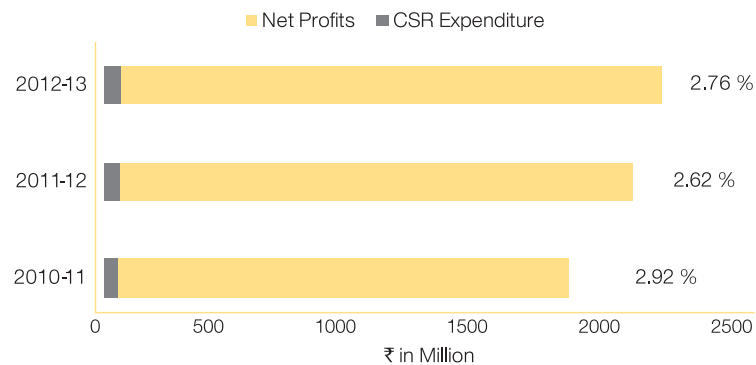


# Corporate Social Responsibility

At Sobha, CSR is not viewed merely as a responsibility; it is a philosophy ingrained in the very DNA of the organisation. To support our business operations, we derive and consume a considerable amount of resources from the ecosystem. Therefore, it is only equitable that the company pays its dues to the community.

In a country like India where there is a huge disparity between the rich and the poor, the privileged and underprivileged, the corporate sector, with its vast resources and managerial talent pool, is expected to assume a significant role in ushering a nation-wide social change. In fact, the new Companies Bill 2011 proposes to make expenditure on Corporate Social Responsibility (CSR) activities obligatory for prescribed classes of companies.

While the Bill mandates that up to 2% of average net profits made in the last three years should be disbursed towards CSR, Sobha has been voluntarily contributing a greater share of its profits towards social development.



The Sri Kurumba Trust has been set up to realise the objectives of our CSR initiative. Through its CSR model, the company has helped establish world-class facilities unmatched in quality and reach. Spread over a sprawling 23-acre campus with a built-up area of over 182,000 square feet, the facilities include a school, healthcare centre and old-age home with best-in-class amenities.

## The first step:

For bringing about lasting social change and

eradicating poverty, empowerment is the key factor. Extending the Gandhian concept of 'Gram Swaraj', two panchayats, Vadakkenchery and Kizhakkenchery in the district of Palakkad, Kerala, were brought into the ambit of Graamasobha in the year 2006.

To gain an in-depth understanding of the two villages from a socio-economic perspective, a comprehensive Social Empowerment Mapping Exercise (SEME) was undertaken. For about a year, a team of around 20 studied the incidence, extent, and severity of poverty of the beneficiaries.

15,000 families were covered by the exercise wherein nearly 2,500 families (around 11,000 people) were identified as most economically backward. The Graamasobha model was thus developed to raise the standard of living of the people and contribute to their holistic development. The measures undertaken are highlighted below.

### **Building a Future**

Right to Education is one of the fundamental rights enshrined in our constitution. Even so, not every child has access to education - particularly, a good standard of education. Without formal education, it is near impossible for people to rise above their circumstances and progress socially and economically.

To tap young minds and channelise their focus and energy, The Sobha Academy was set up in the year 2007. The Academy follows the ICSE curriculum and strives to impart free and quality education to underprivileged children. Applications for admission are scrutinised by the Social Empowerment Department (SED) and eligible candidates are shortlisted. The shortlisted candidates undergo a medical fitness test, and their family backgrounds are analysed to exclude false claims and protect the interests of genuine beneficiaries. Thereafter, the final selection is made through an open draw.

On admission, all expenses covering books, food, transportation and other basic amenities are borne by the Academy. The Sobha Academy is now 651 students strong and every year 90 new children are brought into the fold.

### **Rewarding Talent**

To expand the scope of our initiatives in the area of education, Sobha Icon was launched. This is a focus programme in which bright students from other government schools are selected and coached extensively to improve their knowledge of basic

subjects. With the help of academic professionals, over 100 students have benefited from the initiative. They have demonstrated better grasp and academic performance and have also been able to realise their full potential. The first batch of Sobha Icon comprising 32 students, who excelled in the SSLC examinations, was held this year. All of them passed with distinction and three students among them scored over 90 %.

For conducting regular classes, there is a proposal to start the Sobha Icon Higher Secondary Coaching Centre at Moolamcode, where a new facility is being put up.

A foundation programme called Shadow Icon for government school students from classes V to VII is also underway. It serves as the recruiting base for the Sobha Icon programme.

In an effort to maximise the benefits derived from the programmes, Sobha Academy, Sobha Icon and Shadow Icon convene regular meetings with parents, to discuss the progress of their children.

A new initiative, Sobha Medals for Academic Excellence has also been initiated. As part of it, SSLC examination rank holders for academic year 2012-13 were recognised and awarded in the CSR project areas.

### **Providing a Safe Haven**

Sobha Hermitage was established to provide shelter and assistance to disadvantaged members of the society. The Hermitage is an abode for senior citizens and young widows with their children. The objective is not only to provide a roof over their heads, but also to ensure that the residents are provided with all amenities necessary to lead a comfortable life.

Independent rooms, library, a common TV room, gym and Internet access are some of the basic facilities provided for the residents. The Hermitage also

provides round-the-clock medical support. Cultural activities and celebrations of birthdays and festivals are a regular feature of life at the Hermitage. The young widows, respectfully called young mothers, are provided with opportunities to complete their education and become self-reliant. Sobha Hermitage is operating at full occupancy with 19 elders and 18 young mothers (and their children) in residence.

### Quality Healthcare

Sobha Healthcare, established in the year 2007, provides free and easy access to primary healthcare. The families of 2,500 students of Sobha Academy, their parents, the residents and staff of Sobha Hermitage are recipients of the free medical services provided by this programme. The services include consultation, diagnostics, treatment and medicines.

The healthcare centre, with four day-care beds, has state-of-the art equipment and facilities. These include a digital ultrasound scanning system, a 300 MA X-Ray unit, an automated clinical laboratory as well as centralised oxygen facilities.

Sobha Healthcare conducts outreach programmes to assist the deprived at their doorstep. The Sobha Health Programme also provides for an annual medical screening of over 3,000 students from the surrounding government schools. The centre is planning to introduce speciality care for children and women. To spread awareness and expand the reach of its activities, the centre organised the "Cancer is Curable" programme in October 2012, which was conducted by a renowned oncologist.

Since its establishment, 1,45,670 patients have benefited from Sobha Healthcare. In the financial year 2012-13 alone, 21,816 patients have been provided with thoughtful treatments.

Apart from specific initiatives of the healthcare centre, the Graamasobha has also worked relentlessly towards

raising the standard of hygiene and cleanliness in the areas covered by the projects.

### Creating Employment Opportunities

Sobha Vocational Training Centre (SVTC) provides functional vocational training and paid apprenticeships in carpentry to youth hailing from the economically weaker sections of the society. The centre provides direct and indirect employment to many. Centres have also been set up to impart training in computer education, music and tailoring.

### Community Building

Sobha Community Centre is the stage for various community development programmes. This grand structure hosts social weddings, conducts medical camps and orientation/training classes. The centre has a spacious dining hall with a capacity of around 300 where the poor and destitute sections of the society are fed free of cost twice a day.

### Empowering Women

A comprehensive rehabilitation package for the 18 young mothers and 28 children residing at the Hermitage has also been undertaken. The young mothers are in the employment of Sobha Academy and adequately remunerated. They are also provided an opportunity to pursue their education free of cost. Their children are enrolled as students of Sobha Academy and imparted quality education. Separate apartments are to be constructed to which they can relocate later. Support is also extended to the widows if they want to remarry.

Around 50 widowed mothers and their children from selected Panchayats have also been extended the benefits from the widow outreach programme. Majority of these women are the unfortunate victims to the scourge of poverty and indebtedness. They are provided with basic living facilities and given a monthly

300 poor and destitute people are fed free of cost twice a day at Sobha Community Centre.

In fiscal 2013, 21816 patients were benefited from SOBHA Healthcare.



subsistence allowance. The children's educational expenses are met by the programme. Thus, the programme helps in the rehabilitation of widows and children, paving way for their integration with the society.

#### Enhancing the social fabric

The Social Wedding Programme is an initiative aimed at removing the curse of dowry that is plaguing our society. It enables people belonging to the economically weaker sections to get married. Dowry-less mass social weddings are organised and so far, 371 weddings have been conducted. Around 40 couples are married under this initiative every year. The wedding expenses are sponsored and the couples are provided with the necessities required to embark on their marital life. Pre-marriage counselling is held and assistance is also rendered post marriage, if required. The wedding expense for each couple is approximately ₹ 1,25,000.

#### Sustaining Development

Sobha's initiatives in the area of sustainability are not restricted to its core business operations alone.

Several green initiatives are underway in the CSR project areas. An entire campus was constructed without any alterations being made to the terrain with more than 3,000 plants and herbs planted and rainwater-harvesting methods implemented. As part of an initiative towards contributing to food security, around 25 acres of land was brought under paddy and vegetable cultivation. Waste management is a priority and effective means are in place to process the waste generated. The campus is also a plastic free and no-smoking area.

#### Rising for other causes

We have also been proactive in providing relief to flood-hit families in the Panchayats. The affected families were provided assistance for the reconstruction of their damaged houses. Support is also extended to other projects such as maintaining the community pond, and providing financial aid to needy and deserving students admitted to engineering and medical graduate courses.

CSR at Sobha will remain a priority and continue to evolve, striving to provide comprehensive and sustainable social development of rural India.

25 acres of land in the CSR site has been brought under paddy and vegetable cultivation.

# Research and Development



Sobha's online innovation portal



Think, Act, Share, Celebrate



Innovation remains a defining feature of our work culture as it drives one of our most-treasured values - excellence. Our strategy is about providing solutions at every link of the life cycle of the project as we believe that a well-tuned project operation not only saves time and money, but helps reap benefits in energy efficiency and climate protection as well.

Our Research & Development (R&D) and Quality, Safety & Technology (QST) teams work in tandem to constantly make internal workflows and processes more efficient. We also have a dedicated QST lab, which is a hub of information and features our best practices.

We make intensive use of an in-house virtual application, IdeaSpace, which ensures organisational participation in identifying new best practices. Ideas pertaining to different areas of operations are invited and judged on the following four parameters: quality, feasibility, safety and customer orientation. Models that can lead to improved business performance are implemented across locations. They are also showcased in an exhibition, Genesis, which is organised by SOBHA twice a year to celebrate creativeness and innovation.

Monthly Value Engineering workshops are held to help participants analyse and suggest innovative and practical solutions to improve the efficiency of our processes.

SOBHA drives innovation at three levels:

- Central Innovation
- Divisional Innovation
- Project-specific Innovation

## Central Innovation

### a) Sobha Mobile app

To build a mobile strategy and enhance the overall customer experience by providing a mobile-friendly interface, we have created our own mobile app. Available in Apple iOS and Android platforms, the Sobha App has all the details, amenities and specifications of the ongoing and completed projects, floor plans, image gallery & videos. It also enables one to navigate to the project locations with Google maps and send enquiries. This branding initiative is proving to be a hit as it helps users connect with SOBHA in a whole new way - that is faster and smarter!



## b) Inventory module

As the inventory status is critical for the supply chain efficiency, the details of the material receipts and the material consumption of the project sites are recorded in the ERP. This helps us get real-time information on the stock status both project and material wise. It improves productivity as the reorder can be initiated on time and there is no gap in material delivery.

## c) Competency module for talent identification & training

A competency module that maps the competency level, skills and experience of our workforce has been designed in our ERP. By referring to this comprehensive and instantaneous data, one can easily allocate tradesmen/engineers to the sites, do a skill-gap analysis and understand the areas in which a particular employee requires training.



## d) Dashboard

To generate latest data specific to certain crucial functions of work at the mere click of a button, we have a dashboard in place - a software program that handles and processes bulk MIS information so that key data values are represented in a concise numerical language. Our dashboard has real-time information and graphical representations on the fly of the current status of Key Performance Indicators (KPIs) of particular functions like Sales, Purchase or HR, which enables the user to make an instant and informed analysis at a glance.

## e) Towards faster project deliveries

### 11-day slab cycle

It has always been a challenge for civil engineers and project managers to achieve the best possible slab-to-slab cycle of a building under construction. To attain optimal efficiency, the activities of technicians and the resource movement of a normal 18-day slab cycle was observed and an 11 -day micro schedule, which involved the use of cuplock and scaffolding system, was prepared carefully eliminating the critical path delays. This new methodology requires a careful engineering evaluation of the mix design to achieve the desired strength. To save more time, a compression testing device for concrete is made available at the project sites to avoid any delays in getting the strength of concrete tested.

### Installing captive batching plants

We have set up captive concrete batching plants in many of our project sites as they ensure reliable supply with exact deployment of concrete. It helps in preventing wastage and gaining better control of quality.

### Stirrup making machine

The stirrup is an important element in construction as it provides reinforcement and rigidity to columns and beams. In India, usually, the stirrups are made manually, but this has many drawbacks like lack of accuracy and low productivity. To combat it, we have installed a stirrup making machine for mass production of stirrups - hundreds of accurate stirrups are produced per shift, thus saving time and manpower.

#### Improved formwork system

There are many types of formwork systems that are gaining prominence today. At SOBHA, we use the more advanced ones like Mivan, S-form and table formwork to build our structures. A traditional shuttering system deploys the use of wood, but the entire process, though cost-effective, is time consuming. Steel or aluminium frames are used in conventional systems which are quick but costly. Our R&D team is working on making a new shuttering system that can provide effective cost and time optimisation.

#### f) Building Information Model (BIM)

For accurate planning in construction, SOBHA uses 3-D Building Information Modelling (BIM). It manages not just graphics, but also information and allows automatic generation of drawings and reports, design analysis, schedule simulation, facilities management, and more ultimately enabling the building team to make better-informed decisions.

### Divisional Innovation

#### a) GFRC

Sobha Concrete Product Division (CPD) has set up a Glass Fibre Reinforced Concrete (GFRC) manufacturing unit at Jigani, Bangalore. The GFRC plant is used in mass manufacturing of beautiful and durable architectural products such as wall panels, window surrounds, column covers, soffits, cornices, brackets, quoins, railings, pilasters, copings, domes, site furnishings, planters, bollards, et al. From avant-garde forms to intricate historical details the plant can be used to make any design a reality. The automated production process ensures superior product quality. This state-of-the-art unit is one of the first in India to provide test reports for GFRC products. The machinery and equipment are imported from the United Kingdom (Power Sprays). This strategic and innovative move further strengthens our key differentiation of being the largest backward integrated real estate organisation. The products manufactured at GFRC unit have been extensively used at Sobha City - the Company's best selling apartment project in Bangalore.

GFRC entrance facade at SOBHA City, Bangalore



## b) New innovations in Sobha Restoplus

Over the years, our mattress manufacturing unit, Sobha Restoplus, has redefined the art of sleeping with its best-in-class products. Beneath the superfine finishing and multi-layered cushioning, is a wealth of technology, design and engineering. Following are some of the latest innovations. Hard & soft combination mattress: Sobha Restoplus has developed mattresses with two different tensions - hard and soft. It is specially designed for couples who require a mattress with two distinct comfort levels. The result is more luxurious comfort and better pressure distribution, without compromising on the resiliency or longevity.

Spine rest: All day long, it is your spine that holds your body up, which is why it needs more rest. The sheer thought to help one have a healthy spine became the backbone of this product - a polyfibrefilled spine support with an arm rest. Made with visco polypropylene upholstery fabric, it is designed to suit different body types. It can very conveniently be placed on a chair, bed and even carried along just about anywhere as it can turn any niche into a sitting area with a comfy back support!

The comfy and handy spine rest from SOBHA Restoplus



## Project-specific innovation

### a) Block work adhesive

We have developed a procedure to construct a concrete block masonry using an adhesive and an applicator. The adhesive holds the porous blocks together much more efficiently than the traditional fixing system does and it's a lot more airtight as there is improved adhesion between the blocks. One of the biggest advantages is that no curing required after the block work is completed - a timesaving and sustainable alternative indeed. The applicator is designed in such a way that it applies adhesive only to the areas which come in contact with the hollow block. The dimensions of the webs of the hollow block have been taken into account to minimise wastage of adhesive.

### b) Terrace insulation system

SOBHA tackles insulation of heated terraces in a unique way. Instead of the conventional terrace flooring, bar faced pavers are used over S1 pavers. As the raised floor (of bar pavers) has higher R - value, it controls the temperature variation in the below compartments thus considerably reducing the heat transfer rate. The thermal layer not only provides an easy access for waterproofing needs but also adds an aesthetic appeal to the terrace flooring. To achieve better solar reflection, the raised floor is coated with a heat reflective paint.

# Employees

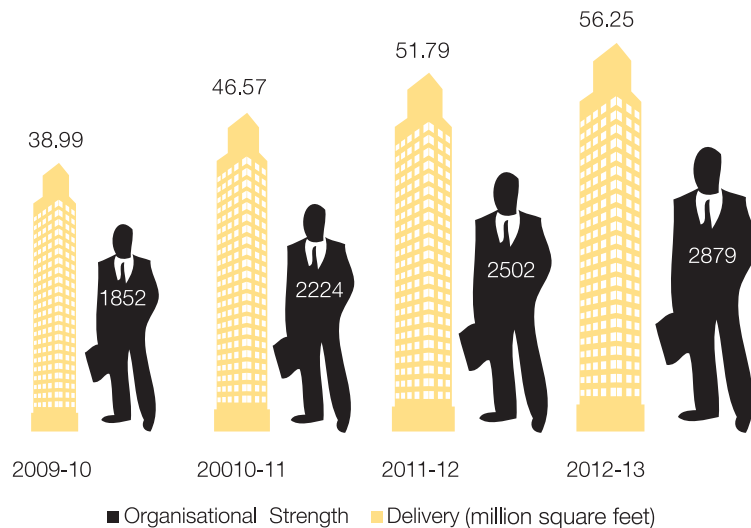
The average age of SOBHA's workforce is 30.6 years

Be it architects, designers, engineers, accountants or sales personnel, the real estate sector is highly people-centric. The execution and delivery capabilities of a real estate company are directly proportional to the availability of skilled manpower. At SOBHA, talent management is given utmost importance and employee safety and welfare is considered intrinsic to the growth of the Company and for achieving operational sustainability.

## Organisational Strength

SOBHA is one of the largest employers in the real estate sector and has 27 departments and 3 manufacturing divisions. We also have five regional offices located at New Delhi, Chennai, Coimbatore, Thrissur and

Pune. As of March 31, 2013, SOBHA has employed a workforce of 2,879 up 15 % from 2,502 in March 31, 2012. In fact, in the post-recession period, SOBHA's employee count grew substantially, from 1,852 in 2009-10 to its current strength of 2,879, an increase of 56%. The delivery levels of the Company during the period also increased from 38.99 million square feet to 56.25 million square feet, an increase of 44.27%. The ongoing projects are excluded from the purview of overall execution since, on an average, a project takes around 3 to 4 years to complete. The increase in delivery levels reflects the healthy and successful recovery of the Company and its ability to provide employment to a greater section of the people.



### Workforce Diversity

The Company follows a policy of inclusive growth sans any discriminatory practices based on gender, caste, regional affiliation and physical disability. Emphasis is placed on talent, experience, pro-activeness and any employee who displays willingness and aptitude for growth, is provided with ample opportunities in the organisation.

We have a young workforce with an average age of 30.6 years. Brimming with innovative and creative ideas, they bring with them a fresh and unbiased approach to work. They are the conduits of delivery and the drivers of Company's growth momentum. The senior employees in the organisation with their wealth of knowledge and experience act as mentors and steer the Company in the right direction.

### Recruitment, Training and Development

The Company follows a detailed and comprehensive recruitment process. Prospective employees are screened across varied parameters under the three broad categories: technical, functional and behavioural competencies. When a new employee joins the organisation, he or she undergoes an induction programme which includes a visit to the Company's manufacturing facilities. The induction programme gives a broad overview of the Company, its processes and policies and fosters seamless integration of the new recruits into the organisational set-up.

SOBHA's social media initiatives have also encompassed the aspect of hiring / recruitment. In addition to posting relevant job requirements on its social media platforms (Facebook, Twitter, LinkedIn, Google+), the penetration of SOBHA's social media initiatives has seen an inflow of resumes / applications from aspiring applicants for jobs/internships. Since August 2012 till date, there have been close to 100 resumes received through the social media platforms

alone. Taking this momentum forward, SOBHA is poised to optimise its channels and focus on increasing talent sourced through social media to complement traditional hiring / recruitment methods.

The Company has developed in-depth training and development modules which are constantly upgraded based on advancements in technology and the advent of new practices and methods. The training methods and processes followed by the Company facilitate twin focus on quality and execution. Employees undergo extensive on-site and off-site training to hone their skills to enable them to meet the quality standards set by the Company.

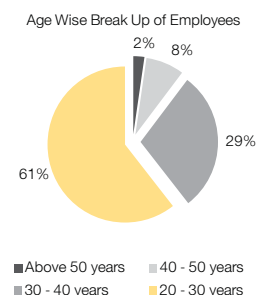
We have an in-depth Technology Manual which contains detailed descriptions of the procedures followed at our project sites individually for different trades and functions involved in construction. It serves as a reference point for all employees, in particular, the execution team. Initiatives like these help us in achieving standardisation of delivery across multiple sites and locations.

The Management Trainee Scheme is a leadership development programme wherein talented civil engineers from reputed educational institutes are selected and groomed into future leaders. The intensive training sessions equip the trainees with the necessary skill sets and knowledge to handle critical functions of project management and delivery.

The Company also provides internship opportunities where the interns are exposed to a professional work environment, world-class manufacturing facilities, innovative and benchmark practices in construction and development.

The training structure is as follows:

1. Induction programmes for all new recruits to acquaint them with the organisation structure, business units, departments and work processes.





2. Twenty-four hours each of mandatory behavioural and technical training every year.
3. Reverse training at project sites. In this, employees don the mantle of trainers and impart their knowledge and experience to others.
4. Workforce development training programmes to address the concerns of construction workers and contribute to their overall wellbeing.

#### **Sobha Academy**

The Company is committed to the personal and occupational growth of all its employees. The Leadership, Development and Training Department located in the Sobha Academy, Bangalore, is entrusted with the responsibility of overseeing the development graph of employees. The Academy has ten in-house trainers who conduct behavioural and technical training programmes throughout the year.

#### **Technical Training**

Extensive and rigorous technical training is imparted to artisans, technicians and employees directly involved in project execution. The technical training module covers processes such as earthwork & marking, formwork & reinforcement, waterproofing & painting, masonry & plastering, aluminium fixtures, wood & metal works, reinforcement, tiling marble & granite, project planning & management and specialised formwork.

The Company has identified 28 distinct activities which go into the execution of a project. Each of these activities needs to be completed in a particular sequence employing the appropriate methodology, technique and tools. Activity-specific training provides a clear structure and direction to project execution, reduces complexity and assures project delivery at par with international standards.

Masons, carpenters, brick and tile layers and other craftsmen are selected and trained in batches of 25-30.

The trainees are taught about quality consciousness, adherence to safety procedures and workspace cleanliness.

Technicians are methodically and meticulously instructed and trained in each aspect of their trade. A novice technician undergoes theoretical and practical training for an average of four weeks. On-the-job training under the supervision and direction of skilled and experienced technicians is provided for a period of eight weeks. After twelve weeks of precision training, the technician's skills are tested and the level of proficiency attained is assessed. This is further supplemented by nine-month execution training. After a technician's basic skill set reaches the desired proficiency level, he is trained to acquire higher and advanced skills.

#### **Behavioural Training**

Both execution and department staff of the Company are required to undergo behavioural training. The behavioural training module covers a wide range of subjects such as Interpersonal Skills, Time Management, Communication Skills, Etiquette & Mannerism, Team Building, Industrial Relations, Man Management, Motivation Skills, Interviewing Skills, Art of Success, Work Life Balance etc. The intent of behavioural training is to provide employees with an opportunity to develop their innate talent, hone their skills, and contribute towards self-development and self-actualisation.

During the financial year 2012-13, the Company conducted a total of 13,560 hours of technical training and 44,640 hours of behavioural training for the employees.

The training process at SOBHA is an ongoing and continuous one and new training modules are introduced every year to meet the development requirements of the employees and the organisation.

### Productive Work Environment

A co-operative, conducive and safe working environment is ensured by the Company which maximises the productivity levels of the employees. SOBHA periodically assesses the efficiency and performance of its employees against established targets. Parameters such as prevailing industry standards, company performance, cost and revenue per employee are analysed and performance based increments are given. High-performing individuals are recognised for their efforts resulting in their career advancement.

### Talent Retention

Being one of the largest real estate companies in the country, the Company attracts a wide-pool of talented and competent individuals. At the same time, association and experience with Brand SOBHA makes our employees highly sought-after by other organisations operating in the sector. The real challenge lies in retaining our employees and minimising employee turnover. The transparent, open and supportive work culture at SOBHA facilitates employee participation and involvement at all levels. The Company also focuses on the overall development of employees through well-designed training programmes. It also encourages employees to air their grievances and tries to address their genuine needs and concerns. Deserving employees are recognised and awarded - this boosts their morale and increases their affinity towards the organisation. Employee-friendly environment and policies help the Company in retaining the best of talent and ensures that the organisational objectives are met.

### Employee-Specific Initiatives

#### Creative Club

The Creative Club of the organisation works towards enlivening the work life of the employees. The Club

ensures that important occasions such as Earth Day, World Plumbing Day, Earth Hour and Environment Day receive organisation-wide support and participation. Key festivals are celebrated through theme-based festivities. It is responsible for organising 'Sobha Utsav', an annual cultural celebration wherein employees are given a platform to showcase their talent and creativity. The Club also conducts regular, open-for-all toastmasters meetings for enhancing the communication skills of the employees.

### Employee Safety Measures

The Company considers safety of employees to be of paramount importance. Fire-fighting and first aid training is imparted to employees on a periodic basis. Safety Day is observed by all project sites annually where the construction workforce is briefed about the safety procedures to be followed and the sites which achieved zero accidents are rewarded.

### Employee Communiqué

The organisation-wide news and developments are communicated to the employees through 'Innervé', an in-house magazine of the company that is published on a quarterly basis. The publication carries insightful articles from senior management, recognises high-performing employees and also invites contribution from employees. Innervé acts as an effective tool of internal communication and bolsters the employer-employee relationship.

### Acknowledgement

The credible performance of the Company in financial year 2012-13 is due to the efforts, dedication and performance of our employees. The Company would like to express its gratitude for the support and assistance rendered by its employees and expects the spirit of teamwork to continue in the years to come.

# Risk Management Report

An enterprise is always exposed to a variety of risks that impact its performance. In today's dynamic and multi-faceted environment, an organisation's survival and success depends largely on its ability to identify pitfalls, anticipate change, take calculated risks, and in its preparedness to meet unforeseen events. A risk management strategy aims at the identification, assessment, prioritisation and mitigation of the various risks faced by a company. Effective decision-making hinges on the ability to comprehend the root cause of a problem, a proper understanding of the underlying risks, identifying alternatives, weighing the pros and cons of each alternative and, the selection and implementation of the most suitable alternative.

During the financial year 2012-13, the Board of Directors constituted a Risk Management Committee to oversee the risk management function of the company. The committee is entrusted with the following broad responsibilities:

1. Oversee and approve the risk management policies and procedures of the company.
2. Oversee the design and implementation of the risk management function in conjunction with existing business processes and systems to manage the company's business risks.
3. Establish a mechanism for reviewing the identified risks, the continuous evaluation of the risk management process, and the progress of the action initiated.

The committee reports to the Board of Directors and Audit Committee of the company.

Risks can broadly be classified as internal and external. Internal risks are those which are intrinsic to the sector, and the environment in which the company operates. External risks are those which are generally beyond the control of the company.

## General Risk Profile of the Company

The various risks faced by the company, the extent to which these risks can be controlled, and their possible impact on the operations and results of the company are mapped below.

Impact on the Company		Degree of Control	
	Significant	Medium	Low
Significant	Project Implementation Risk	Input Costs Risk Liquidity Risk Sales Market Risk	Sector Specific Risk Interest Rate Risk Regulatory Risk
Medium	Customer Relation Risk	Supply Chain Risk Personnel Risk	Borrowing Risk Competition Risk
Low	Land Related Risk	Diversification & Investment Risk Credit Risk	Legal Risk Political Risk Disaster Risk

## Risk Interaction

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

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

## I. Internal Risks

### Sales Market Risk

Customer sentiments play a vital role in determining the performance of a real estate company. While owning a home is an aspiration for many in India, the decision to purchase can always be deferred. A decline in the real estate market may cause potential buyers to remain risk averse, and market spending to turn cautious.

The downturn in the economy could also lead to a decrease in sales or market rates for residential and contractual projects. Prospective customers may not be able to obtain housing finance. The company may also run the risk of customer insolvencies. These factors could decrease the revenue generated from some or all of the company's residential, commercial

and contractual businesses, and adversely affect the business and future growth of the company.

### Customer Risk

A significant portion of sales from real estate operations is generated from Bengaluru, which is the base of the company's operations. A decline in the Bengaluru real estate market, entry of new competitors, or a shift in customer preference may have an adverse effect on the company's business and operating results. A substantial portion of revenues from contractual projects is generated from one major client operating in the information technology sector. If this client either reduces or stops providing the company with contractual projects, or if there is a slowdown in the IT sector, it could adversely affect the company's business.

### **Borrowing Risk**

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

### **Liquidity Risk**

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

### **Land Related Risk**

One of the primary inputs for a construction company is the availability of land. The unavailability or shortage of suitable parcels of land for development could lead to escalation in land prices. Such escalations could adversely affect the business. Also, the availability of land, its use, and development are subject to regulations by various local authorities. In India, the uncertainty of underlying title of land is also a major factor involving the risk of legal disputes and related costs.

### **Diversification & Investment Risk**

Expansion into new geographies exposes the company to risks such as a low level of familiarity with the development of properties in that area and attracting

potential customers in a new market. Competitors may be better known in these markets and might enjoy better relationships with landowners and joint-venture partners. They could have early access to information regarding attractive land parcels and be better placed to acquire such land.

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

### **Credit Risk**

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

### **Project Implementation Risk**

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

### **Input Costs Risk**

Fluctuating input cost is a risk inherent to the real estate business. The company's operations are subject to budget overruns due to a number of factors like increase in construction costs, repair and maintenance costs, sub-contracted service costs

and labour costs. Increased operating expenses may affect profit margins as the prices of properties sold cannot be altered. Correspondingly, if the selling price of unsold properties is increased, the demand may be adversely affected.

### Supply Chain Risk

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

### Personnel Risk

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

### IT and System Risk

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

### Risk Containment Strategy and Measures

The risks described above are intrinsic to the sector in which the company operates. The company's endeavour is to produce high-value products for quality conscious and discerning customers. The majority of our customers are not dependent on external financing and are able to self-finance the purchase of our products. We have a dedicated and robust in-

house sales and marketing team, which is entrusted with the task of generating enquiries for the products and translating these into sales. This reduces the reliance on external agents and brokers. A Customer Relationship Management (CRM) department has also been constituted to exclusively interact with customers, resolve their queries, address issues, streamline the purchase process and receive feedback. An online portal has been designed for customers where they can share their views and also check on the status of the project. The core responsibility of the CRM function is to ensure smooth and hassle-free transactions to the satisfaction of the customer.

On the real estate front, the company has been steadily expanding its geographic presence. This diversification has reduced its dependence on a single market. Bengaluru, which at one point used to account for the entire sales of the company, now accounts for only 60 - 65 % of new sales.

On the contractual projects' front, there has been a conscious effort to enlarge the client base. Catering to a wide pool of corporates and institutions ensures that dependence on any one particular client is reduced.

The company has an excellent track record in servicing its debt obligations and enjoys professional relationships with leading public, private and foreign sector banks. The gearing levels of the company have been efficiently managed in the last four financial years. The gearing ratio has come down from 1.76 in 2008-09 to 0.57 in 2012-13. As on March 31, 2013, the company has unutilised borrowing limits of ₹ 6,530 million. The management believes in maintaining an optimum level of debt and is committed to keeping debt equity within the range of 0.50 - 0.60.

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

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

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

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

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

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

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

## **II. External Risks**

### **Sector Specific Risk**

Uncertainties in global and national economic systems, changing demographic profile of the country, inflation - all of these have a bearing on the functioning of companies operating in the real estate sector. The per capita income of the country has witnessed a steady growth and there has been a consequent increase in the purchasing power of customers. However, a

downturn in the future may see increased levels of unemployment and a decline in income levels. This may impact the operations of the company.

The company's business is dependent on the availability of real estate financing in India. Economic slowdown and rising inflation may result in limited availability of funds.

### **Interest Rate Risk**

The company has incurred floating-rate indebtedness for its projects to a certain extent. Interest rates are subject to a number of factors, including government, monetary and tax policies, domestic/international economic and political conditions, and other factors beyond the company's control. Changes in interest rates may increase the company's cost of borrowing and impact its profitability.

### **Competition Risk**

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

### **Regulatory Risk**

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

### **Legal Risk**

The company is involved in certain legal proceedings relating to the lands owned by it and claims in relation to taxation matters. Any adverse decision may have



a significant effect on the company's business, prospects and financials.

#### **Political Risk**

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

#### **Disaster Risks**

The occurrence of natural disasters, including earthquakes, fires, pandemic disease and man-made disasters like acts of terrorism and military actions could adversely affect the company's operating results.

#### **Risk Containment Strategy and Measures**

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

SOBHA is one of the leading real estate companies in the country. With continuous improvement in construction processes and strengthening marketing and sales activities, we have been able to create a niche for ourselves in the market. Our products have an associated brand value built on quality and delivery, giving us an edge over our competitors.

The company has a strong in-house legal department. It also engages experts to mitigate legal and regulatory risks. It is an active member of trade associations like CREDAI, CII and FICCI and is involved in making joint representations to the government and regulators on common issues faced by the sector. The company takes adequate insurance cover for managing disaster-related risks and takes suitable measures to reduce the incidence of man-made disasters.

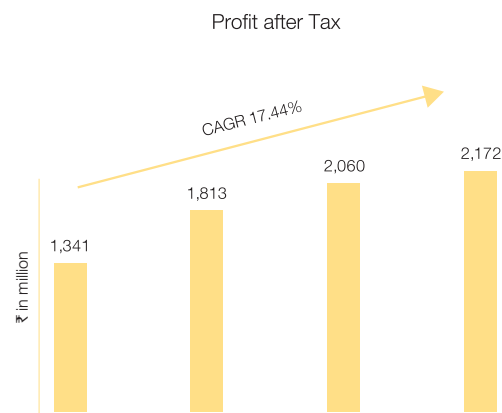
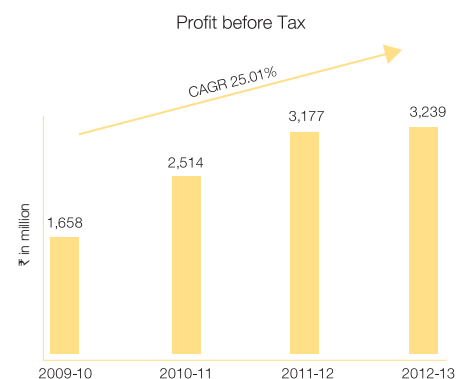
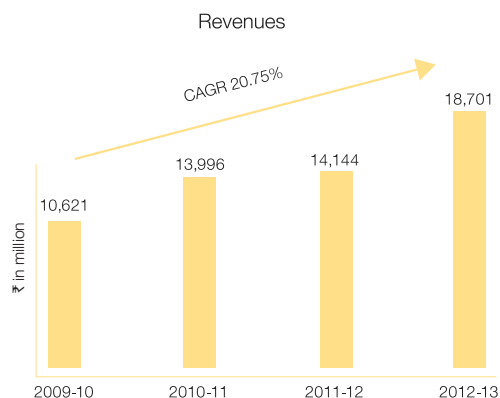
The Risk Management Committee reviews and advises the management on all categories of risks the company faces, the exposure in each category and on the acceptable and appropriate levels of these exposures. It also monitors the steps taken by the management to control such exposures. The Audit Committee and Board of Directors of the company are also apprised of the risks faced by the company, and of the adequate and timely risk management measures taken to mitigate them.

# Operational and Financial Analysis

While macro economic realities like slowdown in economic growth, inflation, rising interest rates and widening fiscal deficit continues to impact the construction and real estate sector, the operations of the Company have shown resilience and our financial performance touched a new high during the financial year 2012-13.

Since the economic downturn during the year 2008 - 2009, the Company has followed a clear strategy of keeping its debt at manageable levels, leveraging on execution and delivery capabilities and monetizing non-core assets. Our continued focus and clear cut strategy has resulted in sustained growth and our financial performance during the financial year is impressive as we could achieve:

- Highest ever new sales value of ₹ 22.15 billion
- Highest ever collections of ₹ 21.23 billion
- Highest ever average price realization of ₹ 5,897 per square feet
- Highest ever new area sold comprising of 3.76 million square feet
- Highest ever turnover of ₹ 18.70 billion
- Highest ever EBITDA of ₹ 5.54 billion
- Highest ever PBT of ₹ 3.24 billion

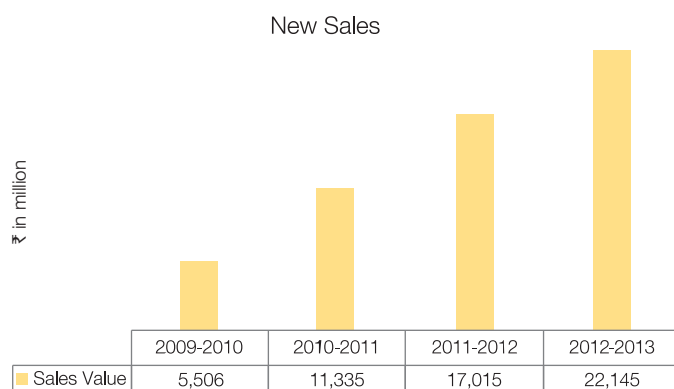


The Institute of Chartered Accountants of India had issued a revised Guidance Note on Accounting for Real Estate Transactions during the year. The new revenue recognition policy has resulted in lower revenue recognition and lower profits before taxes of ₹ 777 million and ₹ 482 million respectively during the year ended March 31, 2013.

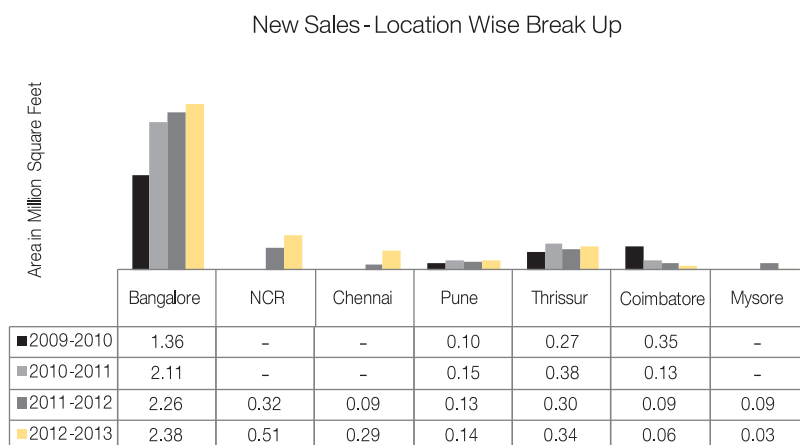
## Sustained Improvement in New Sales

The long term real estate demand outlook for construction and real estate sector in India remains upbeat due to higher rate of urbanisation, favourable

demographics, growing incomes and an inherent desire to own a home. However, during the financial year 2012-13, macroeconomic challenges like inflation, fiscal deficit and higher interest rate have restricted the Sector from achieving its full potential. Despite the tough environment, the Company has achieved the highest ever new sales in the financial year 2012-13.



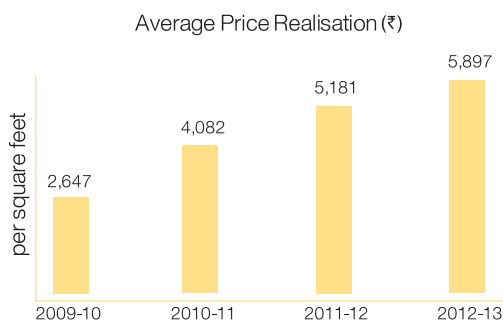
The compounded annual rate of growth in new sales over the past four financial years is 59.03 %. The new sales has increased by 30.15 % Y-O-Y.



During the year under review, sales increased substantially in Bangalore, NCR and Chennai as compared to the previous financial year. The launch of products in the new markets, i.e. NCR and Chennai has yielded significant results. The NCR Project was the largest selling villa project in the country during the year.

### Product Pricing and Realisation

The Company has always believed that its core competency lies in the Luxury and Super Luxury segment. During the year, the Company has achieved an average price realisation of ₹ 5,897 per square feet as compared to ₹ 5,181 per square feet during the previous year.

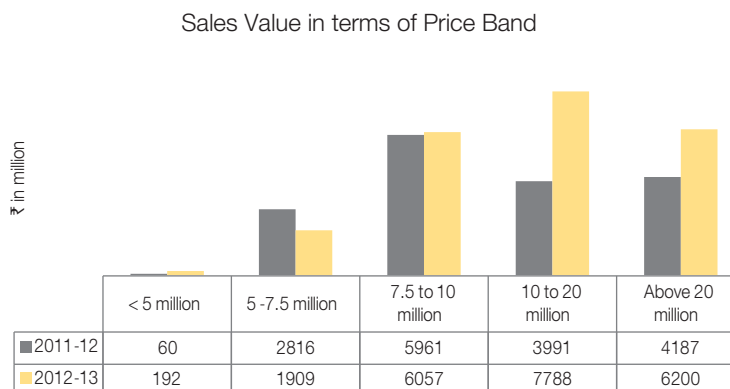


The compounded annual rate of growth in average price realisation over the past four financial years is 30.60 % which indicates that the Company has been able to successfully recover from the recessionary lows of 2008 - 09.

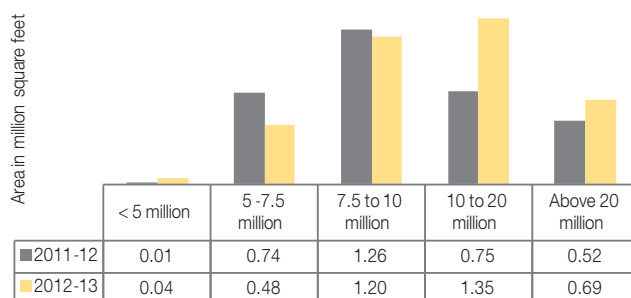
The average price realisation has increased by 13.82 % Y-O-Y.

Our core competency has always been to provide superior products with enduring value. The average ticket size of our products is ₹ 7.5 million and above. Factors such as increasing income levels, emergence of dual income households and urbanisation have made this one of the fast growing segments in the real estate space. The Company's strength lies in its ability to cater to the ever increasing demand from customers belonging to this stratum.

The classification of the new sales in terms of various price bands is as follows:



Area Sold in terms of Price Band

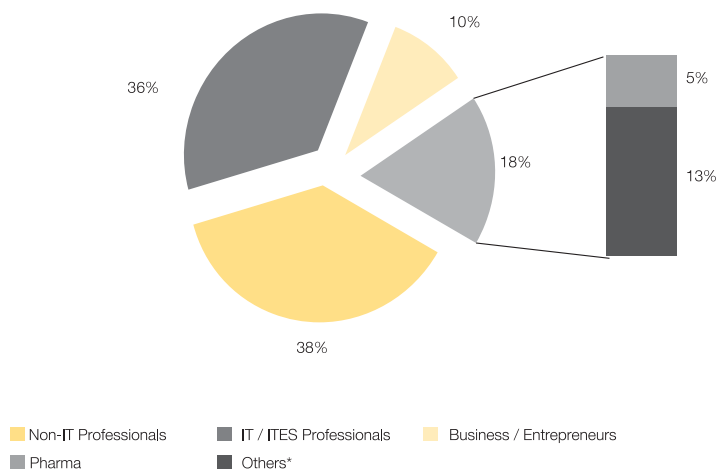


\* < 5 million represents 1BHK units constructed as per the requirements of local laws in Chennai, Tamil Nadu.

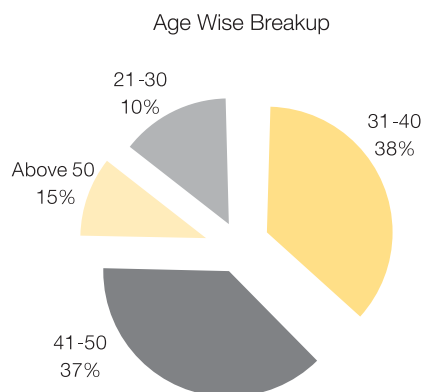
### Our Customers

Customers are critical for growth especially for companies operating in the real estate sector. A deeper analysis of the profile of the customers indicates the quality and the commitment of the customers. It has a healthy mix comprising of IT/ITES Professionals, Non IT Professionals and Entrepreneurs. Our customer profile is not skewed to any specific category of customers. A diverse mix of customers indicates that our business is not dependent on the viability or growth of a specific sector or a profession.

Profession Wise Breakup

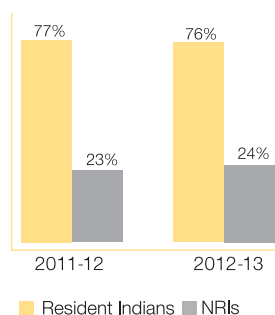
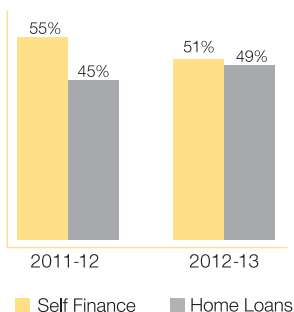


\* Others include agriculturists, house wives, government employees etc.



An analysis of our home buyers has revealed that the majority of the buyers are not dependent on external financing. This self funding ability of our customers gives us confidence that the demand for our products will continue to see an upward momentum.

The graph depicts the pattern of our customers who have depended on mortgaged based financing to purchase the products of the Company. There has not been any major shift in this trend compared to the previous financial year.



% of our customers are from the NRI category and this trend has continued in the financial year 2012-13.

The Company has established a representative office in Dubai and a Branch Office in Singapore to market the products of the Company among the NRI community who wish to invest in their homeland. A considerable 23 % - 24

## Real Estate

The main strength of the Company is its ability to consistently deliver quality products in the real estate space. The real estate operations of the Company are currently spread across 7 cities with plans to further expand into 4 new cities in the financial year 2013-14.

Following is the performance of the Real Estate Vertical in the past four financial years.

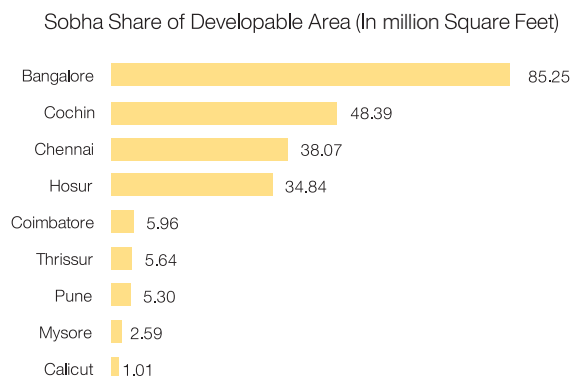
	2012-13	2011-12	2010-11	2009-10
Share of Revenue	14,112.19	10,313.69	10,739.34	7,930.49
% of Revenue	75.46	72.92	76.73	74.66

The compounded annual rate of growth in revenue from real estate operations over the past four financial years is 21.18%. The revenue has increased by 36.83% Y-O-Y.

## Land Portfolio

Land Portfolio is the key differentiating asset for a real estate company. The ability to acquire land parcels at competitive prices or enter into Joint Developments for future launches helps in maximising profits for the Company. The Company has a land portfolio comprising of 2,651 Acres wherein the Company holds an economic interest of 2,558 Acres. The majority of the land portfolio has already been paid for. An amount of ₹ 1,997 million is payable as a part of its commitments to acquire the balance economic interest. The overall cost per square feet of the land portfolio is ₹ 180 and the FSI cost is ₹ 88 per square feet which is one of the lowest in the industry.

The location wise distribution of the land portfolio is given below:



### Project Launches

During the year, the Company has launched 4 real estate projects - 2 projects in Bangalore and 1 each in Coimbatore and Thrissur comprising a total developable area of 2.64 million square feet. In Bangalore, the Company had launched Sobha Indraprastha covering an area of 1.51 million square feet and Sobha Morzaria Grandeur covering an area of 0.36 million square feet. In Coimbatore, the Company had launched Sobha West Hill covering an area of 0.26 million square feet. In Thrissur, Sobha Jade was launched covering an area of 0.51 million square feet.

### Successful entry into new Geographies

Though it is generally perceived that real estate is a regional play devoid of opportunities beyond the home turf, the Company has been consistently venturing into new cities. In the last three financial years, the Company has entered into three new markets, viz. NCR, Chennai and Mysore. The Company's foray into the new markets has been successful as the products launched by the Company in these three locations have been well received. The Company also has a rich and varied experience of successfully executing contractual projects in 21 cities and 13 states. This experience combined with the success achieved in the new markets has encouraged us to expand further and we plan to launch projects in Kozhikode, Kochi, Noida / Ghaziabad and Hyderabad. With this, the Company will have a presence in 11 diverse markers involving 6 states.

### Forthcoming Projects

In the next 4 to 6 quarters, the Company proposes to launch projects measuring about 12.02 million square feet in which it has an economic interest of 8.95 million square feet.

### Contracting

The contracts vertical has been executing orders ranging from civil structures, furnishes, MEP works,

metal and glazing works and interior furnishings for reputed clients such as Bosch, ITC, Biocon, Huwaei Technologies, Manipal Group, Institute of Public Enterprises (IPE), Pan Card Club, Trident Hotel, Magna Warehousing and many more including Infosys. The contracts vertical of the Company has been a significant contributor to the revenue stream of the Company. With more than 10 million square feet of contractual orders under progress and new contractual orders (excluding Infosys) worth ₹ 1,228 million received during the financial year 2012-13, the contractual operations will continue to be a steady source of revenue generation.

Following is the performance of the Contracts Vertical:

	2012-13	2011-12	2010-11	2009-10
Share of Revenue	3,013.06	2,347.51	2,341.86	1,702.89
% of Revenue	16.10	16.61	16.73	16.03

### Manufacturing

SOBHA is a fully backward integrated company which helps in developing key competencies and utilise in-house resources to deliver a project from conceptualisation to completion. Backward integration ensures that the products and services required for the construction and development of a project meet our desired standards of quality and are delivered on a timely basis. This also ensures that the products are superior and the Company has a reduced dependence on external suppliers. The quality of the end product is monitored and the substantial product related improvements can be carried out. The Company believes that the Backward Integration model has been one of the important factors for our successful execution track record without compromising on quality.

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

### Glazing and Metal Works Division

The Glazing and Metal Works Division of the Company



deals with metal and steel fabrication, aluminium and steel structures and has facilities in Bangalore and Chennai.

#### Interiors and Mattresses Division

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

#### Concrete Products Division

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

Following is the sales performance (net of excise duty) of the Manufacturing Vertical:

	2012-13	2011-12	2010-11	2009-10
Glazing and Metal Works Division	756.44	745.36	466.99	546.03
Interiors and Mattresses Division	556.33	524.71	321.40	370.09
Concrete Products Division	164.29	123.02	52.03	32.77
Total	1,477.06	1,393.09	840.42	948.89
% of Revenue	7.89	9.86	6.00	8.93

#### Cash Flows

Cash inflows on account of collections from customers crossed ₹ 21 billion during the financial year, which is a new milestone achieved by the Company.

The cash flow summary for the financial year 2012-2013 under direct cash flow method is as follows:

	₹ in million
	2012-13
Operational cash inflow	21,232.58
Operational cash outflow	15,298.44
Net operational cash inflow	5,934.14

The Company has collected ₹ 21.23 billion during the year from real estate, contractual and manufacturing activities. After expending on construction expenses for real estate, contractual, manufacturing activities, overheads, etc. the net operating cash inflows were ₹ 5,934.14 million.

Out of the above, the Company has utilised ₹ 1,999.30 million towards payment of interest and ₹ 915.10 million for income taxes. This leads to a surplus of ₹ 3,019.74 million of which the Company utilised ₹ 2,388.31 million towards land payments during the year.

The Company has acquired 100% economic interest (previous year 70%) in 'Sobha City', partnership firm by making payment of ₹ 479.04 million during this year. In addition to this, the Company incurred ₹ 877.42 million towards capex expenditure and ₹ 569.53 million for dividend payments including tax.

The Company met additional cash outflows through increase in borrowings by ₹ 1,379.69 million.

Indirect method of Cash Flow forms part of the Financial Statements.

#### Debt

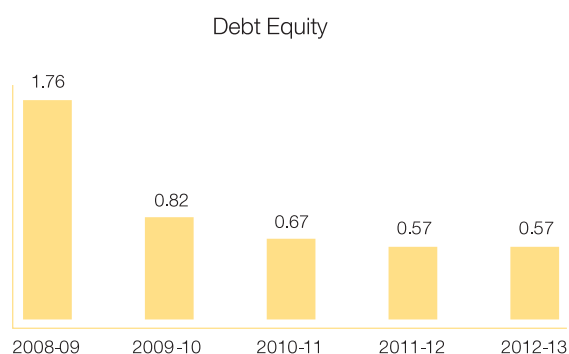
Since the economic downturn of 2008-09, the Company has successfully brought down its debt levels from ₹ 19,107.58 million in the year 2008-09 to ₹ 12,209.37 million. The reduction of debt is mainly on account of increase in operating cash flows through higher volume of execution and improved sales coupled with various proactive measures taken by the Company in the form of further capital infusion and monetisation of land portfolio. While leverage is important to achieve growth, the Company is committed to peg its debt-equity in the range of 0.50-0.60.

	₹ in million	
	2012-2013	2011-2012
Gross Debt*	13,024.03	12,031.16
Cash and Bank Deposits	(814.95)	(689.61)
Net Debt	12,209.37	11,341.55
Debt Equity Ratio	0.57	0.57

\*Gross Debt represents debt due to third parties other than Joint Venture Partners and also excludes amount

due to leasing companies.

Following graph depicts the movement of net debt during the last 5 financial years:

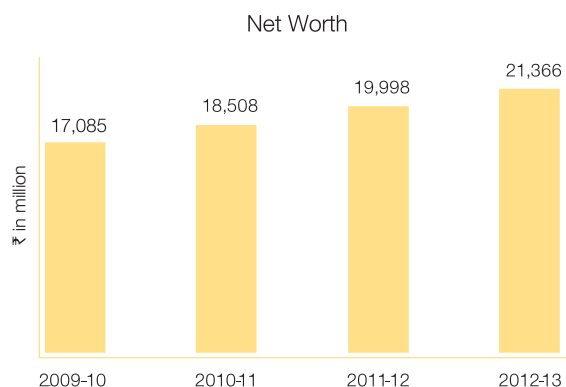


During the year, the Company has spent ₹ 2,388.30 million to acquire land, ₹ 479.04 million to acquire additional share in a partnership firm and ₹ 877.42 million for purchasing fixed assets. The Company repaid ₹ 4,822.86 million of borrowings during the year.

Despite the requirement of cash outflow of ₹ 8,567.62 million as aforesaid, the net debt (represents debt due to third parties other than Joint Venture Partners and also excludes amount due to leasing companies) increased by ₹ 1,233.86 million only. The debt equity stands at 0.57. As on March 31, 2013, Net Debt to EBITDA stands at 2.20.

### Net Worth

The net worth of the Company as on March 31, 2013 was ₹ 21,366 million.



The compounded annual rate of growth in net worth over the past four financial years is 7.84 %. The net worth has increased by 6.84 % Y-O-Y.

### Fixed Assets

During the financial year 2012-13, the gross addition in Fixed Assets was ₹ 929.32 million. About 54 % of gross block addition was spent on Plant and Machinery and 31.3 % on scaffolding items.

### Current Assets

During the financial year 2012-13, the Current Assets increased by ₹ 6,944.53 million as compared to the previous year. This is mainly on account of increase in inventories by ₹ 2,258.18 million, unbilled revenue by ₹ 2,210.48 million and on account of advance paid to acquire land by ₹ 1,151.56 million.

### Current Liabilities

During the financial year 2012-13, the Current Liabilities increased by ₹ 4,526.07 million. This is on account of increase in short term borrowings by ₹ 1,010.15 million, trade payables by ₹ 443.50 million and other current liabilities (increase in advance received from customers) by ₹ 3,216.06 million.

### Dividends

The Company aims to follow a consistent Dividend Payout while striving to achieve a trade off between deployment of internal accruals for growth and the payment of dividends. With improved sales performance supported by steady cash flows, the Board has recommended a dividend of ₹ 7 per equity share for the year.

### Guidance

The Company had for the financial year 2012-2013 set a guidance of new sales valued at ₹ 20 billion comprising of 3.75 million square feet. Despite a challenging macro-economic environment, the Company outperformed the guidance with new sales valued at ₹ 22.15 billion comprising of 3.76 million square feet.

The Company has set a guidance of new sales value of ₹ 26 billion measuring around 4.20 million square feet during the financial year 2013-14 and is confident of successfully achieving the same.

## CEO and CFO Certification

### Chief Executive Officer and Chief Financial Officer Certificate

(As per Clause 49 of the Listing Agreement)

We certify that:

1. We have reviewed the financial statements and cash flow statement of Sobha Developers Limited for the financial year ended 31st March 2013 and to the best of our knowledge and belief;
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. To the best of our knowledge and belief, there are, no transactions entered into by the Company during the financial year ended 31st March 2013, which are fraudulent, illegal or violating the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls over financial reporting and we have evaluated the effectiveness of Internal Control Systems of the Company over financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls over financial reporting, if any, of which we are aware and the steps we have taken, propose to take to rectify these deficiencies. In our opinion, there are adequate internal controls over financial reporting.
4. We have indicated to the auditors and the audit committee:
  - (i) significant changes / improvements in internal controls over financial reporting during the financial year ended 31st March 2013.
  - (ii) significant changes in accounting policies made during the financial year ended 31st March 2013, if any, have been disclosed in the notes to the financial statements.
  - (iii) That there are no instances of fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Bengaluru  
May 10, 2013



Ganesh Venkataraman  
Chief Financial Officer



J C Sharma  
Vice Chairman and  
Managing Director

## Independent Auditors' Report

To the Members of Sobha Developers Limited

### Report on the financial statements

We have audited the accompanying financial statements of Sobha Developers Limited ('the Company') which comprise the balance sheet as at March 31, 2013, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making

those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- c) in the case of cash flow statement, of the cash flows for the year ended on that date.

### Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by

the Company so far as appears from our examination of those books;

- c) The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the balance sheet, statement of profit and loss and cash flow statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- e) On the basis of the written representations received from the directors, as on March 31, 2013, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

#### Other matter

We did not audit the financial information as regards Company's share in profits of partnership firm (post tax) amounting to Rs.131 million for the year ended March 31, 2013. The financial information has been audited by other auditors whose reports have been furnished to us, and the Company's share in profits of partnership firm investments has been included in the accompanying financial statements solely based on the report of other auditors. Our opinion is not qualified in respect of this matter

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



per Adarsh Ranka  
Partner  
Membership No.: 209567

Place: Bengaluru  
Date: May 10, 2013

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

Re: Sobha Developers Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were not material, and have been properly dealt with in the books of account.
- (iii) (a) The Company has granted unsecured loan and subscribed to unsecured debentures to two parties covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was ₹ 866.60 million and the year-end balance was ₹447.54 million.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans/ debentures are not prima facie prejudicial to the interest of the Company

- (c) The loans granted are re-payable on demand and the repayment of the principal amount and interest is as demanded and thus, there has been no default on the part of the parties to whom the money has been lent. The unsecured debentures are compulsorily convertible into equity shares on expiry of 19 years from date of issue or on happening of certain events. As explained to us, events warranting conversion of compulsorily convertible debentures have not happened. The payment of interest is regular as per the agreed terms.
- (d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) In respect of transactions made in pursuance of such contracts or arrangements exceeding value of ₹ 0.50 million entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, related to the construction of buildings/ structures and other related activities, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, excise duty, wealth-tax, service tax, customs duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, wealth-tax, service tax, sales-tax, income-tax, customs duty, excise duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

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

Name of the statute	Nature of dues	Amount * (₹ in million)	Period to which amount relates	Forum where dispute is pending
Andhra Pradesh Sales Tax Act	Basis of charge of sales tax	5.25	2002-04	Sales Tax Appellate Tribunal
Andhra Pradesh Sales Tax Act	Basis of charge of sales tax	1.61	2005-08	Sales Tax Appellate Tribunal
Karnataka Sales Tax Act	Basis of charge of sales tax	30.68	1998-06	Sales Tax Appellate Tribunal
Karnataka Sales Tax Act	Basis of charge of sales tax	64.55	2003-05	High Court
Karnataka Sales Tax Act	Basis of charge of sales tax	127.27	2007-08	High Court
Income Tax Act	Differential tax treatment	3.54	1999-01	High Court
Income Tax Act	Disallowances	0.40	2008-09	Assessing officer
Income Tax Act	Disallowances	4.60	2007-11	Additional Commissioner of Income Tax
Income Tax Act	Disallowances	153.21	2005-07	High Court
Finance Act, 1994 (Service Tax Provisions)	Basis of valuation	95.67	2006-08	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994 (Service Tax Provisions)	Disallowances	4.23	2002-07	Commissioner of Central Excise and Service Tax
Finance Act, 1994 (Service Tax Provisions)	Service tax demand	111.65	2008-11	Central Excise and Service Tax Appellate Tribunal
Customs Act, 1962	Differential tax treatment	1.27	2010-11	Assistant Commissioner (Customs)

\* Net of ₹ 142.86 million, paid under protest

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor s Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor s Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof in our opinion are not prima facie prejudicial to the



interest of the Company considering Company's economic interest in such entities.

(xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions

of clause 4(xx) of the Order are not applicable to the Company.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

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



per Adarsh Ranka  
Partner

Membership No.: 209567

Place: Bengaluru

Date: May 10, 2013



## Balance sheet as at March 31, 2013

	Notes	31-Mar-13 ₹ million	31-Mar-12 ₹ million
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	980.64	980.64
Reserves and surplus	4	20,186.85	19,024.23
		<u>21,167.49</u>	<u>20,004.87</u>
<b>Non-current liabilities</b>			
Long-term borrowings	5	149.04	244.40
Deferred tax liability (net)	13	638.11	330.37
Trade payables	6	177.62	177.62
Long-term provisions	7	14.47	20.68
		<u>979.24</u>	<u>773.07</u>
<b>Current liabilities</b>			
Short-term borrowings	8	10,784.64	10,849.49
Trade payables	9	4,072.99	3,212.71
<b>Other current liabilities</b>	9	8,424.94	4,636.15
Short-term provisions	7	1,264.91	1,236.27
		<u>24,547.48</u>	<u>19,934.62</u>
<b>TOTAL</b>		<u><b>46,694.21</b></u>	<u><b>40,712.56</b></u>
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	10	3,128.01	2,739.60
Intangible assets	11	40.73	57.93
Capital work-in-progress		-	12.75
Non-current investments	12	2,478.30	1,539.13
Long-term loans and advances	14	4,287.90	5,501.94
Trade receivables	15.1	20.23	51.25
Other non-current assets	15.2	88.62	78.85
		<u>10,043.79</u>	<u>9,981.45</u>
<b>Current assets</b>			
Inventories	16	15,879.56	14,365.37
Trade receivables	15.1	1,646.73	1,117.19
<b>Cash and bank balances</b>	17	545.23	532.95
Short-term loans and advances	14	13,978.11	12,573.67
Other current assets	15.2	4,600.79	2,141.93
		<u>36,650.42</u>	<u>30,731.11</u>
<b>TOTAL</b>		<u><b>46,694.21</b></u>	<u><b>40,712.56</b></u>

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements.  
As per our report of even date

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

per Adarsh Ranka  
Partner  
Membership No.: 209567

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

Ravi PNC Menon  
Chairman

Ganesh Venkataraman  
Chief Financial Officer

J.C. Sharma  
Vice Chairman and  
Managing Director

Kishore Kayarath  
Company Secretary and  
Compliance Officer

Place: Bengaluru  
Date: May 10, 2013

Place: Bengaluru  
Date: May 10, 2013

## Statement of profit and loss for the year ended March 31, 2013

	Notes	31-Mar-13 ₹ million	31-Mar-12 ₹ million
<b>Income</b>			
Revenue from operations (gross)	18	18,104.47	14,020.79
Less : Excise duty		74.26	55.11
<b>Revenue from operations (net)</b>		<b>18,030.21</b>	<b>13,965.68</b>
Other income	19	76.73	62.73
<b>Total revenue</b>		<b>18,106.94</b>	<b>14,028.41</b>
<b>Expenses</b>			
Land purchase cost		1,136.37	2,586.68
Cost of raw material and components consumed	20	1,078.09	1,011.01
(Increase)/ decrease in inventories of building materials, finished goods, stock in trade - flats, land stock and work-in-progress	21	(1,487.65)	(4,591.01)
Purchase of project materials		5,045.12	2,867.09
Subcontractor and labour charges		3,465.08	2,803.94
Employee benefits expense	22	1,635.45	1,267.49
Depreciation and amortization expense	24	559.65	387.78
Finance costs	25	1,428.66	1,061.71
Other expenses	23	2,368.30	3,681.36
<b>Total</b>		<b>15,229.07</b>	<b>11,076.05</b>
<b>Profit before tax</b>		<b>2,877.87</b>	<b>2,952.36</b>
<b>Tax expenses</b>			
Current tax		604.40	586.90
Deferred tax charge/ (credit)		307.74	404.16
MAT credit entitlement		-	(47.20)
<b>Total tax expense</b>		<b>912.14</b>	<b>943.86</b>
<b>Profit for the year</b>		<b>1,965.73</b>	<b>2,008.50</b>
Earnings per equity share [nominal value of ₹ 10 (Previous year - ₹ 10)]			
Basic and Diluted	27	20.06	20.48
Summary of significant accounting policies			
	2.1		

The accompanying notes are an integral part of the financial statements.  
As per our report of even date

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

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

per Adarsh Ranka  
Partner  
Membership No.: 209567

Ravi PNC Menon  
Chairman

J.C. Sharma  
Vice Chairman and  
Managing Director

Ganesh Venkataraman  
Chief Financial Officer

Kishore Kayarath  
Company Secretary and  
Compliance Officer

Place: Bengaluru  
Date: May 10, 2013

Place: Bengaluru  
Date: May 10, 2013

## Cash flow statement for the year ended March 31, 2013

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
<b>Cash flow from operating activities</b>		
Profit before tax	2,877.87	2,952.36
Non-cash adjustment to reconcile profit before tax to net cash flows		
Share of profit from investment in partnership firm	(130.77)	(73.28)
Depreciation/ amortization	559.65	387.78
Profit on sale of fixed assets (net)	(0.29)	(0.82)
Provision for diminution in value of long term investment	-	26.70
Provision for doubtful debts and advances	20.00	67.00
Interest expense	1,342.47	975.82
Interest income	(54.04)	(34.31)
<b>Operating profit before working capital changes</b>	<b>4,614.89</b>	<b>4,301.25</b>
Movements in working capital :		
Increase/ (decrease) in trade payables	860.28	423.60
Increase/ (decrease) in other current liabilities	3,702.26	925.00
Decrease / (increase) in trade receivables	(518.52)	(165.51)
Decrease / (increase) in inventories	(1,514.19)	(4,639.02)
Decrease / (increase) in other assets	(2,435.43)	702.07
Decrease / (increase) in loans and advances	65.58	4,241.76
Increase / (decrease) in provisions	19.61	11.76
Cash generated from /(used in) operations	4,794.48	5,800.91
Direct taxes paid (net of refunds)	(787.73)	(498.47)
<b>Net cash flow from/ (used in) operating activities (A)</b>	<b>4,006.75</b>	<b>5,302.44</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, including capital work-in-progress and capital advances	(877.42)	(1,021.04)
Proceeds from sale of fixed assets	2.91	1.73
Purchase of non-current investments	(808.40)	(986.41)
Proceeds from sale of current investments	-	9.95
Investments in/(redemption of) bank deposits (having original maturity of more than three months) - net	70.92	(140.98)
Interest received	30.61	34.31
<b>Net cash flow from/ (used in) investing activities (B)</b>	<b>(1,581.38)</b>	<b>(2,102.44)</b>
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	133.69	464.03
Repayment of long-term borrowings	(141.15)	(834.14)
Proceeds from short-term borrowings	4,446.86	6,619.09
Repayment of short-term borrowings	(4,511.71)	(7,100.93)
Interest paid (gross)	(1,690.56)	(1,809.74)
Dividends paid on equity shares	(489.99)	(293.98)
Tax on equity dividend paid	(79.54)	(48.86)
<b>Net cash flow from/ (used in) in financing activities (C)</b>	<b>(2,332.40)</b>	<b>(3,004.53)</b>

## Cash flow statement for the year ended March 31, 2013

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
Net increase/ (decrease) in cash and cash equivalents (A + B + C)	92.97	195.47
Cash and cash equivalents at the beginning of the year	356.91	161.44
Cash and cash equivalents at the end of the year	449.88	356.91
Components of cash and cash equivalents		
Cash on hand	2.59	3.30
Cheques/ drafts on hand	10.40	53.52
With banks- on current account	435.78	299.32
- unpaid dividend accounts*	1.11	0.77
Total cash and cash equivalents (note 17)	449.88	356.91

Summary of significant accounting policies 2.1

\* The company can utilize this balance only toward settlement of the unpaid dividend liability.

As per our report of even date

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

per Adarsh Ranka  
Partner  
Membership No.: 209567

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

Ravi PNC Menon  
Chairman

J.C. Sharma  
Vice Chairman and  
Managing Director

Ganesh Venkataraman  
Chief Financial Officer

Kishore Kayarat  
Company Secretary and  
Compliance Officer

Place: Bengaluru  
Date: May 10, 2013

Place: Bengaluru  
Date: May 10, 2013

## Notes to the financial statements for the year ended March 31, 2013

### 1 Corporate Information

Sobha Developers Limited ('Company' or 'SDL') was incorporated on August 7, 1995. SDL is a leading real estate developer engaged in the business of construction, development, sale, management and operation of all or any part of townships, housing projects, commercial premises and other related activities. The Company is also engaged in manufacturing activities related to interiors, glazing and metal works and concrete products which also provides backward integration to SDL's turnkey projects.

### 2 Basis of preparation

The financial statements have been prepared to comply in all material respects with the accounting standards notified by Companies (Accounting Standards) Rules 2006, (as amended) and the relevant provisions of the Companies Act, 1956 ("the Act"). The financial statements have been prepared under the historical cost convention on an accrual basis in accordance with accounting principles generally accepted in India. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year, except for the change in accounting policy explained in note 2.1 (a) below.

#### 2.1 Summary of significant accounting policies

##### a) Change in accounting policy

###### *Revenue Recognition*

Effective April 1, 2012, the Guidance Note on Accounting for Real Estate Transactions (Revised 2012) issued by the Institute of Chartered Accountants of India has become applicable to all projects in real estate which are commenced on or after April 1, 2012 and also to projects which have already commenced but where revenue is being recognised for the first time on or after April 1, 2012. This has resulted in lower revenue recognition and lower profits before taxes of ₹ 677 million and ₹ 430 million respectively during the year ended March 31, 2013.

##### b) Use of estimates

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

### c) Tangible fixed assets and Intangible assets

#### i. Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Borrowing costs directly attributable to acquisition of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

#### ii. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over a period of 3 years, which is estimated to be the useful life of the asset.

### d) Depreciation on tangible fixed assets

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

Steel scaffolding items are depreciated using straight line method over a period of 6 years, which is estimated to be the useful life of the asset.

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

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

### e) Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is any indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the

asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

#### f) Leases

##### Where the Company is lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased asset, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognized as finance costs in the statement of profit and loss.

A leased asset is depreciated on a straight-line basis over the lower of the lease term or the estimated useful life of the asset unless there is reasonable certainty that the Company will obtain ownership, wherein such assets are depreciated over the estimated useful life of the asset.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

#### g) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued.

Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision

for diminution in value is made to recognise a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

#### h) Inventories

##### *Related to contractual and real estate activity*

Direct expenditure relating to construction activity is inventorised. Other expenditure (including borrowing costs) during construction period is inventorised to the extent the expenditure is directly attributable cost of bringing the asset to its working condition for its intended use. Other expenditure (including borrowing costs) incurred during the construction period which is not directly attributable for bringing the asset to its working condition for its intended use is charged to the statement of profit and loss. Direct and other expenditure is determined based on specific identification to the construction and real estate activity. Cost incurred/ items purchased specifically for projects are taken as consumed as and when incurred/ received.

- i. Work-in-progress - Contractual: Cost of work yet to be certified/ billed, as it pertains to contract costs that relate to future activity on the contract, are recognised as contract work-in-progress provided it is probable that they will be recovered. Contractual work-in-progress is valued at lower of cost and net realisable value.
- ii. Work-in-progress - Real estate projects (including land inventory): Represents cost incurred in respect of unsold area of the real estate development projects or cost incurred on projects where the revenue is yet to be recognised. Real estate work-in-progress is valued at lower of cost and net realisable value.
- iii. Finished goods - Flats: Valued at lower of cost and net realisable value.
- iv. Finished goods - Plots: Valued at lower of cost and net realisable value.
- v. Building materials purchased, not identified with any specific project are valued at lower of cost and net realisable value. Cost is determined based on a weighted average basis.
- vi. Land inventory: Valued at lower of cost and net realisable value. Land inventory which is under development or held for development/ sale in near future is classified as current asset. Land which held for undetermined use or for future development is classified as non current asset.

##### *Related to manufacturing activity*

- i. Raw materials are valued at lower of cost and net realisable value. Cost is determined based on a weighted average basis.

- ii. Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. However, inventory held for use in production of finished goods is not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

i) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from operations (gross) is net of sales tax/ value added tax and adjustments on account of cancellation/ returns. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

i. Recognition of revenue from contractual projects

If the outcome of contractual contract can be reliably measured, revenue associated with the construction contract is recognised by reference to the stage of completion of the contract activity at year end (the percentage of completion method). The stage of completion on a project is measured on the basis of completion of a physical proportion of the contract work/ based upon the contracts/ agreements entered into by the Company with its customers.

ii. Recognition of revenue from real estate projects

Revenue from real estate projects is recognised when it is reasonably certain that the ultimate collection will be made and that there is buyers' commitment to make the complete payment. The following specific recognition criteria must also be met before revenue is recognized:

a. Recognition of revenue from property development

*For projects commenced and period where revenue recognised before April 1, 2012*

Recognition of revenue from construction activity

Revenue from real estate under development/ sale of developed property is recognised upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/ agreements, except for

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

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

Revenue from sale of undivided share of land [group housing] is recognised upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/ agreements and/ or minimum level of collection of dues from the customer.

Recognition of revenue from sale of villa plots

Revenue from sale of villa plots is recognised upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/ agreements.

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

*For projects commenced on or after April 1, 2012 and also to projects which have already commenced but where revenue is being recognised for the first time on or after April 1, 2012.*

Revenue from real estate projects including revenue from sale of undivided share of land [group housing] is recognised upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/ agreements. Where the Company still has obligations to perform substantial acts even after the transfer of all significant risks and rewards, revenue in such cases is recognised by applying the percentage of completion method only if the following thresholds have been met:

- (a) all critical approvals necessary for the commencement of the project have been obtained;

- (b) the expenditure incurred on construction and development costs (excluding land cost) is not less than 25% of the total estimated construction and development costs;
- (c) at least 25% of the saleable project area is secured by contracts/agreements with buyers; and
- (d) at least 10% of the contracts/agreements value are realised at the reporting date in respect of such contracts/agreements.

When the outcome of a real estate project can be estimated reliably and the conditions above are satisfied project revenue (including from sale of undivided share of land) and project costs associated with the real estate project should be recognised as revenue and expenses by reference to the stage of completion of the project activity at the reporting date arrived at with reference to the entire project costs incurred (including land costs).

**b. Recognition of revenue from sale of land and development rights**

Revenue from sale of land and development rights is recognised upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/ agreements. Revenue from sale of land and development rights is only recognised when transfer of legal title to the buyer is not a condition precedent for transfer of significant risks and rewards of ownership to the buyer.

**iii. Recognition of revenue from manufacturing division**

Revenue from sale of materials is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer which coincides with dispatch of goods to the customers. Excise duty deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arising during the year. Service income is recognised on the basis of completion of a physical proportion of the contract work/ based upon the contracts/ agreements entered into by the Company with its customers.

**iv. Dividend income**

Revenue is recognised when the shareholders' or unitholders' right to receive payment is established by the balance sheet date.

**v. Share in profits of partnership firm investments**

The Company's share in profits from a firm where the Company is a partner, is recognised when the same is credited to account of the company's current account on the basis of such firm's audited accounts, as per terms of the partnership deed.

**vi. Interest income**

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

**j) Foreign currency translation**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items or on reporting monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

**k) Taxes**

Tax expense comprises of current and deferred tax.

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

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

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

Minimum Alternative tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same



at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

**l) Retirement and other employee benefits**

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

The Company makes contributions to Sobha Developers Employees Gratuity Trust ('the trust') to discharge the gratuity liability to employees. Provision towards gratuity, a defined benefit plan, is made for the difference between actuarial valuation by an independent actuary and the fund balance, as at the year-end. The cost of providing benefits under gratuity is determined on the basis of actuarial valuation using the projected unit credit method at each year end. Actuarial gains and losses are immediately taken to statement of profit and loss and are not deferred.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date. Actuarial gains/ losses are immediately taken to statement of profit and loss and are not deferred.

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

**m) Earnings per share**

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

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

**n) Provisions**

A provision is recognised when the Company has a present obligation as a result of past event, it is probable

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

**o) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**p) Cash and cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**q) Borrowing costs**

Borrowing costs directly attributable to acquisition/ construction of qualifying assets are capitalised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use/ sale. All other borrowing costs not eligible for inventorisation/ capitalisation are charged to statement of profit and loss.

**r) Land**

Advances paid by the Company to the seller/ intermediary toward outright purchase of land is recognised as land advance under loans and advances during the course of obtaining clear and marketable title, free from all encumbrances and transfer of legal title to the Company, whereupon it is transferred to land stock under inventories.

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

The Company has entered into agreements with land owners/ possessor to develop properties on such land in lieu of which, the Company has agreed to transfer certain percentage of constructed area. The Company measures development rights/ land received under these agreements at cost of construction transferred, as adjusted for other cash/ non-cash consideration.

### 3 Share Capital

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
<b>Authorised shares</b>		
150,000,000 (Previous year - 150,000,000) equity shares of ₹10 each	1,500.00	1,500.00
5,000,000 (Previous year - 5,000,000 ) 7% redeemable preference shares of ₹100 each	500.00	500.00
<b>Issued, subscribed and fully paid-up shares</b>		
98,063,868 (Previous year - 98,063,868) equity shares of ₹10 each fully paid up	980.64	980.64
Total issued, subscribed and fully paid-up share capital	980.64	980.64

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

	31-Mar-13		31-Mar-12	
	No of Shares	₹ million	No of Shares	₹ million
<b>Equity shares</b>				
At the beginning of the year	98,063,868	980.64	98,063,868	980.64
Issued during the year	-	-	-	-
Outstanding at the end of the year	98,063,868	980.64	98,063,868	980.64

**(b) Terms/ rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹10 per share.

Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting. In event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(c) Details of shareholders holding more than 5% shares in the Company**

	31-Mar-13		31-Mar-12	
Name of shareholder	No of Shares in million	Holding percentage	No of Shares in million	Holding percentage
<b>Equity shares of ₹10 each fully paid up</b>				
Mrs. Sobha Menon	41.35	42.16%	41.35	42.16%
Mr. P.N.C. Menon	12.49	12.74%	12.49	12.74%
Mr. P.N.C. Menon and Mrs. Sobha Menon (Jointly)	5.49	5.60%	5.49	5.60%

Note : As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

## 4 Reserves and surplus

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
<b>Capital redemption reserve</b>		
Balance as per the last financial statements	87.29	87.29
Closing balance	87.29	87.29
<b>Securities premium account</b>		
Balance as per the last financial statements	10,497.27	10,497.27
Closing balance	10,497.27	10,497.27
<b>Debenture redemption reserve</b>		
Balance as per the last financial statements	-	162.30
Less: Transfer to general reserve	-	(162.30)
Closing balance	-	-
<b>General reserve</b>		
Balance as per the last financial statements	1,704.44	1,341.14
Add: Transfer from statement of profit and loss	200.00	201.00
Add: Transfer from debenture redemption reserve	-	162.30
Closing balance	1,904.44	1,704.44
<b>Surplus in the statement of profit and loss</b>		
Balance as per last financial statements	6,735.23	5,497.59
Profit for the year	1,965.73	2,008.50
Less: Appropriations		
Proposed final equity dividend (amount per share ₹ 7 (Previous year - ₹ 5))	(686.45)	(490.32)
Tax on proposed equity dividend	(116.66)	(79.54)
Transfer to general reserve	(200.00)	(201.00)
Total appropriations	(1,003.11)	(770.86)
Net surplus in the statement of profit and loss	7,697.85	6,735.23
<b>Total reserves and surplus</b>	<b>20,186.85</b>	<b>19,024.23</b>

## 5 Long-term borrowings

	₹ million			
	Current maturities		Non current portion	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
Secured loans				
Finance lease obligations	238.34	151.30	148.02	225.24
Equipment loans	13.37	12.51	1.02	19.16
	251.71	163.81	149.04	244.40
Amount disclosed under the head "other current liabilities" (refer note 9)	(251.71)	(163.81)		
Net amount	-	-	149.04	244.40

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-13	31-Mar-12			
Finance lease obligations	386.36	376.54	13%-15%	Secured by hypothecation of plant and machinery taken on lease.	Thirty five monthly installments commencing from the month the loan is availed.
Equipment loan	14.39	31.67	13%-15%	Hypothecation against specific equipment	Thirty five monthly installments commencing from the month the loan is availed.

## 6 Other long term liabilities

	31-Mar-13	31-Mar-12
	₹ million	₹ million
Trade payables (refer note 36 for details of dues to micro and small enterprises)		
Land cost payable	177.62	177.62
	177.62	177.62

## 7 Provisions

	Short term		Long term	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
Provision for employee benefits				
Provision for gratuity (note 31)	44.21	20.60	14.47	20.68
Provision for leave benefits	45.48	43.27	-	-
	89.69	63.87	14.47	20.68
Other provisions				
Provision for taxation (net of advance tax payments)	371.90	602.49	-	-
Provision for wealth tax (net of advance tax payments)	0.21	0.05	-	-
Proposed equity dividend	686.45	490.32	-	-
Tax on proposed equity dividend	116.66	79.54	-	-
	1,175.22	1,172.40	-	-
	1,264.91	1,236.27	14.47	20.68

## 8 Short-term borrowings

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
Secured		
Term loans from banks *	7,049.24	6,452.36
Term loans from financial institutions *	1,675.00	2,423.75
Cash credit from banks	2,060.40	1,903.38
	10,784.64	10,779.49
Unsecured		
From parties other than bank	-	70.00
	-	70.00
	10,784.64	10,849.49

\* Term loan from banks and financial institutions represents amount repayable within the operating cycle. Amount payable within twelve months ₹ 3,090.04 million (Previous year - ₹ 3,111.17 million)

Particulars	Amount outstanding ( ₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-13	31-Mar-12			
From banks					
Term Loan	385.00	-	12%-14%	Secured by equitable mortgage of certain project specific inventory and receivables of the Company. Further, the loan has been guaranteed by way of corporate guarantee given by certain group Companies.	Nine monthly installments in accordance with repayment schedule mentioned by the bank commencing from July 31, 2014.
Term Loan	760.00	-	12%-14%	Secured by equitable mortgage of certain project specific inventory and receivables of the Company and maintaining of Debt Service Reserve account equal to three months interest.	Four quarterly installments of amounts as mentioned in the repayment schedule commencing from June 30, 2014.
Term Loan	380.00	-	12%-14%	Secured by equitable mortgage of certain project specific inventory and receivables and certain lands of the Company. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Four quarterly installments of ₹ 80 million, ₹ 200 million, ₹ 300 million and ₹ 420 million respectively commencing from June 30, 2014.
Term Loan	100.00	-	12%-14%	Secured by equitable mortgage of certain project specific inventory and receivables and certain lands of the Company. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Two quarterly installments of ₹ 120 million and ₹ 180 million respectively commencing from September 30, 2014.
Term Loan	-	510.00	13%-15%	Secured by equitable mortgage of certain project specific inventory and receivables and certain lands of the Company. Further, the loan has been guaranteed by way of corporate guarantee given by certain group Companies.	Three equal monthly installments of ₹ 60 million from January 31, 2011 to March 31, 2011, three equal monthly installments of ₹ 30 million from April 30, 2011 to June 30, 2011, three equal monthly installments of ₹ 50 million from April 30, 2012 to June 30, 2012 and six equal monthly installments of ₹ 60 million commencing from July 31, 2012.
Term Loan	-	957.36	12%-14%	Secured by equitable mortgage of certain project specific inventory and hypothecation of project specific receivables and maintaining of Debt Service Reserve account equal to three months interest. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Twenty five monthly installments in accordance with repayment schedule mentioned by the bank commencing from March 15, 2011.
Term Loan	-	280.00	13%-15%	Secured by equitable mortgage of certain project specific inventory. Further, the loan has been guaranteed by way of corporate guarantee given by certain group Companies.	Four equal quarterly installments of ₹ 50 million commencing from December 31, 2012 and last installment of ₹ 80 million due on December 31, 2013.
Term Loan	290.00	255.00	13%-15%	Secured by equitable mortgage of certain project specific inventory and receivables of the Company.	Two half yearly installments of ₹ 145 million commencing from February 14, 2014.

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-13	31-Mar-12			
Term Loan	972.44	619.00	13%-14%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Company and maintaining of Debt Service Reserve account equal to three months interest. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Quarterly installments of amounts as mentioned in the repayment schedule commencing from September, 30, 2013.
Term Loan	650.00	770.00	14%-15%	Secured by equitable mortgage of certain land, building, project specific inventory and receivables of the Company and maintaining of Debt Service Reserve account equal to three months interest. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Eleven equal monthly installments of ₹ 50 million commencing from January 15, 2013 and ten monthly installments of ₹ 25 million commencing from July 15, 2013.
Term Loan	-	350.00	13%-15%	Secured by equitable mortgage of certain land of the Company.	One single installment within 12 months from the date of first availment.
Term Loan	1,041.80	741.00	13%-14%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Company. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Quarterly installments of amounts as mentioned in the repayment schedule commencing from two years from the date of disbursement of loan.
Term Loan	1,470.00	1,000.00	14%-15%	Secured by equitable mortgage of certain land and inventory of the Company. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Three quarterly installments of ₹ 750 million, ₹ 900 million and ₹ 1,350 million after a moratorium of twenty seven months from the date of first disbursement.
Term Loan	1,000.00	970.00	12%-15%	Secured by equitable mortgage of certain project specific inventory of the Company. Further, the loan has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company.	Eight equal quarterly installments of ₹ 125 million commencing from September 30, 2013.
<b>From financial institutions</b>					
Term Loan	1,040.00	1,680.00	12%-14%	Secured by equitable mortgage of certain leasehold land and project land and building of the Company. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Twelve quarterly installments of ₹ 160 million commencing from October, 2011 and last installment of ₹ 80 million due in October 2014.
Term Loan	260.00	500.00	15%-16%	Secured by equitable mortgage of certain land of the Company. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Twenty five equal monthly installments of ₹ 20 million starting from April 15, 2012.
Term Loan	375.00	243.75	13%-14%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Company.	Quarterly installments of amounts as mentioned in the repayment schedule commencing from September, 30, 2013.

Particulars	Amount outstanding ( ₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-13	31-Mar-12			
From banks					
Cash credit	43.00	-	12%-14%	Secured by equitable mortgage of certain project specific inventory and receivables of the Company.	Repayable on demand
Cash credit	49.00	-	12%-14%	Secured by charge on specific project inventory and receivables of the Company. Further, secured by equitable mortgage of land of the Company.	Repayable on demand
Cash credit	268.90	23.85	12%-15%	Secured by way of equitable mortgage of certain land and project specific receivables of the Company. Further, the facility has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company.	Repayable on demand
Cash credit	649.00	230.62	13%-15%	Secured by charge on specific project inventory, current assets and receivables of the Company. Further, the facility has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company and by way of corporate guarantee given by certain group Companies.	Repayable on demand
Cash credit	858.00	1,480.39	13%-14%	Secured by equitable mortgage of certain land, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company. Further, the loan has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company.	Repayable on demand
Cash credit	-	6.54	13%-15%	Secured by equitable mortgage of certain project specific inventory and receivables and certain lands of the Company. Further, the facility has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company and by way of corporate guarantee given by certain group Companies.	Repayable on demand
Cash credit	16.00	12.74	13%-15%	Secured by lien on fixed deposits of the Company.	Repayable on demand
Cash credit	99.00	116.91	13%-15%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Company.	Repayable on demand
Cash credit	20.00	7.47	13%-15%	Secured by charge on specific project inventory, current assets and receivables of the Company. Further, the facility has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company.	Repayable on demand



Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-13	31-Mar-12			
Cash credit	25.88	13.80	13%-15%	Secured by charge on specific project inventory, current assets and receivables of the Company. Further, the facility has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company and by way of corporate guarantee given by certain group Companies.	Repayable on demand
Cash credit	15.50	4.33	13%-15%	Secured by charge on specific project inventory, current assets and receivables of the Company. Further, the facility has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company and by way of corporate guarantee given by certain group Companies.	Repayable on demand
Cash credit	10.00	3.12	13%-15%	Secured by lien on fixed deposits of the Company.	Repayable on demand
Cash credit	6.12	3.61	13%-15%	Secured by charge on specific project inventory, current assets and receivables of the Company. Further, it has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company.	Repayable on demand

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

Nature of loan	Amount outstanding (₹ million)		Name of the Company	Nature of security
	31-Mar-13	31-Mar-12		
Term loans	1,040.00	1,680.00	Vayaloor Properties Private Limited Vayaloor Builders Private Limited Vayaloor Developers Private Limited Vayaloor Real Estate Private Limited Valasai Vettikadu Realtors Private Limited	Equitable mortgage of land
Term loans	385.00	-	Megatech Software Private Limited Tirur Cyber City Developers Private Limited Thakazhi Developers Private Limited Sobha Innercity Technopolis Private Limited	Equitable mortgage of land
Term loans	-	510.00	Megatech Software Private Limited Tirur Cyber City Developers Private Limited Thakazhi Developers Private Limited	Equitable mortgage of land
Term loans	-	280.00	Sri Kanakadurga Property Developers Private Limited Sri Durga Devi Property Management Private Limited	Equitable mortgage of land
Cash credit	268.90	23.84	Sobha Innercity Technopolis Private Limited	Equitable mortgage of land and building

Nature of loan	Amount outstanding ( ₹ million)		Name of the Company	Nature of security
	31-Mar-13	31-Mar-12		
Cash credit	690.38	255.29	Allapuzha Fine Real Estate Private Limited Rusoh Modern Properties Private Limited Mapedu Realtors Private Limited Chikmangaloor Properties Private Limited Rusoh Marina Properties Private Limited Mapedu Real Estates Private Limited Chikmangaloor Realtors Private Limited Rusoh Fine Builders Private Limited Mannur Real Estate Private Limited Kilai Builders Private Limited Kilai Properties Private Limited Thirur Cyber Real Estates Private Limited Thakazhi Realtors Private Limited Kilai Super Developers Private Limited Thakazhi Developers Private Limited	Equitable mortgage of land

## 9 Other current liabilities

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
<b>Trade payables</b>		
(refer note 36 for details of dues to micro and small enterprises)		
Land cost payable	1,563.60	1,162.11
Others	2,509.39	2,050.60
	<b>4,072.99</b>	<b>3,212.71</b>
<b>Other liabilities</b>		
Current maturities of long-term borrowings (refer note 5)		
(Includes current maturity of finance lease obligation ₹ 238.34 million (Previous year - ₹ 151.30))	251.71	163.81
Book overdraft from scheduled banks	15.52	31.93
Advance from customers	7,021.94	3,058.50
Interest accrued but not due on borrowings	24.33	54.91
Investor protection & education fund shall be credited for unclaimed dividends when due	1.25	0.92
Others		
Service tax payable	82.20	19.62
Non-trade payable	200.57	145.56
VAT Payable	-	17.77
Security deposit towards maintenance services	673.62	950.69
Payable to related parties (note 26)	10.83	93.23
Payable for purchase of fixed assets	108.03	79.15
Withholding taxes payable	26.20	19.84
Others	8.74	0.22
	<b>8,424.94</b>	<b>4,636.15</b>
	<b>12,497.93</b>	<b>7,848.86</b>

## 10 Tangible assets

	Freehold land	Leasehold land, Note 1	Factory buildings	Other buildings	Plant and machinery	Scaffolding items	Furniture and fixtures	Vehicles	Computers	Office equipments	Total
											₹ million
<b>Cost - At 1 April 2011</b>	42.72	26.49	340.15	182.46	1,248.00	957.74	45.86	55.63	128.85	48.51	3,076.41
Additions	-	-	12.24	766.91	311.64	414.92	32.35	0.45	35.32	6.24	1,580.07
Disposals	-	-	-	-	-	-	(0.30)	(4.99)	(0.01)	(0.05)	(5.35)
Other adjustments - Borrowing costs	-	-	-	178.16	-	-	-	-	-	-	178.16
<b>At 31 March 2012</b>	42.72	26.49	352.39	1,127.53	1,559.64	1,372.66	77.91	51.09	164.16	54.70	4,829.29
Additions	-	12.69	32.21	56.91	509.33	290.66	3.34	4.36	14.94	4.88	929.32
Disposals	-	-	-	-	(16.53)	(558.53)	(0.29)	(2.80)	(0.67)	(0.22)	(578.98)
Other adjustments - Note 1	39.18	(39.18)	-	-	-	-	-	-	-	-	-
<b>At 31 March 2013</b>	81.90	-	384.60	1,184.44	2,052.44	1,104.79	81.02	52.65	178.43	59.36	5,179.63
<b>Depreciation - At 1 April 2011</b>	-	-	127.46	10.46	608.24	788.58	27.35	39.47	103.67	24.68	1,709.91
Charge for the year	-	-	22.29	23.00	135.99	169.69	5.76	4.28	18.70	4.51	384.22
Disposals	-	-	-	-	-	-	(0.12)	(4.31)	(0.01)	-	(4.44)
<b>At 31 March 2012</b>	-	-	149.75	33.46	744.23	938.27	32.99	39.44	122.36	29.19	2,089.69
Charge for the year	-	-	22.12	55.10	235.82	188.25	9.51	3.37	19.23	4.89	538.29
Disposals	-	-	-	-	(15.64)	(557.49)	(0.21)	(2.26)	(0.62)	(0.14)	(576.36)
<b>At 31 March 2013</b>	-	-	171.87	88.56	964.41	569.03	42.29	40.55	140.97	33.94	2,051.62
<b>Net Block</b>											
<b>At 31 March 2012</b>	42.72	26.49	202.64	1,094.07	815.41	434.39	44.92	11.65	41.80	25.51	2,739.60
<b>At 31 March 2013</b>	81.90	-	212.73	1,095.88	1,088.03	535.76	38.73	12.10	37.46	25.42	3,128.01

1) On April 13, 2005, Karnataka Industrial Areas Development Board (KIADB) allotted land to the Company on a lease cum sale basis until December 17, 2010 (further extended till September 29, 2012), to be sold to the Company at the end of lease period upon fulfillment of certain conditions. The lease has been registered in favour of the Company. During the year ended March 31, 2013, on fulfillment of the conditions mentioned in the lease cum sale agreement by the Company, the land has been registered in the name of the Company. Accordingly, the initial and subsequent lease payments made till March 31, 2013 has been transferred from leasehold land to freehold land.

2) Includes borrowing cost aggregating to ₹ Nil (Previous year - ₹ 85 million), included under opening capital work in progress capitalised on capitalisation of the asset.

3) Assets taken on finance lease

	Plant & machinery		Scaffolding items	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
Gross block	371.89	166.24	306.54	292.15
Depreciation charge for the year	112.73	30.20	99.30	62.86
Accumulated depreciation	142.93	30.20	162.16	62.86
Net book value	228.96	136.04	144.38	229.29

## 11 Intangible assets

	Software	Intellectual property rights	₹ million Total
Gross block - At 1 April 2011	71.28	-	71.28
Purchase	5.22	50.00	55.22
At 31 March 2012	76.50	50.00	126.50
Purchase	6.54	-	6.54
Other adjustments	-	(2.38)	(2.38)
At 31 March 2013	83.04	47.62	130.66
Amortization - At 1 April 2011	65.01	-	65.01
Charge for the year	3.51	0.05	3.56
At 31 March 2012	68.52	0.05	68.57
Charge for the year	5.54	15.82	21.36
At 31 March 2013	74.06	15.87	89.93
Net Block			
At 31 March 2012	7.98	49.95	57.93
At 31 March 2013	8.98	31.75	40.73

## 12 Non-current investments

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
<i>Investment in subsidiaries</i>		
526,320 (Previous year - 526,320) equity shares of ₹ 1 each fully paid-up in Sobha Developers (Pune) Limited	986.41	986.41
100,000 (Previous year - Nil) Class A equity shares of ₹ 10 each fully paid-up in Sobha Highrise Ventures Private Limited	1.00	-
2,500,000 (Previous year - Nil) Class D equity shares of ₹ 10 each fully paid-up in Sobha Highrise Ventures Private Limited	25.00	-
10,000 (Previous year - 10,000) equity shares of ₹ 10 each fully paid-up in Sobha Assets Private Limited	0.10	0.10
Investment in the capital of partnership firm (Subsidiary)		
99% (Previous year - 70%) share in the profits of partnership firm:		
Sobha City - Capital account	399.99	200.00
Sobha City - Current account	483.62	352.44
Consideration paid for additional share in capital and profit of the partnership firm	128.00	-

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
<b>Unquoted preference instruments</b>		
<i>Investment in subsidiary *</i>		
7,700,000 (Previous year - Nil) Compulsorily Convertible Preference shares of ₹ 10 each fully paid-up in Sobha Highrise Ventures Private Limited	77.00	-
<b>Unquoted debenture instruments</b>		
<i>Investment in subsidiary *</i>		
3,770,000 (Previous year - Nil) 17.5% Series B compulsorily convertible debentures of ₹ 100 each fully paid-up in Sobha Highrise Ventures Private Limited **	377.00	-
	<u>2,478.12</u>	<u>1,538.95</u>
* Subsidiary Company under Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended).		
** Series B debentures have been issued at par and are convertible into Class D equity shares respectively in the ratio of two Class D equity shares for each Series B allotted, on expiry of 19 years from the date of issue or on happening of certain events. The price per equity share, for conversion of Series B debentures into Class D equity shares shall be Rs.50 per equity share. The debentures carry as simple interest of 17.5% per annum.		
	31-Mar-13 ₹ million	31-Mar-12 ₹ million
<b>Non-trade investments (valued at cost unless stated otherwise)</b>		
<i>Investment in equity instruments (unquoted)</i>		
2,680,000 (Previous year - 2,680,000) equity shares of ₹ 10 each fully paid-up in Sobha Renaissance and Information Technology Private Limited	26.80	26.80
Less: Provision for diminution in value of investment	(26.70)	(26.70)
	<u>0.10</u>	<u>0.10</u>
<i>Government and trust securities (unquoted)</i>		
National savings certificates	0.08	0.08
	<u>0.08</u>	<u>0.08</u>
	<u>2,478.30</u>	<u>1,539.13</u>
Aggregate amount of unquoted investments (net of provision for diminution in value of investments)	2,478.30	1,539.13
Aggregate provision for diminution in value of investments	<u>26.70</u>	<u>26.70</u>
<b>Details of investments in partnership firms</b>		
<i>Investment in Sobha City</i>		
Name of Partner	Share of partner in profits (%)	
	31-Mar-13	31-Mar-12
Sobha Developers Limited	99	70
Tree Hill Estates Private Limited	-	30
Sobha Developers (Pune) Limited	1	-
<b>Total capital of the firm ( ₹ million)</b>	<u>400.00</u>	<u>400.00</u>

## 13 Deferred tax assets/ liability (net)

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
<b>Deferred tax liability</b>		
Expenses allowed for tax purposes on payment basis but chargeable to the statement of profit and loss in future years	709.46	409.52
<b>Gross deferred tax liability</b>	709.46	409.52
<b>Deferred tax asset</b>		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	19.00	17.68
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	24.12	39.73
Provision for doubtful debts and advances	28.23	21.74
<b>Gross deferred tax asset</b>	71.35	79.15
<b>Net deferred tax asset</b>	-	-
<b>Net deferred tax liability</b>	638.11	330.37

## 14 Loans and advances

	Current		Non-current	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
<b>Capital advances</b>				
Unsecured, considered good			0.29	14.72
			0.29	14.72
<b>Security deposit</b>				
<i>Unsecured, considered good</i>				
Refundable deposit towards joint development agreement	2,489.47	2,375.92	79.57	79.32
Security deposit - Others	39.66	15.98	491.40	532.50
	2,529.13	2,391.90	570.97	611.82
<b>Inter-corporate deposit to related party (note 26)</b>				
Unsecured, considered good	47.11	47.11	-	-
<b>Land advance *</b>				
Unsecured, considered good	10,328.28	9,176.72	3,502.22	4,705.58
<b>Advances recoverable in cash or kind</b>				
Unsecured considered good	892.81	793.30	82.69	23.20

	Current		Non-current	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	892.81	793.30	82.69	23.20
<b>Other loans and advances</b>				
Prepaid expenses	91.63	74.51	107.23	122.12
MAT Credit entitlement [net of ₹ 47.20 million (Previous year - Nil) MAT Credit utilised]	-	47.20	-	-
Balances with statutory / government authorities	89.15	42.93	24.50	24.50
	180.78	164.64	131.73	146.62
<b>Total</b>	<b>13,978.11</b>	<b>12,573.67</b>	<b>4,287.90</b>	<b>5,501.94</b>

\* 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.

Loans and advances due by directors or other officers, etc.

	Current		Non-current	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
<b>Advances recoverable in cash or kind</b>				
Dues from Sobha Projects & Trade Private Limited, in which the Company's director is a director and a member	414.65	448.23	-	-
Dues from Sobha Puravankara Aviation Private Limited, in which the Company's director is a member	167.14	71.04	-	-
Dues from Sobha Interiors Private Limited, in which the Company's director is a director and a member	-	-	6.82	3.30
Dues from Sobha Highrise Ventures Private Limited, in which the Company's director is a director	-	-	0.03	-
Dues from Sobha Assets Private Limited, in which the Company's director is a director	-	-	70.37	11.52
Dues from Sobha Contracting LLC (Dubai), in which the Company's director is a director	-	-	5.15	5.15
<b>Inter-corporate deposit to related party</b>				
Dues from Sobha Renaissance Information Technology Private Limited, in which the Company's director is a member	47.11	47.11	-	-

## 15 Trade receivables and other assets

	₹ million			
	Current		Non-current	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
<b>15.1 Trade receivable</b>				
<i>Outstanding for a period exceeding six months from the date they are due for payment</i>				
Unsecured, considered good	409.07	344.77	-	-
Doubtful	-	-	87.00	67.00
	409.07	344.77	87.00	67.00
Provision for doubtful trade receivables	-	-	87.00	67.00
	409.07	344.77	-	-
<i>Other receivables</i>				
Unsecured, considered good	1,237.66	772.42	20.23	51.25
	1,237.66	772.42	20.23	51.25
	1,646.73	1,117.19	20.23	51.25
<b>15.2 Other assets</b>				
Unsecured, considered good unless stated otherwise				
Non-current bank balances (note 17)			88.62	78.85
<b>Others</b>				
Unbilled revenue	4,287.56	2,141.93	-	-
Interest accrued on investments	23.43	-	-	-
Others	289.80	-	-	-
Total other assets	4,600.79	2,141.93	88.62	78.85
	6,247.52	3,259.12	108.85	130.10
<b>Trade receivables include:</b>				
Due from executive director	9.51	-	-	-
Dues from Sri Kurumba Trust in which the Company's director is a trustee	20.51	16.65	-	-



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

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
Raw materials and components	252.94	226.40
Building materials	15.46	17.49
Land stock	5,776.30	5,515.41
Work-in-progress	9,661.86	8,525.35
Stock in trade - flats	149.02	61.69
Finished goods	23.98	19.03
	<u>15,879.56</u>	<u>14,365.37</u>

## 17 Cash and bank balances

	Current		Non-current	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
Cash and cash equivalents				
<i>Balances with banks:</i>				
- On current accounts	435.78	299.32		
- On unpaid dividend account	1.11	0.77		
Cheques/ drafts on hand	10.40	53.52		
Cash on hand	2.59	3.30		
	<u>449.88</u>	<u>356.91</u>		
 Other bank balances				
- Deposits with maturity for more than 12 months	-	2.97	-	0.12
- Deposits with maturity for more than 3 months but less than 12 months	1.15	0.62	-	-
- Margin money deposit	94.20	172.45	88.62	78.73
	<u>95.35</u>	<u>176.04</u>	<u>88.62</u>	<u>78.85</u>
Less: Amount disclosed under non-current assets (note 15.2)			(88.62)	(78.85)
	<u>545.23</u>	<u>532.95</u>	<u>-</u>	<u>-</u>

## Margin money deposits given as security

Margin money deposits with a carrying amount of ₹ 182.82 million (Previous year - ₹ 251.18 million) are subject to first charge to secure the company's borrowings.

## 18 Revenue from operations

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
<b>Revenue from operations</b>		
Sale of products/finished goods		
Income from property development	10,613.86	7,292.31
Income from sale of land and development rights	1,020.45	1,365.36
Income from glazing works	799.79	762.81
Income from interior works	598.92	558.12
Income from concrete blocks	184.59	135.44
Sale of services		
Income from contractual activity - Subsidiaries/ associates	1,699.93	1,502.17
Income from contractual activity - Others	3,013.06	2,306.96
Other operating revenue		
Share in profits of partnership firm investments (post tax)	130.77	73.28
Scrap sales	43.10	24.34
<b>Revenue from operations (gross)</b>	<b>18,104.47</b>	<b>14,020.79</b>
Less: Excise duty #	74.26	55.11
<b>Revenue from operations (net)</b>	<b>18,030.21</b>	<b>13,965.68</b>

# Excise duty on sales amounting to ₹ 74.26 million (Previous year - ₹ 55.11 million) has been reduced from sales in statement of profit and loss and excise duty on (Increase)/decrease in inventory of finished goods amounting to ₹ 0.43 million (Previous year - ₹ 0.55 million) has been considered as (income)/expense in note 23 of financial statements.

## 19 Other income

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
<b>Interest income on</b>		
Bank deposits	24.05	10.77
Long term investments	26.03	-
Others	3.96	23.54
Foreign exchange fluctuation (net)	-	0.53
Profit on sale of fixed assets (net)	0.29	0.82
Other non-operating income (net of expenses directly attributable to such income of ₹ Nil (Previous year - ₹ Nil))	22.40	27.07
	<b>76.73</b>	<b>62.73</b>

## 20 Cost of raw material and components consumed

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
Inventory at the beginning of the year:		
Glazing material	96.45	79.65
Interior material	114.53	81.17
Concrete block material	15.42	17.57
	226.40	178.39
Add: Purchases		
Glazing material	535.10	534.45
Interior material	340.94	399.99
Concrete block material	228.59	124.58
	1,104.63	1,059.02
Less: inventory at the end of the year		
Glazing material	112.94	96.45
Interior material	101.74	114.53
Concrete block material	38.26	15.42
	252.94	226.40
Cost of raw material and components consumed		
Glazing material	518.61	517.65
Interior material	353.73	366.63
Concrete block material	205.75	126.73
Cost of raw material and components consumed	1,078.09	1,011.01

## 21 (Increase)/ decrease in inventories

	31-Mar-13 ₹ million	31-Mar-12 ₹ million	(Increase)/decrease ₹ million
Inventories at the end of the year			31-Mar-13
Building materials	15.46	17.49	2.03
Land stock	5,776.30	5,515.41	(260.89)
Work-in-progress	9,661.86	8,525.35	(1,136.51)
Stock in trade - flats	149.02	61.69	(87.33)
Finished goods	23.98	19.03	(4.95)
	15,626.62	14,138.97	(1,487.65)
Inventories at the beginning of the year			31-Mar-12
Building materials	17.49	23.75	6.26
Land stock	5,515.41	5,784.52	269.11
Work-in-progress	8,525.35	3,409.39	(5,115.96)
Stock in trade - flats	61.69	317.45	255.76
Finished goods	19.03	12.85	(6.18)
	14,138.97	9,547.96	(4,591.01)
	(1,487.65)	(4,591.01)	

## 22 Employee benefits expense

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
Salaries, wages and bonus	1,505.77	1,154.95
Contribution to provident and other fund	31.00	28.37
Gratuity expense (Note 31)	22.40	15.56
Compensated absence	14.38	17.88
Staff welfare expenses	61.90	50.73
	<b>1,635.45</b>	<b>1,267.49</b>

## 23 Other expenses

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
Excise duty on (increase)/ decrease in inventory	(0.43)	0.55
License fees and plan approval charges	417.77	2,005.43
Power and fuel	214.52	182.12
Water charges	39.91	30.43
Freight and forwarding charges	128.44	87.83
Rent	175.08	150.20
Rates and taxes	73.58	26.87
Insurance	25.89	24.20
Property maintenance expenses	86.79	88.60
Repairs and maintenance		
Plant and machinery	19.40	24.47
Others	30.95	30.03
Advertising and sales promotion	462.59	353.76
Donation	66.04	65.67
Travelling and conveyance	234.51	120.96
Legal and professional fees	111.55	141.58
Directors' commission and sitting fees	5.07	6.04
Payment to auditor (Refer details below)	8.93	7.69
Provision for diminution in value of long term investment	-	26.70
Exchange difference (net)	1.60	-
Provision for doubtful debts and advances	20.00	67.00
Loss on sale of fixed assets (net)	3.75	-
Miscellaneous expenses	242.36	241.23
	<b>2,368.30</b>	<b>3,681.36</b>

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**Payment to auditor \***

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
As auditor:		
Audit fee	4.55	4.50
Limited review	3.45	3.00
In other capacity:		
Other services	0.60	-
Reimbursement of expenses	0.33	0.19
	<u>8.93</u>	<u>7.69</u>

\* Net of service tax of ₹ 1.10 million (Previous year - ₹ 0.71 million)

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**24 Depreciation and amortization expense**

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
Depreciation of tangible assets	538.29	384.22
Amortization of intangible assets	21.36	3.56
	<u>559.65</u>	<u>387.78</u>

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**25 Finance costs**

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
Interest		
- On borrowings	1,532.63	1,756.70
- On finance lease obligation	47.48	23.45
- Others	79.87	32.13
Bank charges	86.19	85.89
	<u>1,746.17</u>	<u>1,898.17</u>
Less: Interest cross charged and interest inventorised/capitalised to qualifying land advances and capital work-in-progress	(317.51)	(836.46)
<b>Total *</b>	<u>1,428.66</u>	<u>1,061.71</u>

\* Gross of interest amounting to ₹ 1,063.07 million (Previous year - ₹ 630.80 million) inventorised to qualifying land stock and work in progress

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## 26 Related party disclosure

### a List of related parties

#### Subsidiaries

##### *Direct Subsidiaries*

Sobha City

Sobha Highrise Ventures Private Limited

[Subsidiary Company under Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) incorporated on May 28, 2012.]

Sobha Developers (Pune) Limited [Formerly Sobha Developers (Pune) Private Limited]

[With effect from July 1, 2011 Sobha Developers (Pune) Limited has ceased to be an associate of the Company and has become a subsidiary of the Company.]

Sobha Assets Private Limited [Subsidiary incorporated on March 13, 2012]

##### *Subsidiaries of Sobha City*

Vayaloor Properties Private Limited

Vayaloor Builders Private Limited

Vayaloor Developers Private Limited

Vayaloor Real Estate Private Limited

Vayaloor Realtors Private Limited

Valasai Vettikadu Realtors Private Limited

#### Key Management Personnel

Mr. P. N. C. Menon [Chairman and Director upto June 30, 2012. Also a key shareholder, refer note 3 (c)]

Mr. Ravi PNC Menon

Mr. J. C. Sharma

Mr. P. Ramakrishnan

Mr. S. Baaskaran [upto January 31, 2013]

Mr. Ganesh Venkataraman [from January 31, 2013]

Mr. Kishore Kayarat

#### Relatives of key management personnel

Mrs. Sobha Menon [a key shareholder, refer note 3 (c)]

Mrs. Sudha Menon

Mr. P. N. Haridas

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

Al Barakah Financial Services Limited

Allapuzha Fine Real Estate Private Limited

Architectural Metal Works FZCO

Bikasa Properties Private Limited

Bikasa Realtors Private Limited

Chikmangaloor Realtors Private Limited

Chikmangaloor Properties Private Limited

Cochin Cyber City Private Limited

Cochin Cyber Golden Properties Private Limited

Cochin Cyber Value Added Properties Private Limited

Cochin Super City Developers Private Limited

Daram Cyber Developers Private Limited

Daram Cyber Properties Private Limited

Daram Land Real Estate Private Limited

Greater Cochin Cyber City Private Limited

Greater Cochin Developers Private Limited

Greater Cochin Properties Private Limited

Greater Cochin Realtors Private Limited

HBR Consultants Private Limited

Hill and Menon Securities Private Limited

Kilai Builders Private Limited

Kilai Properties Private Limited

Kilai Super Developers Private Limited

Kuthavakkam Developers Private Limited

Kuthavakkam Properties Private Limited

Mannur Real Estate Private Limited

Mapedu Realtors Private Limited

Megatech Software Private Limited

Mapedu Real Estates Private Limited

Moolamcode Traders Private Limited

Oman Builders Private Limited.

Padmalochana Enterprises Private Limited

Pallavur Projects Private Limited

Perambakkam Builders Private Limited

PNC Technologies Private Limited

Punkunnam Builders and Developers Private Limited

Puzhakkal Developers Private Limited

Red Lotus Realtors Private Limited

Royal Interiors Private Limited

Rusoh Fine Builders Private Limited

Rusoh Marina Properties Private Limited

Rusoh Modern Properties Private Limited

SBG Housing Private Limited

Sengadu Builders Private Limited

Sengadu Developers Private Limited

Sengadu Properties Private Limited

Services and Trading Co. LLC

Sobha Aviation and Engineering Services Private Limited

Sobha Contracting LLC, Dubai

Sobha Engineering and Contracting LLC, Dubai

Sobha Electro Mechanical Private Limited

Sobha Glazing & Metal Works Private Limited

Sobha Innercity Technopolis Private Limited

Sobha Interiors Private Limited

Sobha Jewellery Private Limited

Sobha Maple Tree Developers Private Limited

Sobha Projects & Trade Private Limited

Sobha Puravankara Aviation Private Limited

Sobha Renaissance Information Technology Private Limited

Sobha Space Private Limited

Sobha Technocity Private Limited

Sobha Ventures Limited

Sri Durga Devi Property Management Private Limited

Sri Kanakadurga Property Developers Private Limited

Sri Kurumba Trust

Sri Parvathy Land Developers Private Limited

Sunbeam Projects Private Limited

Technobuild Developers Private Limited

Thakazhi Developers Private Limited

Thakazhi Realtors Private Limited

Tirur Cyber City Developers Private Limited

Tirur Cyber Real Estates Private Limited

## b Transactions with related parties

Description of the nature of transaction	Description of relationship	Related party	₹ million	
			31-Mar-13	31-Mar-12
Income from contractual activity	Subsidiary	Sobha City	1,051.87	1,100.02
		Sobha Developers (Pune) Limited	648.06	402.15
	Key Management Personnel	Mr. Ravi PNC Menon	29.27	-
	Other related parties	Sri Kurumba Trust	3.95	4.01
Other income	Other related parties	Services and Trading Co. LLC	-	1.62
Income from glazing works	Subsidiary	Sobha City	18.66	2.03
	Other related parties	Sri Parvathy Land Developers Private Limited	0.94	-
Income from interior works	Subsidiary	Sobha City	10.41	4.22
	Key management personnel	Mr. S. Baaskaran	-	0.46
	Other related parties	Sri Parvathy Land Developers Private Limited	5.97	-
		Sri Kurumba Trust	0.43	-
Income from concrete block material	Subsidiary	Sobha City	2.90	1.93
	Other related parties	Sri Parvathy Land Developers Private Limited	5.40	-
Interest income on debentures	Subsidiary	Sobha Highrise Ventures Private Limited	26.03	-
Interest income on inter corporate loan given	Subsidiary	Sobha Highrise Ventures Private Limited	3.96	-
Income from property development	Key management personnel	Mr. J. C. Sharma	-	0.70
Interest recharge	Other related parties	SBG Housing Private Limited	-	22.50
Purchase of building	Other related parties	Sobha Ventures Limited	-	24.42
Interior works done by the related party for office building	Other related parties	Sobha Engineering and Contracting LLC, Dubai	27.42	-
Purchase of Intellectual property rights	Other related parties	Sobha Renaissance Information Technology Private Limited	-	50.00
Purchase of project items	Other related parties	Sobha Projects & Trade Private Limited	103.17	47.98
Aircraft hire charges -Travelling and conveyance	Other related parties	Sobha Puravankara Aviation Private Limited	93.54	-
Advertising and sales promotion	Other related parties	Sobha Engineering and Contracting LLC, Dubai	5.80	-
Share in profits of partnership firm	Subsidiary	Sobha City	130.77	73.28
		Sobha Assets Private Limited	-	0.10
Investment in equity share capital	Subsidiary	Sobha Highrise Ventures Private Limited	25.90	-
Investment in preference shares	Subsidiary	Sobha Highrise Ventures Private Limited	77.00	-
Investment in debentures	Subsidiary	Sobha Highrise Ventures Private Limited	377.00	-
Amount contributed to partnership Capital account	Subsidiary	Sobha City	199.99	-
Sale of investment in Equity Share Capital of Sobha Puravankara Aviation Private Limited	Relatives of key management personnel	Mrs. Sobha Menon	-	9.75
		Mrs. Sudha Menon	-	0.20

Description of the nature of transaction	Description of relationship	Related party	₹ million	
			31-Mar-13	31-Mar-12
Directors' remuneration	Key management personnel	Mr. J. C. Sharma	48.28	50.04
		Mr. Ravi PNC Menon	86.45	43.62
		Mr. P. Ramakrishnan	6.97	6.34
Dividend paid (Payment basis)	Key management personnel	Mr. P. N. C. Menon	62.44	37.46
		Mr. P. N. C. Menon and Mrs. Sobha Menon (Jointly held shares)	27.47	16.48
		Mr. Ravi PNC Menon	0.16	-
		Mr. J. C. Sharma	0.41	0.22
	Relatives of key management personnel	Mrs. Sobha Menon	206.74	124.04
Salary (including perquisites)	Key management personnel	Mr. S. Baaskaran	6.43	5.37
		Mr. Kishore Kayarat	2.40	1.98
		Mr. Ganesh Venkataraman	1.79	-
	Relatives of key management personnel	Mr. P. N. Haridas	0.69	0.73
Loan repaid	Other related parties	Sobha Puravankara Aviation Private Limited	-	8.95
	Relatives of key management personnel	Mrs. Sobha Menon	-	4.50
Interest paid	Relatives of key management personnel	Mrs. Sobha Menon	-	0.53
Repayment of Inter-corporate deposit by the related party	Other related parties	Sobha Renaissance Information Technology Private Limited	-	40.00
Inter corporate loan given	Subsidiary	Sobha Highrise Ventures Private Limited	419.06	-
Inter corporate loan repaid by related party	Subsidiary	Sobha Highrise Ventures Private Limited	419.06	-
Advance received	Other related parties	SBG Housing Private Limited	33.61	-
Advance repaid	Other related parties	SBG Housing Private Limited	23.57	-
Donation paid	Other related parties	Sri Kurumba Trust	60.00	55.10
Reimbursement from related party	Subsidiary	Sobha Assets Private Limited	6.41	-
		Sobha Highrise Ventures Private Limited	0.23	-
		Sobha Contracting LLC (Dubai)	-	0.21
	Other related parties	SBG Housing Private Limited	5.58	-
		Sobha Glazing & Metal Works Private Limited	-	0.98
		Sobha Interiors Private Limited	3.52	2.86
		Sobha Puravankara Aviation Private Limited	0.43	0.47
		Technobuild Developers Private Limited	241.86	3.59
Advance paid towards purchase of land, goods or services	Other related parties	Sobha Projects & Trade Private Limited	69.59	399.63
		Sobha Maple Tree Developers Private Limited	69.82	10.10
		Puzhakkal Developers Private Limited	49.25	-
		Sobha Puravankara Aviation Private Limited	95.67	70.57
		Royal Interiors Private Limited	1.16	-
	Subsidiary	Sobha Assets Private Limited	52.44	11.52



Description of the nature of transaction	Description of relationship	Related party	₹ million	
			31-Mar-13	31-Mar-12
Assignment of land advance	Other related parties	Sri Parvathy Land Developers Private Limited	92.14	-
		Sri Durga Devi Property Management Private Limited	48.03	-
Assignment of land advance paid to Sobha Maple Tree Developers Private Limited to Sobha Highrise Ventures Private Limited	Subsidiary	Sobha Highrise Ventures Private Limited	79.92	-
Refund of advance by the related party	Other related parties	Technobuild Developers Private Limited	80.00	-
Rent paid	Other related parties	Sobha Interiors Private Limited	12.89	12.14
		Sobha Glazing & Metal Works Private Limited	5.14	4.76
	Key management personnel	Mr. Ravi PNC Menon	0.39	-
	Relatives of key management personnel	Mrs. Sobha Menon	-	0.67

## c Closing balance

Description of the nature of transaction	Description of relationship	Related party	₹ million	
			31-Mar-13	31-Mar-12
Inter-corporate deposit	Other related parties	Sobha Renaissance Information Technology Private Limited	47.11	47.11
Land advance	Other related parties	Technobuild Developers Private Limited	8,149.07	7,987.21
		Sobha Maple Tree Developers Private Limited	-	10.10
		Puzhakkal Developers Private Limited	52.32	2.90
		Sri Parvathy Land Developers Private Limited	92.14	-
		Sri Durga Devi Property Management Private Limited	48.03	-
		SBG Housing Private Limited	-	17.89
		Sobha Glazing & Metal Works Private Limited	93.93	99.07
Rent deposit	Other related parties	Sobha Interiors Private Limited	234.53	247.42
Investment in subsidiaries - Current account	Subsidiary	Sobha City - Partner current account	483.62	352.44
Investment in preference shares	Subsidiary	Sobha Highrise Ventures Private Limited	77.00	-
Investment in debentures	Subsidiary	Sobha Highrise Ventures Private Limited	377.00	-

Description of the nature of transaction	Description of relationship	Related party	₹ million	
			31-Mar-13	31-Mar-12
Advances recoverable in cash or in kind	Subsidiary	Sobha Assets Private Limited	70.37	11.52
		Sobha Highrise Ventures Private Limited	0.03	-
	Other related parties	Sobha Projects & Trade Private Limited	414.65	448.23
		Sobha Puravankara Aviation Private Limited	167.14	71.04
		Architectural Metal Works FZCO	0.29	0.29
		Punkunnam Builders and Developers Private Limited	0.03	0.03
		Sobha Contracting LLC (Dubai)	5.15	5.15
		Sobha Interiors Private Limited	6.82	3.30
Trade receivables	Other related parties	Sri Kurumba Trust	20.51	16.65
	Key management personnel	Mr. Ravi PNC Menon	9.51	-
Interest accrued on investments	Subsidiary	Sobha Highrise Ventures Private Limited	23.43	-
Payables	Other related parties	Royal Interiors Private Limited	-	9.70
		Oman Builders Private Limited	-	15.36
		Sobha Glazing & Metal Works Private Limited	8.13	9.21
		Sobha Innercity Technopolis Private Limited	-	1.82
		SBG Housing Private Limited	2.68	-
		Sobha Puravankara Aviation Private Limited	35.11	-
		Sobha Technocity Private Limited	-	0.77
		Sobha Space Private Limited	0.02	56.37
Capital creditors	Other related parties	Sobha Renaissance Information Technology Private Limited	50.00	50.00
Advance from customers	Subsidiary	Sobha Developers (Pune) Limited	2,494.96	728.84
		Sobha City	35.90	66.75
Non-trade payable	Key management personnel	Mr. J. C. Sharma	37.95	40.60
		Mr. Ravi PNC Menon	38.02	-
	Relatives of key management personnel	Mrs. Sobha Menon	-	1.78
Guarantees given	Subsidiary	Sobha City	745.00	495.00
		Sobha Developers (Pune) Limited	1,480.00	655.00

Also, refer note 8 as regards guarantees received from key management personnel and relative of key management personnel and collateral securities offered by related companies in respect of loans availed by the Company.

## 27 Earnings per share ['EPS']

Particulars	₹ million	
	31-Mar-13	31-Mar-12
Profit after tax attributable to shareholders	1,965.73	2,008.50
Weighted average number of equity shares of ₹ 10 each outstanding during the period used in calculating basic and diluted EPS	98,063,868	98,063,868

## 28 Leases

### (a) Finance lease: Company as lessee

The Company has acquired plant and machinery and scaffolding items under finance lease with the respective underlying assets as security. These leases have an average life of 3 to 5 years with renewal option included in the contract. Minimum lease payments (MLP) outstanding in respect of these assets are as follows (Figures in brackets are in respect of the previous year) :

Particulars	₹ million		
	Total MLP outstanding as on March 31, 2013	Interest	Present Value of MLP
Within one year	266.51 (182.32)	28.17 (31.02)	238.34 (151.30)
After one year but not more than five years	155.68 (242.49)	7.66 (17.25)	148.02 (225.24)
More than five years	- -	- -	- -
	422.19 (424.81)	35.83 (48.27)	386.36 (376.54)

### (b) Operating lease: Company as lessee

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

Particulars	₹ million	
	31-Mar-13	31-Mar-12
Lease payments recognised as an expense in statement of profit and loss	175.08	150.20
Minimum lease payments outstanding in respect of these lease for non-cancelable period are as follows:		

Particulars	₹ million	
	31-Mar-13	31-Mar-12
Not later than one year	44.78	32.78
Later than one year and not later than five years	116.34	109.42
Later than five years	271.76	249.10
	<b>432.88</b>	<b>391.30</b>

## 29 Contingent liabilities and commitments (to the extent not provided for)

### i. Contingent liabilities

Particulars	₹ million	
	31-Mar-13	31-Mar-12
i. Guarantees given by the Company	3,700.82	2,915.12
ii. Claims against the Company, not acknowledged as debts *	846.72	846.72
iii. Income tax matters in dispute	3.94	3.94
iv. Sales tax matters in dispute	363.44	252.58
v. Service tax matters in dispute	1,182.31	1,182.31
	<b>6,097.23</b>	<b>5,200.67</b>
The Company does not expect any reimbursement in respect of the above contingent liability and it is not practicable to estimate the timings of the cash outflows, if any, in respect of matters above pending resolution of the arbitration/ appellate proceedings and it is not probable that an outflow of resources will be required to settle the above obligations/claims.		

\* During the year ended March 31, 2011, a customer has initiated arbitration proceedings against the Company for ₹ 846.72 million for breach of contractual obligation for which the Company has filed a statement of objection and counter claim for non payment. Based on legal advice obtained by the management the Company is confident of recovering full dues. Pending settlement, the claims made against the Company have been disclosed as contingent liability.

### Note:

The Company is also involved in certain litigation for lands acquired by it for construction purposes, either through joint development agreements or through outright purchases, the impact of which is not quantifiable. These cases are pending with various courts and are scheduled for hearings. After considering the circumstances and legal advice received, management believes that these cases will not adversely effect its financial statements.

### ii. Commitments

(a) The estimated amount of contracts, net of advances remaining to be executed on capital account is ₹ 81.56 million (Previous year - ₹ 33.90 million)

(b) At March 31, 2013, the Company has given ₹ 13,830.50 million (Previous year - ₹ 13,882.30 million) as advances for purchase of land. Under the agreements executed with the land owners, the Company is required to make further payments under the agreements based on the terms/ milestones stipulated under the agreement.

(c) The Company has entered into joint development agreements with owners of land for its construction and development. Under the agreements the Company is required to pay deposits to the owners of the land and share in area/ revenue from such development in exchange of undivided share in land as stipulated under the agreements. As of March 31, 2013 the Company has paid ₹ 2,569.04 million (Previous year - ₹ 2,455.24 million) as refundable deposit against the joint development agreements.

(d) The Company has entered into an aircraft usage agreement with a party wherein the Company along with certain other parties has committed minimum usage of aircraft.

(e) For commitments relating to lease arrangements, please refer note 28.

### 30 Donation to political parties

Particulars	₹ million	
	31-Mar-13	31-Mar-12
Congress (I)	-	0.73
Communist Party of India (M)	-	0.20
Others (Comprising of Communist Party of India, Janatha Dal United, United Democratic Front, Left Democratic Front, Bahujan Samaj Party)	-	0.05
	-	0.98

### 31 Employee benefits

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

#### Statement of profit and loss

Net employee benefit expense (recognised in employee benefits expense)

Particulars	₹ million	
	31-Mar-13	31-Mar-12
Current service cost	11.38	14.72
Interest cost on benefit obligation	4.96	4.21
Expected return on plan assets	(1.78)	(1.76)
Net actuarial loss/ (gain) recognised	7.84	(1.61)
Net benefit expense	22.40	15.56

#### Balance sheet

Particulars	₹ million	
	31-Mar-13	31-Mar-12
Defined benefit obligation	76.92	62.03
Fair value of plan assets	18.24	20.75
Plan (asset)/ liability	58.68	41.28

#### Changes in the present value of the defined benefit obligation

Opening defined benefit obligation	62.03	52.67
Interest cost	4.96	4.21
Current service cost	11.38	14.72
Benefits paid	(9.36)	(7.74)
Actuarial (gains)/ losses on obligation	7.91	(1.83)
Closing defined benefit obligation	76.92	62.03

		₹ million
Particulars	31-Mar-13	31-Mar-12
<b>Changes in the fair value of plan assets</b>		
Opening fair value of plan assets	20.75	21.95
Expected return	1.78	1.76
Contributions by employer	5.00	5.00
Benefits paid	(9.36)	(7.74)
Actuarial gains/ (losses)	0.07	(0.22)
Closing fair value of plan assets	18.24	20.75
<b>Actual return on plan assets</b>		
Expected return on plan assets	1.78	1.76
Actuarial gain/ (loss) on plan assets	0.07	(0.22)
Actual return on plan assets	1.85	1.54

Particulars	31-Mar-13	31-Mar-12
<b>Investment details of plan assets</b>		
Investment with insurer - 100% in debt instruments		
<b>The principal assumptions used in determining gratuity obligation</b>		
Discount rate	8.00%	8.50%
Expected rate of return on assets	8.70%	8.00%
The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.		
Increase in compensation cost	5.00%	5.00%

					₹ million
Experience adjustment	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Defined benefit obligation	76.92	62.03	52.67	38.21	37.70
Plan assets	18.24	20.75	21.95	23.07	21.38
Surplus / (deficit)	58.68	41.28	30.72	15.14	16.32
Experience adjustments on plan liabilities	6.40	(0.24)	3.86	9.97	(2.13)
Experience adjustments on plan assets	0.07	(0.22)	(0.45)	1.65	(0.70)

Notes:

i. The Company expects to contribute ₹ 20.00 million (Previous year - ₹ 20.60 million) to the trust towards gratuity fund in 2013-14.

ii. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other several factor such as supply and demand factor in the employment market. Employee turnover varies based on various age groups.

## 32 Segment reporting

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

### 33 Supplementary statutory information

#### a. Expenditure in foreign currency [on accrual basis]

Particulars	₹ million	
	31-Mar-13	31-Mar-12
Salaries, wages and bonus	10.27	10.02
Travelling and conveyance	2.86	7.23
Legal and professional charges	1.72	0.11
Advertising and sales promotion	8.56	-
Miscellaneous expenses	11.01	8.26
	<b>34.42</b>	<b>25.62</b>

#### b. Value of imports calculated on CIF basis

Particulars	₹ million	
	31-Mar-13	31-Mar-12
Raw materials (including project items)	213.82	104.52
Capital goods	121.89	22.94
	<b>335.71</b>	<b>127.46</b>

#### c. Imported and indigenous raw materials consumption

Particulars	31-Mar-13		31-Mar-12	
	%	Amount	%	Amount
Raw Materials				
Imported	12.33%	132.91	6.88%	69.51
Indigenously obtained	87.67%	945.18	93.12%	941.50
	<b>100.00%</b>	<b>1,078.09</b>	<b>100.00%</b>	<b>1,011.01</b>

### 34 Construction contracts

Particulars	₹ million	
	31-Mar-13	31-Mar-12
Contract revenue recognised as revenue for the year ended March 31, 2013	10,024.02	8,838.10
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to March 31, 2013 for all the contracts in progress	25,630.37	14,071.10
The amount of customer advances outstanding for contracts in progress as at March 31, 2013	3,283.51	2,106.64
The amount of retentions due from customers for contracts in progress as at March 31, 2013	248.21	156.46

### 35 Derivative instruments and unhedged foreign currency exposure

Particulars	₹ million	
	31-Mar-13	31-Mar-12

Foreign currency exposure that are not hedged by derivative instruments or otherwise:

Payables	0.99	2.32
Receivables	44.65	29.27

36 Based on the information available with the Company, there are no suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as at March 31, 2013.

37 Disclosure as per clause 32 of the Listing agreement of the loans and advances granted to subsidiaries, fellow subsidiaries, joint ventures, associates and other Companies in which the directors are interested:

Particulars	March 31, 2013		March 31, 2012	
	Closing balance	Maximum amount due	Closing balance	Maximum amount due
Sobha Highrise Ventures Private Limited	400.43	819.49	-	-
Sobha Renaissance Information Technology Private Limited	47.11	47.11	47.11	87.11

### 38 Transfer pricing

As per the transfer pricing rules prescribed under the Income-tax Act, 1961, the Company is examining the domestic and international transactions and documentation in respect thereof to ensure compliance with the said rules. The management does not anticipate any material adjustment with regard to the transactions involved.

### 39 Prior year comparatives

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

As per our report of even date

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

per Adarsh Ranka  
Partner  
Membership No.: 209567

Place: Bengaluru  
Date: May 10, 2013

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

Ravi PNC Menon  
Chairman

Ganesh Venkataraman  
Chief Financial Officer

Place: Bengaluru  
Date: May 10, 2013

J.C. Sharma  
Vice Chairman and  
Managing Director

Kishore Kayarat  
Company Secretary and  
Compliance Officer



## Independent Auditors' Report

To the Board of Directors of Sobha Developers Limited

We have audited the accompanying consolidated financial statements of Sobha Developers Limited ('the Company') and its subsidiaries (collectively referred to as 'the Group'), which comprise the consolidated balance sheet as at March 31, 2013, the consolidated statement of profit and loss and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also

includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2013;
- (b) in the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

### Other matter

We did not audit total assets of ₹ 3,387.10 million as at March 31, 2013, total revenues of ₹ 2,487.03 million and net cash inflows amounting to ₹ 70.26 million for the year then ended (after eliminations), included in the accompanying consolidated financial statements in respect of three subsidiaries, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiaries is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

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



per Adarsh Ranka  
Partner  
Membership No.: 209567

Place: Bengaluru  
Date: May 10, 2013

## Consolidated balance sheet as at March 31, 2013

	Notes	31-Mar-13 ₹ million	31-Mar-12 ₹ million
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	980.64	980.64
Reserves and surplus	4	20,385.55	19,016.87
		<b>21,366.19</b>	<b>19,997.51</b>
Minority interest		101.80	355.32
<b>Non-current liabilities</b>			
Long-term borrowings	5	526.04	244.40
Deferred tax liability (net)	13	638.11	330.37
Trade payables	6	177.62	177.62
Long-term provisions	7	14.47	20.68
		<b>1,356.24</b>	<b>773.07</b>
<b>Current liabilities</b>			
Short-term borrowings	8	13,009.64	11,999.49
Trade payables	9	4,096.16	3,652.66
Other current liabilities	9	7,243.64	4,228.83
Short-term provisions	7	1,423.13	1,365.52
		<b>25,772.57</b>	<b>21,246.50</b>
<b>TOTAL</b>		<b>48,596.80</b>	<b>42,372.40</b>
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	10	3,128.01	2,739.60
Intangible assets	11	172.51	99.94
Capital work-in-progress		-	12.75
Non-current investments	12	0.18	0.18
Long-term loans and advances	14	4,313.97	5,501.95
Trade receivables	15.1	20.23	51.25
Other non-current assets	15.2	152.49	101.85
		<b>7,787.39</b>	<b>8,507.52</b>
<b>Current assets</b>			
Current investments	16	1.89	-
Inventories	17	19,017.62	16,759.44
Trade receivables	15.1	1,641.41	1,128.63
Cash and bank balances	18	669.78	587.76
Short-term loans and advances	14	14,356.77	12,766.42
Other current assets	15.2	5,121.94	2,622.63
		<b>40,809.41</b>	<b>33,864.88</b>
<b>TOTAL</b>		<b>48,596.80</b>	<b>42,372.40</b>

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the consolidated financial statements.  
As per our report of even date

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

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

per Adarsh Ranka  
Partner  
Membership No.: 209567

Ravi PNC Menon  
Chairman

J.C. Sharma  
Vice Chairman and  
Managing Director

Ganesh Venkataraman  
Chief Financial Officer

Kishore Kayarat  
Company Secretary and  
Compliance Officer

Place: Bengaluru  
Date: May 10, 2013

Place: Bengaluru  
Date: May 10, 2013

## Consolidated statement of profit and loss for the year ended March 31, 2013

	Notes	31-Mar-13 ₹ million	31-Mar-12 ₹ million
<b>Income</b>			
Revenue from operations (gross)	19	18,719.68	14,134.13
Less : Excise duty		74.26	55.11
<b>Revenue from operations (net)</b>		<b>18,645.42</b>	<b>14,079.02</b>
Other income	20	55.17	64.70
<b>Total revenue</b>		<b>18,700.59</b>	<b>14,143.72</b>
<b>Expenses</b>			
Land purchase cost		2,045.33	2,590.65
Cost of raw material and components consumed	21	1,078.09	1,011.01
(Increase)/ decrease in inventories of building materials, finished goods, stock in trade - flats, land stock and work-in-progress	22	(2,231.64)	(4,852.42)
Purchase of project materials		5,045.12	2,867.09
Subcontractor and labour charges		3,165.86	2,830.28
Employee benefits expense	23	1,635.45	1,267.49
Depreciation and amortization expense	25	593.73	387.78
Finance costs	26	1,704.90	1,165.39
Other expenses	24	2,424.68	3,699.37
<b>Total</b>		<b>15,461.52</b>	<b>10,966.64</b>
<b>Profit before tax</b>		<b>3,239.07</b>	<b>3,177.08</b>
<b>Tax expenses</b>			
Current tax		760.74	719.59
Deferred tax charge/ (credit)		307.74	404.16
MAT credit entitlement		-	(47.20)
<b>Total tax expense</b>		<b>1,068.48</b>	<b>1,076.55</b>
<b>Profit after tax</b>		<b>2,170.59</b>	<b>2,100.53</b>
(Add)/ Less: Minority interest		(1.20)	40.99
<b>Profit after minority interest</b>		<b>2,171.79</b>	<b>2,059.54</b>
<b>Earnings per equity share [nominal value of ₹ 10 (Previous year - ₹ 10)]</b>			
Basic and Diluted	28	22.15	21.00
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the consolidated financial statements.  
As per our report of even date

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

per Adarsh Ranka  
Partner  
Membership No.: 209567

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

Ravi PNC Menon  
Chairman

Ganesh Venkataraman  
Chief Financial Officer

J.C. Sharma  
Vice Chairman and  
Managing Director

Kishore Kayarat  
Company Secretary and  
Compliance Officer

Place: Bengaluru  
Date: May 10, 2013

Place: Bengaluru  
Date: May 10, 2013

## Consolidated cash flow statement for the year ended March 31, 2013

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
<b>Cash flow from operating activities</b>		
Profit before tax	3,239.07	3,177.08
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/ amortization	593.73	387.78
Profit on sale of fixed assets (net)	(0.29)	(0.82)
Provision for diminution in value of long term investment	-	26.70
Provision for doubtful debts and advances	20.00	67.00
Interest expense	1,611.78	1,079.49
Interest income	(28.33)	(35.46)
<b>Operating profit before working capital changes</b>	<b>5,435.96</b>	<b>4,701.77</b>
Movements in working capital :		
Increase/ (decrease) in trade payables	443.50	441.78
Increase/ (decrease) in other current liabilities	2,967.71	469.45
Decrease/ (increase) in trade receivables	(501.76)	(165.52)
Decrease/ (increase) in inventories	(2,258.18)	(4,900.37)
Decrease/ (increase) in other assets	(2,503.69)	550.55
Decrease/ (increase) in loans and advances	(146.52)	4,289.50
Increase/ (decrease) in provisions	19.61	11.76
Cash generated from /(used in) operations	3,456.63	5,398.92
Direct taxes paid (net of refunds)	(915.10)	(537.97)
<b>Net cash flow from/ (used in) operating activities (A)</b>	<b>2,541.53</b>	<b>4,860.95</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, including capital work-in-progress and capital advances	(877.42)	(1,021.04)
Proceeds from sale of fixed assets	2.91	1.73
Proceeds from issue of equity shares to minority shareholders of subsidiary	103.00	-
Consideration paid on acquisition of subsidiary	-	(986.31)
Consideration paid for additional share in capital and profit of the partnership firm	(479.04)	-
Purchase of current investments	(80.59)	-
Proceeds from sale of current investments	78.70	9.95
Investments in/(redemption of) bank deposits (having original maturity of more than three months) - net	38.18	(159.79)
Interest received	25.10	34.50
<b>Net cash flow from/ (used in) investing activities (B)</b>	<b>(1,189.16)</b>	<b>(2,120.96)</b>

## Consolidated Cash flow statement for the year ended March 31, 2013

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	510.69	464.03
Repayment of long-term borrowings	(141.15)	(834.14)
Proceeds from short-term borrowings	5,691.86	7,463.09
Repayment of short-term borrowings	(4,681.71)	(7,350.93)
Interest paid (gross)	(1,999.30)	(1,906.18)
Dividends paid on equity shares	(489.99)	(293.98)
Tax on equity dividend paid	(79.54)	(48.86)
<b>Net cash flow from/ (used in) in financing activities (C)</b>	<b>(1,189.14)</b>	<b>(2,506.97)</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A + B + C)</b>	<b>163.23</b>	<b>233.02</b>
Cash and cash equivalents at the beginning of the year	411.20	169.84
Cash inflow due to acquisition of subsidiary	-	8.34
<b>Cash and cash equivalents at the end of the year</b>	<b>574.43</b>	<b>411.20</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	2.99	3.68
Cheques/ drafts on hand	10.40	53.52
With banks- on current account	559.22	350.66
- on deposit account	0.71	2.57
- unpaid dividend accounts*	1.11	0.77
<b>Total cash and cash equivalents (note 18)</b>	<b>574.43</b>	<b>411.20</b>
Summary of significant accounting policies	2.1	

\* The company can utilize this balance only toward settlement of the unpaid dividend liability.

As per our report of even date

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

per Adarsh Ranka  
Partner  
Membership No.: 209567

Place: Bengaluru  
Date: May 10, 2013

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

Ravi PNC Menon  
Chairman

Ganesh Venkataraman  
Chief Financial Officer

Place: Bengaluru  
Date: May 10, 2013

J.C. Sharma  
Vice Chairman and  
Managing Director

Kishore Kayarat  
Company Secretary and  
Compliance Officer

## Notes to the consolidated financial statements for the year ended March 31, 2013

### 1 Corporate Information

Sobha Developers Limited ('Company' or 'SDL') was incorporated on August 7, 1995. SDL together with its subsidiaries (herein after collectively referred to as 'the Group') is a leading real estate developer engaged in the business of construction, development, sale, management and operation of all or any part of townships, housing projects, commercial premises and other related activities. The Group is also engaged in manufacturing activities related to interiors, glazing and metal works and concrete products which also provides backward integration to SDL's turnkey projects.

### 2 Basis of preparation

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

Name of subsidiary	Percentage of holding	
	31-Mar-13	31-Mar-12
Sobha City ['Partnership firm']	100% [Profit sharing ratio]	70% [Profit sharing ratio]
Sobha Developers (Pune) Limited [Formerly Sobha Developers (Pune) Private Limited]		
[Associate until June 30, 2011 and subsidiary effective July 1, 2011]	100%	100%
Sobha Assets Private Limited [Subsidiary incorporated on March 13, 2012]	100%	100%
Sobha Highrise Ventures Private Limited	50.0003%	-
[Subsidiary Company under Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) incorporated on May 28, 2012]		
<b>Subsidiaries of Sobha City</b>		
Vayaloor Properties Private Limited	100%	99.99%
Vayaloor Builders Private Limited	100%	99.99%
Vayaloor Developers Private Limited	100%	99.99%
Vayaloor Real Estate Private Limited	100%	99.99%
Vayaloor Realtors Private Limited	100%	99.99%
Valasai Vettikadu Realtors Private Limited	100%	99.99%

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

The financial statements of the subsidiary are drawn upto the same reporting date as that of the Company i.e March 31, 2013. The consolidated financial statements of the Group have been prepared based on line-by-line consolidation of the balance sheet, statement of profit and loss and cash flows of the Company and its subsidiaries. Inter-company balances and intra-company transactions and resulting unrealised profits have been eliminated on consolidation.

The excess of cost of the parent company of its investment in the subsidiary over its portion of equity in the subsidiary, on the date of investments is recognised in the financial statements as goodwill. The parent portion of equity in such subsidiary is determined on the basis of book values of assets and liabilities as per the financial statement of the subsidiary as on the date of investment. Goodwill is amortised over a period of 5 years from date of acquisition/ investment.

The accounting policies have been consistently applied by the Group and are consistent with those used in previous year, except for the change in accounting policy explained in note 2.1 (a) below.

### 2.1 Summary of significant accounting policies

#### a) Change in accounting policy

##### *Revenue Recognition*

Effective April 1, 2012, the Guidance Note on Accounting for Real Estate Transactions (Revised 2012) issued by the Institute of Chartered Accountants of India has become applicable to all projects in real estate which are commenced on or after April 1, 2012 and also to projects which have already commenced but where revenue is being recognised for the first time on or after April 1, 2012. This has resulted in lower revenue recognition and lower profits before taxes of ₹ 777 million and ₹ 482 million respectively during the year ended March 31, 2013.

#### b) Use of estimates

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

#### c) Tangible fixed assets and Intangible assets

##### i. Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Borrowing costs relating to acquisition of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

ii. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over a period of 3 years, which is estimated to be the useful life of the asset.

d) Depreciation on tangible fixed assets

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

Steel scaffolding items are depreciated using straight line method over a period of 6 years, which is estimated to be the useful life of the asset.

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

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

e) Impairment of tangible and intangible assets

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

f) Leases

**Where the Group is lessee**

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased asset, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognized as finance costs in the statement of profit and loss.

A leased asset is depreciated on a straight-line basis over the lower of the lease term or the estimated useful life of the asset unless there is reasonable certainty that the Group will obtain ownership, wherein such assets are depreciated over the estimated useful life of the asset.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

g) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued.

Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

h) Inventories

**Related to contractual and real estate activity**

Direct expenditure relating to construction activity is inventorised. Other expenditure (including borrowing costs) during construction period is inventorised to the extent the expenditure is directly attributable cost of bringing the asset to its working condition for its intended use. Other expenditure (including borrowing costs) incurred during the construction period which is not directly attributable for bringing the asset to its working condition for its intended use is charged to the statement of profit and loss. Direct and other expenditure is determined based on specific identification to the construction and real estate activity. Cost incurred/ items purchased specifically for projects are taken as consumed as and when incurred/ received.

- i. Work-in-progress - Contractual: Cost of work yet to be certified/ billed, as it pertains to contract costs that relate to future activity on the contract, are recognised as contract work-in-progress provided it is probable that they will be recovered. Contractual work-in-progress is valued at lower of cost and net realisable value.
- ii. Work-in-progress - Real estate projects (including land inventory): Represents cost incurred in respect of unsold area of the real estate development projects or cost incurred on projects where the revenue is yet to be recognised. Real estate work-in-progress is valued at lower of cost and net realisable value.
- iii. Finished goods - Flats: Valued at lower of cost and net realisable value.
- iv. Finished goods - Plots: Valued at lower of cost and net realisable value.
- v. Building materials purchased, not identified with any specific project are valued at lower of cost and net realisable value. Cost is determined based on a weighted average basis.
- vi. Land inventory: Valued at lower of cost and net realisable value. Land inventory which is under development or held for development/ sale in near future is classified as current asset. Land which is held for undetermined use or for future development is classified as non current asset.

#### *Related to manufacturing activity*

- i. Raw materials are valued at lower of cost and net realisable value. Cost is determined based on a weighted average basis.
- ii. Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. However, inventory held for use in production of finished goods is not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

#### **i) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue from operations (gross) is net of sales tax/ value added tax and adjustments on account of cancellation/ returns. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

##### **i. Recognition of revenue from contractual projects**

If the outcome of contractual contract can be reliably measured, revenue associated with the construction contract is recognised by reference to the stage of completion of the contract activity at year end (the percentage of completion method). The stage of

completion on a project is measured on the basis of completion of a physical proportion of the contract work/ based upon the contracts/ agreements entered into by the Group with its customers.

##### **ii. Recognition of revenue from real estate projects**

Revenue from real estate projects is recognised when it is reasonably certain that the ultimate collection will be made and that there is buyers' commitment to make the complete payment. The following specific recognition criteria must also be met before revenue is recognized:

##### **a. Recognition of revenue from property development**

*For projects commenced and period where revenue recognised before April 1, 2012*

##### **Recognition of revenue from construction activity**

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

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

Revenue from sale of undivided share of land [group housing] is recognised upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/ agreements and/ or minimum level of collection of dues from the customer.

##### **Recognition of revenue from sale of villa plots**

Revenue from sale of villa plots is recognised upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/ agreements.

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

*For projects commenced on or after April 1, 2012 and also to projects which have already*



*commenced but where revenue is being recognised for the first time on or after April 1, 2012*

Revenue from real estate projects including revenue from sale of undivided share of land [group housing] is recognised upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/ agreements. Where the Group still has obligations to perform substantial acts even after the transfer of all significant risks and rewards, revenue in such cases is recognised by applying the percentage of completion method only if the following thresholds have been met:

- (a) all critical approvals necessary for the commencement of the project have been obtained;
- (b) the expenditure incurred on construction and development costs (excluding land cost) is not less than 25 % of the total estimated construction and development costs;
- (c) at least 25 % of the saleable project area is secured by contracts/agreements with buyers; and
- (d) at least 10 % of the contracts/agreements value are realised at the reporting date in respect of such contracts/agreements.

When the outcome of a real estate project can be estimated reliably and the conditions above are satisfied, project revenue (including from sale of undivided share of land) and project costs associated with the real estate project should be recognised as revenue and expenses by reference to the stage of completion of the project activity at the reporting date arrived at with reference to the entire project costs incurred (including land costs).

**b. Recognition of revenue from sale of land and development rights**

Revenue from sale of land and development rights is recognised upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/ agreements. Revenue from sale of land and development rights is only recognised when transfer of legal title to the buyer is not a condition precedent for transfer of significant risks and rewards of ownership to the buyer.

**iii. Recognition of revenue from manufacturing division**

Revenue from sale of materials is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer which coincides with dispatch of goods to the customers. Excise duty deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arising during the year. Service income is recognised on the basis of completion of a

physical proportion of the contract work/ based upon the contracts/ agreements entered into by the Group with its customers.

**iv. Dividend income**

Revenue is recognised when the shareholders' or unitholders' right to receive payment is established by the balance sheet date.

**v. Interest income**

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

**j) Foreign currency translation**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items or on reporting monetary items of Group at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

**k) Taxes**

**Tax expense comprises of current and deferred tax.**

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

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

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

Minimum Alternative tax (MAT) credit is recognised as an asset only when and to the extent there is convincing

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

**l) Retirement and other employee benefits**

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

The Group makes contributions to Sobha Developers Employees Gratuity Trust ('the trust') to discharge the gratuity liability to employees. Provision towards gratuity, a defined benefit plan, is made for the difference between actuarial valuation by an independent actuary and the fund balance, as at the year-end. The cost of providing benefits under gratuity is determined on the basis of actuarial valuation using the projected unit credit method at each year end. Actuarial gains and losses are immediately taken to statement of profit and loss and are not deferred.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date. Actuarial gains/losses are immediately taken to statement of profit and loss and are not deferred.

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

**m) Earnings per share**

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares

outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**n) Provisions**

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

**o) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

**p) Cash and cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**q) Borrowing costs**

Borrowing costs directly attributable to acquisition/ construction of qualifying assets are capitalised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use/ sale. All other borrowing costs not eligible for inventorisation/ capitalisation are charged to statement of profit and loss.

**r) Land**

Advances paid by the Group to the seller/ intermediary toward outright purchase of land is recognised as land advance under loans and advances during the course of obtaining clear and marketable title, free from all encumbrances and transfer of legal title to the Group, whereupon it is transferred to land stock under inventories.

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

The Group has entered into agreements with land owners/ possessor to develop properties on such land in lieu of which, the Group has agreed to transfer certain percentage of constructed area. The Group measures development rights/ land received under these agreements at cost of construction transferred, as adjusted for other cash/ non-cash consideration.

### 3 Share Capital

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
<b>Authorised shares</b>		
150,000,000 (Previous year - 150,000,000) equity shares of ₹10 each	1,500.00	1,500.00
5,000,000 (Previous year - 5,000,000 ) 7% redeemable preference shares of ₹100 each	500.00	500.00
<b>Issued, subscribed and fully paid-up shares</b>		
98,063,868 (Previous year - 98,063,868) equity shares of ₹10 each fully paid up	980.64	980.64
Total issued, subscribed and fully paid-up share capital	980.64	980.64

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

	31-Mar-13		31-Mar-12	
	No of Shares	₹ million	No of Shares	₹ million
Equity shares				
At the beginning of the year	98,063,868	980.64	98,063,868	980.64
Issued during the year	-	-	-	-
Outstanding at the end of the year	98,063,868	980.64	98,063,868	980.64

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share.

Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting. In event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the Company

	31-Mar-13		31-Mar-12	
Name of shareholder	No of Shares in million	Holding percentage	No of Shares in million	Holding percentage
Equity shares of ₹10 each fully paid up				
Mrs. Sobha Menon	41.35	42.16%	41.35	42.16%
Mr. P.N.C. Menon	12.49	12.74%	12.49	12.74%
Mr. P.N.C. Menon and Mrs. Sobha Menon (Jointly)	5.49	5.60%	5.49	5.60%

Note : As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

#### 4 Reserves and surplus

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
<b>Capital redemption reserve</b>		
Balance as per the last financial statements	87.29	87.29
Closing balance	87.29	87.29
<b>Securities premium account</b>		
Balance as per the last financial statements	10,497.27	10,497.27
Closing balance	10,497.27	10,497.27
<b>Debenture redemption reserve</b>		
Balance as per the last financial statements	-	162.30
Less: Transfer to general reserve	-	(162.30)
Closing balance	-	-
<b>General reserve</b>		
Balance as per the last financial statements	1,704.44	1,341.14
Add: Transfer from statement of profit and loss	200.00	201.00
Add: Transfer from debenture redemption reserve	-	162.30
Closing balance	1,904.44	1,704.44
<b>Surplus in the statement of profit and loss</b>		
Balance as per last financial statements	6,727.87	5,439.19
Profit for the year	2,171.79	2,059.54
Less: Appropriations		
Proposed final equity dividend (amount per share ₹ 7 (Previous year - ₹ 5))	(686.45)	(490.32)
Tax on proposed equity dividend	(116.66)	(79.54)
Transfer to general reserve	(200.00)	(201.00)
Total appropriations	(1,003.11)	(770.86)
Net surplus in the statement of profit and loss	7,896.55	6,727.87
<b>Total reserves and surplus</b>	<b>20,385.55</b>	<b>19,016.87</b>

## 5 Long-term borrowings

	₹ million			
	Current maturities		Non current portion	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
<b>Unsecured debentures</b>				
17.5% Series A Compulsorily Convertible Debentures of Rs.100 each in Sobha Highrise Ventures Private Limited	-	-	377.00	-
<b>Secured loans</b>				
Finance lease obligations	238.34	151.30	148.02	225.24
Equipment loans	13.37	12.51	1.02	19.16
	251.71	163.81	526.04	244.40
Amount disclosed under the head "other current liabilities" (refer note 9)	(251.71)	(163.81)		
<b>Net amount</b>	-	-	526.04	244.40

i) Series A debentures have been issued at par and are convertible into Class C equity shares in the ratio of two Class C equity shares of Sobha Highrise Ventures Private Limited for each Series A allotted in Sobha Highrise Ventures Private Limited, on expiry of 19 years from the date of issue or on happening of certain events.

The price per equity share, for conversion of Series A debentures into Class C equity shares shall be ₹ 50 per equity share. The debentures carry a simple interest of 17.5% per annum.

### ii) Secured term loans

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-13	31-Mar-12			
Finance lease obligations	386.36	376.54	13%-15%	Secured by hypothecation of plant and machinery taken on lease.	Thirty five monthly installments commencing from the month the loan is availed.
Equipment loan	14.39	31.67	13%-15%	Hypothecation against specific equipment	Thirty five monthly installments commencing from the month the loan is availed.

## 6 Other long term liabilities

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
<b>Trade payables</b>		
(refer note 36 for details of dues to micro and small enterprises)		
Land cost payable	177.62	177.62
	177.62	177.62

## 7 Provisions

	Short term		Long term	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
₹ million				
<b>Provision for employee benefits</b>				
Provision for gratuity (note 32)	44.21	20.60	14.47	20.68
Provision for leave benefits	45.48	43.27	-	-
	89.69	63.87	14.47	20.68
<b>Other provisions</b>				
Provision for taxation (net of advance tax payments)	530.12	731.74	-	-
Provision for wealth tax (net of advance tax payments)	0.21	0.05	-	-
Proposed equity dividend	686.45	490.32	-	-
Tax on proposed equity dividend	116.66	79.54	-	-
	1,333.44	1,301.65	-	-
	1,423.13	1,365.52	14.47	20.68

## 8 Short-term borrowings

	31-Mar-13	31-Mar-12
	₹ million	₹ million
<b>Secured</b>		
Term loans from banks *	9,274.24	7,602.36
Term loans from financial institutions *	1,675.00	2,423.75
Cash credit from banks	2,060.40	1,903.38
	13,009.64	11,929.49
<b>Unsecured</b>		
From parties other than bank	-	70.00
	-	70.00
	13,009.64	11,999.49

\* Term loan from banks and financial institutions represents amount repayable within the operating cycle. Amount payable within twelve months ₹ 3,930.04 million (Previous year - ₹ 3,401.17 million)

Particulars	Amount outstanding ( ₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-13	31-Mar-12			
From banks					
Term Loan	385.00	-	12%-14%	Secured by equitable mortgage of certain project specific inventory and receivables of the Group. Further, the loan has been guaranteed by way of corporate guarantee given by certain group Companies.	Nine monthly installments in accordance with repayment schedule mentioned by the bank commencing from July 31, 2014.
Term Loan`	760.00	-	12%-14%	Secured by equitable mortgage of certain project specific inventory and receivables of the Group and maintaining of Debt Service Reserve account equal to three months interest.	Four quarterly installments of amounts as mentioned in the repayment schedule commencing from June 30, 2014.
Term Loan	380.00	-	12%-14%	Secured by equitable mortgage of certain project specific inventory and receivables and certain lands of the Group. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Four quarterly installments of ₹ 80 million, ₹ 200 million ₹ 300 million and ₹ 420 million respectively commencing from June 30, 2014.
Term Loan	100.00	-	12%-14%	Secured by equitable mortgage of certain project specific inventory and receivables and certain lands of the Group. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Two quarterly installments of ₹ 120 million and ₹ 180 million respectively commencing from September 30, 2014.
Term Loan	-	510.00	13%-15%	Secured by equitable mortgage of certain project specific inventory and receivables and certain lands of the Group. Further, the loan has been guaranteed by way of corporate guarantee given by certain group Companies.	Three equal monthly installments of ₹ 60 million from January 31, 2011 to March 31, 2011, three equal monthly installments of ₹ 30 million from April 30, 2011 to June 30, 2011, three equal monthly installments of ₹ 50 million from April 30, 2012 to June 30, 2012 and six equal monthly installments of ₹ 60 million commencing from July 31, 2012.
Term Loan	-	957.36	12%-14%	Secured by equitable mortgage of certain project specific inventory and hypothecation of project specific receivables and maintaining of Debt Service Reserve account equal to three months interest. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Twenty five monthly installments in accordance with repayment schedule mentioned by the bank commencing from March 15, 2011.
Term Loan	-	280.00	13%-15%	Secured by equitable mortgage of certain project specific inventory. Further, the loan has been guaranteed by way of corporate guarantee given by certain group Companies.	Four equal quarterly installments of ₹ 50 million commencing from December 31, 2012 and last installment of ₹ 80 million due on December 31, 2013.
Term Loan	290.00	255.00	13%-15%	Secured by equitable mortgage of certain project specific inventory and receivables of the Group.	Two half yearly installments of ₹ 145 million commencing from February 14, 2014.
Term Loan	972.44	619.00	13%-14%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Group and maintaining of Debt Service Reserve account equal to three months interest. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Quarterly installments of amounts as mentioned in the repayment schedule commencing from September, 30, 2013.

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-13	31-Mar-12			
Term Loan	650.00	770.00	14%-15%	Secured by equitable mortgage of certain land, building, project specific inventory and receivables of the Group and maintaining of Debt Service Reserve account equal to three months interest. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Eleven equal monthly installments of ₹ 50 million commencing from January 15, 2013 and ten monthly installments of ₹ 25 million commencing from July 15, 2013.
Term Loan	-	350.00	13%-15%	Secured by equitable mortgage of certain land of the Group.	One single installment within 12 months from the date of first availment.
Term Loan	1,041.80	741.00	13%-14%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Group. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Quarterly installments of amounts as mentioned in the repayment schedule commencing from two years from the date of disbursement of loan.
Term Loan	1,470.00	1,000.00	14%-15%	Secured by equitable mortgage of certain land and inventory of the Group. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Three quarterly installments of ₹ 750 million, ₹ 900 million and ₹ 1,350 million after a moratorium of twenty seven months from the date of first disbursement.
Term Loan	1,000.00	970.00	12%-15%	Secured by equitable mortgage of certain project specific inventory of the Group. Further, the loan has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company.	Eight equal quarterly installments of ₹ 125 million commencing from September 30, 2013.
Term Loan	1,080.00	655.00	12%-15%	Secured by equitable mortgage of certain project specific inventory and receivables of the Group and maintaining of Debt Service Reserve account equal to three months interest.	Eighteen monthly installments in accordance with repayment schedule mentioned by the bank commencing from January 15, 2013.
Term Loan	400.00	-	12%-15%	Secured by equitable mortgage of certain project specific inventory and receivables of the Group and maintaining of Debt Service Reserve account equal to three months interest.	Twenty monthly installments in accordance with repayment schedule mentioned by the bank commencing from July 15, 2014.
Term Loan	-	170.00	13%-15%	Secured by equitable mortgage of certain land of the Group.	Two equal installments on January 1, 2012 and April 1, 2012.
Term Loan	745.00	325.00	13%-15%	Secured by equitable mortgage of certain project specific inventory and receivables of the Group.	Two equal quarterly installments after moratorium period of thirty nine months.
<b>From financial institutions</b>					
Term Loan	1,040.00	1,680.00	12%-14%	Secured by equitable mortgage of certain leasehold land and project land and building of the Group. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Twelve quarterly installments of ₹ 160 million commencing from October, 2011 and last installment of ₹ 80 million due in October 2014.
Term Loan	260.00	500.00	15%-16%	Secured by equitable mortgage of certain land of the Group. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Twenty five equal monthly installments of ₹ 20 million starting from April 15, 2012.
Term Loan	375.00	243.75	13%-14%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Group.	Quarterly installments of amounts as mentioned in the repayment schedule commencing from September, 30, 2013.



Particulars	Amount outstanding ( ₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-13	31-Mar-12			
From banks					
Cash credit	43.00	-	12%-14%	Secured by equitable mortgage of certain project specific inventory and receivables of the Group.	Repayable on demand
Cash credit	49.00	-	12%-14%	Secured by charge on specific project inventory and receivables of the Group. Further, secured by equitable mortgage of land of the Company.	Repayable on demand
Cash credit	268.90	23.85	12%-15%	Secured by way of equitable mortgage of certain land and project specific receivables of the Group. Further, the facility has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company.	Repayable on demand
Cash credit	649.00	230.62	13%-15%	Secured by charge on specific project inventory, current assets and receivables of the Group. Further, the facility has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company and by way of corporate guarantee given by certain group Companies.	Repayable on demand
Cash credit	858.00	1,480.39	13%-14%	Secured by equitable mortgage of certain land, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Group. Further, the loan has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company.	Repayable on demand
Cash credit	-	6.54	13%-15%	Secured by equitable mortgage of certain project specific inventory, receivables and certain lands of the Group. Further, the facility has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company and by way of corporate guarantee given by certain group Companies.	Repayable on demand
Cash credit	16.00	12.74	13%-15%	Secured by lien on fixed deposits of the Group.	Repayable on demand
Cash credit	99.00	116.91	13%-15%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Group.	Repayable on demand
Cash credit	20.00	7.47	13%-15%	Secured by charge on specific project inventory, current assets and receivables of the Group. Further, the facility has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company.	Repayable on demand
Cash credit	25.88	13.80	13%-15%	Secured by charge on specific project inventory, current assets and receivables of the Group. Further, the facility has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company and by way of corporate guarantee given by certain group Companies.	Repayable on demand

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-13	31-Mar-12			
Cash credit	15.50	4.33	13%-15%	Secured by charge on specific project inventory, current assets and receivables of the Group. Further, the facility has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company and by way of corporate guarantee given by certain group Companies.	Repayable on demand
Cash credit	10.00	3.12	13%-15%	Secured by lien on fixed deposits of the Group.	Repayable on demand
Cash credit	6.12	3.61	13%-15%	Secured by charge on specific project inventory, current assets and receivables of the Group. Further, it has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company.	Repayable on demand

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

Nature of loan	Amount outstanding (₹ million)		Name of the Company	Nature of security
	31-Mar-13	31-Mar-12		
Term loans	385.00	-	Megatech Software Private Limited Tirur Cyber City Developers Private Limited Thakazhi Developers Private Limited Sobha Innercity Technopolis Private Limited	Equitable mortgage of land
Term loans	-	510.00	Megatech Software Private Limited Tirur Cyber City Developers Private Limited Thakazhi Developers Private Limited	Equitable mortgage of land
Term loans	-	280.00	Sri Kanakadurga Property Developers Private Limited Sri Durga Devi Property Management Private Limited	Equitable mortgage of land
Cash credit	268.90	23.84	Sobha Innercity Technopolis Private Limited	Equitable mortgage of land and building
Cash credit	690.38	255.29	Allapuzha Fine Real Estate Private Limited Rusoh Modern Properties Private Limited Mapedu Realtors Private Limited Chikmangaloor Properties Private Limited Rusoh Marina Properties Private Limited Mapedu Real Estates Private Limited Chikmangaloor Realtors Private Limited Rusoh Fine Builders Private Limited Mannur Real Estate Private Limited Kilai Builders Private Limited Kilai Properties Private Limited Tirur Cyber Real Estates Private Limited Thakazhi Realtors Private Limited Kilai Super Developers Private Limited Thakazhi Developers Private Limited	Equitable mortgage of land

## 9 Other current liabilities

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
<b>Trade payables</b>		
(refer note 36 for details of dues to micro and small enterprises)		
Land cost payable	1,563.60	1,162.11
Others	2,532.56	2,490.55
	<b>4,096.16</b>	<b>3,652.66</b>
<b>Other liabilities</b>		
Current maturities of long-term borrowings (refer note 5)		
(Includes current maturity of finance lease obligation ₹ 238.34 million (Previous year - ₹ 151.30))	251.71	163.81
Book overdraft from scheduled banks	15.52	31.93
Advance from customers	5,776.06	2,560.00
Interest accrued but not due on borrowings	66.24	136.25
Investor protection & education fund shall be credited for unclaimed dividends when due	1.25	0.92
Others		
Service tax payable	82.53	19.62
Non-trade payable	200.57	145.56
VAT Payable	-	17.77
Security deposit towards maintenance services	673.62	950.69
Payable to related parties (note 27)	10.83	93.23
Payable for purchase of fixed assets	108.03	79.15
Withholding taxes payable	35.08	29.68
Others	22.20	0.22
	<b>7,243.64</b>	<b>4,228.83</b>
	<b>11,339.80</b>	<b>7,881.49</b>

## 10 Tangible assets

₹ million

	Freehold land	Leasehold land, Note 1	Factory buildings	Other buildings	Plant and machinery	Scaffolding items	Furniture and fixtures	Vehicles	Computers	Office equipments	Total
<b>Cost - At 1 April 2011</b>	42.72	26.49	340.15	182.46	1,248.00	957.74	45.86	55.63	128.85	48.51	3,076.41
Additions	-	-	12.24	766.91	311.64	414.92	32.35	0.45	35.32	6.24	1,580.07
Disposals	-	-	-	-	-	-	(0.30)	(4.99)	(0.01)	(0.05)	(5.35)
Other adjustments - Borrowing costs	-	-	-	178.16	-	-	-	-	-	-	178.16
<b>At 31 March 2012</b>	42.72	26.49	352.39	1,127.53	1,559.64	1,372.66	77.91	51.09	164.16	54.70	4,829.29
Additions	-	12.69	32.21	56.91	509.33	290.66	3.34	4.36	14.94	4.88	929.32
Disposals	-	-	-	-	(16.53)	(558.53)	(0.23)	(2.80)	(0.67)	(0.22)	(578.98)
Other adjustments - Note 1	39.18	(39.18)	-	-	-	-	-	-	-	-	-
<b>At 31 March 2013</b>	81.90	-	384.60	1,184.44	2,052.44	1,104.79	81.02	52.65	178.43	59.36	5,179.63
<b>Depreciation - At 1 April 2011</b>	-	-	127.46	10.46	608.24	768.58	27.35	39.47	103.67	24.68	1,709.91
Charge for the year	-	-	22.29	23.00	135.99	169.69	5.76	4.28	18.70	4.51	384.22
Disposals	-	-	-	-	-	-	(0.12)	(4.31)	(0.01)	-	(4.44)
<b>At 31 March 2012</b>	-	-	149.75	33.46	744.23	938.27	32.99	39.44	122.36	29.19	2,089.69
Charge for the year	-	-	22.12	55.10	235.82	188.25	9.51	3.37	19.23	4.89	538.29
Disposals	-	-	-	-	(15.64)	(557.49)	(0.21)	(2.26)	(0.62)	(0.14)	(576.36)
<b>At 31 March 2013</b>	-	-	171.87	88.56	964.41	569.03	42.29	40.55	140.97	33.94	2,051.62
<b>Net Block</b>											
<b>At 31 March 2012</b>	42.72	26.49	202.64	1,094.07	815.41	434.39	44.92	11.65	41.80	25.51	2,739.60
<b>At 31 March 2013</b>	81.90	-	212.73	1,095.88	1,088.03	535.76	38.73	12.10	37.46	25.42	3,128.01

1) On April 13, 2005, Karnataka Industrial Areas Development Board ('KIADB') allotted land to the Company on a lease cum sale basis until December 17, 2010 (further extended till September 29, 2012), to be sold to the Company at the end of lease period upon fulfilment of certain conditions. The lease has been registered in favour of the Company. During the year ended March 31, 2013, on fulfilment of the conditions mentioned in the lease cum sale agreement by the Company, the land has been registered in the name of the Company. Accordingly, the initial and subsequent lease payments made till March 31, 2013 has been transferred from leasehold land to freehold land.

2) Includes borrowing cost aggregating to ₹ Nil (Previous year - ₹ 85 million), included under opening capital work in progress capitalised on capitalisation of the asset.

## 3) Assets taken on finance lease

	Plant & machinery		Scaffolding items	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
Gross block	371.89	166.24	306.54	292.15
Depreciation charge for the year	112.73	30.20	99.30	62.86
Accumulated depreciation	142.93	30.20	162.16	62.86
<b>Net book value</b>	<b>228.96</b>	<b>136.04</b>	<b>144.38</b>	<b>229.29</b>

## 11 Intangible assets

	Goodwill on consolidation	Software	Intellectual property rights	₹ million Total
Gross block - At 1 April 2011	-	71.28	-	71.28
Additions	42.01	5.22	50.00	97.23
At 31 March 2012	42.01	76.50	50.00	168.51
Additions	123.85	6.54	-	130.39
Other adjustments	-	-	(2.38)	(2.38)
At 31 March 2013	165.86	83.04	47.62	296.52
Amortization - At 1 April 2011	-	65.01	-	65.01
Charge for the year	-	3.51	0.05	3.56
At 31 March 2012	-	68.52	0.05	68.57
Charge for the year	34.08	5.54	15.82	55.44
At 31 March 2013	34.08	74.06	15.87	124.01
Net Block				
At 31 March 2012	42.01	7.98	49.95	99.94
At 31 March 2013	131.78	8.98	31.75	172.51

## 12 Non-current investments

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
Non-trade investments (valued at cost unless stated otherwise)		
<i>Investment in equity instruments (unquoted)</i>		
2,680,000 (Previous year - 2,680,000) equity shares of ₹ 10 each fully paid-up in Sobha Renaissance and Information Technology Private Limited	26.80	26.80
Less: Provision for diminution in value of investment	(26.70)	(26.70)
	0.10	0.10
<i>Government and trust securities (unquoted)</i>		
National savings certificates	0.08	0.08
	0.08	0.08
	0.18	0.18
Aggregate amount of unquoted investments (net of provision for diminution in value of investments)	0.18	0.18
Aggregate provision for diminution in value of investments	26.70	26.70

## 13 Deferred tax assets/ liability (net)

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
<b>Deferred tax liability</b>		
Expenses allowed for tax purposes on payment basis but chargeable to the statement of profit and loss in future years	709.46	409.52
Gross deferred tax liability	709.46	409.52
<b>Deferred tax asset</b>		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	19.00	17.68
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	24.12	39.73
Provision for doubtful debts and advances	28.23	21.74
Gross deferred tax asset	71.35	79.15
Net deferred tax asset	-	-
Net deferred tax liability	638.11	330.37

## 14 Loans and advances

	Current		Non-current	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
<b>Capital advances</b>				
Unsecured, considered good			0.29	14.72
			0.29	14.72
<b>Security deposit</b>				
<i>Unsecured, considered good</i>				
Refundable deposit towards joint development agreement	2,489.47	2,375.92	79.57	79.32
Security deposit - Others	39.66	16.04	491.47	543.93
	2,529.13	2,391.96	571.04	623.25
<b>Inter-corporate deposit to related party (note 27)</b>				
Unsecured, considered good	47.11	47.11	-	-
<b>Land advance *</b>				
Unsecured, considered good	10,328.28	9,176.72	3,502.22	4,705.58
<b>Advances recoverable in cash or kind</b>				
Unsecured considered good	843.46	791.33	108.69	11.78
	843.46	791.33	108.69	11.78

	Current		Non-current	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
Other loans and advances				
Prepaid expenses	91.63	74.89	107.23	122.12
MAT Credit entitlement	-	47.20	-	-
Balances with statutory / government authorities	517.16	237.21	24.50	24.50
	608.79	359.30	131.73	146.62
<b>Total</b>	<b>14,356.77</b>	<b>12,766.42</b>	<b>4,313.97</b>	<b>5,501.95</b>

\* Advances for land though unsecured, are considered good as the advances have been given based on arrangements/ memorandum of understanding executed by the Group and the Group/ seller/ intermediary is in the course of obtaining clear and marketable title, free from all encumbrances, including for certain properties under litigation.

## 15 Trade receivables and other assets

	Current		Non-current	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
<b>15.1 Trade receivable</b>				
<i>Outstanding for a period exceeding six months from the date they are due for payment</i>				
Unsecured, considered good	420.55	356.21	-	-
Doubtful	-	-	87.00	67.00
	420.55	356.21	87.00	67.00
Provision for doubtful trade receivables	-	-	87.00	67.00
	420.55	356.21	-	-
<i>Other receivables</i>				
Unsecured, considered good	1,220.86	772.42	20.23	51.25
	1,220.86	772.42	20.23	51.25
	<b>1,641.41</b>	<b>1,128.63</b>	<b>20.23</b>	<b>51.25</b>
<b>15.2 Other assets</b>				
Unsecured, considered good unless stated otherwise				
Non-current bank balances (note18)			144.88	101.85
<b>Others</b>				
Unbilled revenue	4,832.13	2,621.65	-	-
Interest accrued on fixed deposits	0.01	0.98	4.20	-
Others	289.80	-	3.41	-
<b>Total other assets</b>	<b>5,121.94</b>	<b>2,622.63</b>	<b>152.49</b>	<b>101.85</b>
	<b>6,763.35</b>	<b>3,751.26</b>	<b>172.72</b>	<b>153.10</b>

## 16 Current investments

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
<i>Current investments (valued at lower of cost and fair value)</i>		
Other than trade, unquoted		
Investment in Mutual funds		
1889.524 units of Axis Liquid Fund - Daily Dividend Reinvestment of Rs.1,000.1107 each	1.89	-
	<u>1.89</u>	<u>-</u>
Aggregate amount of unquoted investments	1.89	-

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

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
Raw materials and components	252.94	226.40
Building materials	15.46	17.49
Land stock	6,778.02	5,515.41
Work-in-progress	11,798.20	10,919.42
Stock in trade - flats	149.02	61.69
Finished goods	23.98	19.03
	<u>19,017.62</u>	<u>16,759.44</u>

## 18 Cash and bank balances

	Current		Non-current	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
₹ million				
Cash and cash equivalents				
Balances with banks:				
- On current accounts	559.22	350.66		
- Deposits with less than three months maturity	0.71	2.57		
- On unpaid dividend account	1.11	0.77		
Cheques/ drafts on hand	10.40	53.52		
Cash on hand	2.99	3.68		
	<u>574.43</u>	<u>411.20</u>		
Other bank balances				
- Deposits with maturity for more than 12 months	-	2.97	56.26	23.12
- Deposits with maturity for more than 3 months but less than 12 months	1.15	1.14	-	-
- Margin money deposit	94.20	172.45	88.62	78.73
	<u>95.35</u>	<u>176.56</u>	<u>144.88</u>	<u>101.85</u>
Less: Amount disclosed under non-current assets (note 15.2)			(144.88)	(101.85)
	<u>669.78</u>	<u>587.76</u>	<u>-</u>	<u>-</u>

### Margin money deposits given as security

Margin money deposits with a carrying amount of ₹ 182.82 million (Previous year - ₹ 251.18 million) are subject to first charge to secure the Group's borrowings.



## 19 Revenue from operations

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
<b>Revenue from operations</b>		
Sale of products/finished goods		
Income from property development	13,091.74	8,948.33
Income from sale of land and development rights	1,020.45	1,365.36
Income from glazing works	781.13	760.78
Income from interior works	588.51	553.90
Income from concrete blocks	181.69	133.51
Sale of services		
Income from contractual activity - Associate	-	40.55
Income from contractual activity - Others	3,013.06	2,306.96
Other operating revenue		
Scrap sales	43.10	24.74
<b>Revenue from operations (gross)</b>	<b>18,719.68</b>	<b>14,134.13</b>
Less: Excise duty #	74.26	55.11
<b>Revenue from operations (net)</b>	<b>18,645.42</b>	<b>14,079.02</b>

# Excise duty on sales amounting to ₹ 74.26 million (Previous year - ₹ 55.11 million) has been reduced from sales in statement of profit and loss and excise duty on (Increase)/decrease in inventory of finished goods amounting to ₹ 0.43 million (Previous year - ₹ 0.55 million) has been considered as (income)/expense in note 24 of financial statements.

## 20 Other income

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
<b>Interest income on</b>		
Bank deposits	27.74	11.92
Current investments	0.59	-
Others	-	23.54
Foreign exchange fluctuation (net)	-	0.53
Profit on sale of fixed assets (net)	0.29	0.82
Other non-operating income (net of expenses directly attributable to such income of ₹ Nil (Previous year - ₹ Nil))	26.55	27.89
	<b>55.17</b>	<b>64.70</b>

## 21 Cost of raw material and components consumed

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
Inventory at the beginning of the year:		
Glazing material	96.45	79.65
Interior material	114.53	81.17
Concrete block material	15.42	17.57
	226.40	178.39
Add: Purchases		
Glazing material	535.10	534.45
Interior material	340.94	399.99
Concrete block material	228.59	124.58
	1,104.63	1,059.02
Less: inventory at the end of the year		
Glazing material	112.94	96.45
Interior material	101.74	114.53
Concrete block material	38.26	15.42
	252.94	226.40
Cost of raw material and components consumed		
Glazing material	518.61	517.65
Interior material	353.73	366.63
Concrete block material	205.75	126.73
Cost of raw material and components consumed	1,078.09	1,011.01

## 22 (Increase)/ decrease in inventories

	31-Mar-13	31-Mar-12	Opening inventory acquired on acquisition of subsidiary	₹ million (Increase)/decrease
Inventories at the end of the year				31-Mar-13
Building materials	15.46	17.49	-	2.03
Land stock	6,778.02	5,515.41	-	(1,262.61)
Work-in-progress	11,798.20	10,919.42	-	(878.78)
Stock in trade - flats	149.02	61.69	-	(87.33)
Finished goods	23.98	19.03	-	(4.95)
	18,764.68	16,533.04	-	(2,231.64)
Less: Inventories at the beginning of the year				31-Mar-12
Building materials	17.49	23.75	-	6.26
Land stock	5,515.41	5,784.52	903.75	1,172.86
Work-in-progress	10,919.42	4,367.62	270.68	(6,281.12)
Stock in trade - flats	61.69	317.45	-	255.76
Finished goods	19.03	12.85	-	(6.18)
	16,533.04	10,506.19	1,174.43	(4,852.42)
	(2,231.64)	(4,852.42)		

## 23 Employee benefit expense

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
Salaries, wages and bonus	1,505.77	1,154.95
Contribution to provident and other fund	31.00	28.37
Gratuity expense (Note 32)	22.40	15.56
Compensated absence	14.38	17.88
Staff welfare expenses	61.90	50.73
	<b>1,635.45</b>	<b>1,267.49</b>

## 24 Other expenses

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
Excise duty on (increase)/ decrease in inventory	(0.43)	0.55
License fees and plan approval charges	455.74	2,005.43
Power and fuel	214.52	182.12
Water charges	39.91	30.43
Freight and forwarding charges	128.44	87.83
Rent	175.08	150.20
Rates and taxes	85.11	26.88
Insurance	25.89	24.20
Property maintenance expenses	86.79	88.60
Repairs and maintenance		
Plant and machinery	19.40	24.47
Others	30.95	30.03
Advertising and sales promotion	464.67	354.04
Brokerage and discounts	12.86	-
Donation	78.94	65.67
Travelling and conveyance	234.51	137.99
Legal and professional fees	124.20	141.75
Directors' commission and sitting fees	5.07	6.04
Payment to auditor (Refer details below)	8.93	7.69
Provision for diminution in value of long term investment	-	26.70
Exchange difference (net)	1.60	-
Provision for doubtful debts and advances	20.00	67.00
Loss on sale of fixed assets (net)	3.75	-
Miscellaneous expenses	208.75	241.75
	<b>2,424.68</b>	<b>3,699.37</b>

**Payment to auditor \***

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
As auditor:		
Audit fee	4.55	4.50
Limited review	3.45	3.00
In other capacity:		
Other services	0.60	-
Reimbursement of expenses	0.33	0.19
	<b>8.93</b>	<b>7.69</b>

\* Net of service tax of ₹ 1.10 million (Previous year - ₹ 0.71 million)

**25 Depreciation and amortization expense**

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
Depreciation of tangible assets	538.29	384.22
Amortization of intangible assets	55.44	3.56
	<b>593.73</b>	<b>387.78</b>

**26 Finance costs**

	31-Mar-13 ₹ million	31-Mar-12 ₹ million
Interest		
- On borrowings	1,797.92	1,860.37
- On finance lease obligation	47.48	23.45
- Others	83.89	32.13
Bank charges	93.12	85.90
	<b>2,022.41</b>	<b>2,001.85</b>
Less: Interest cross charged and interest inventorised/capitalised to qualifying land advances and capital work-in-progress	(317.51)	(836.46)
<b>Total *</b>	<b>1,704.90</b>	<b>1,165.39</b>

\* Gross of interest amounting of ₹ 1,332.25 million (Previous year - ₹ 702.19 million) inventorised to qualifying land stock and work in progress

## 27 Related party disclosure

### a List of related parties

#### Key Management Personnel

Mr. P. N. C. Menon [Chairman and Director upto June 30, 2012. Also a key shareholder, refer note 3 (c)]

Mr. Ravi PNC Menon

Mr. J. C. Sharma

Mr. P. Ramakrishnan

Mr. S. Baaskaran [upto January 31, 2013]

Mr. Ganesh Venkataraman [from January 31, 2013]

Mr. Kishore Kayarat

#### Relatives of key management personnel

Mrs. Sobha Menon [a key shareholder, refer note 3 (c)]

Mrs. Sudha Menon

Mr. P. N. Haridas

#### Associate

Sobha Developers (Pune) Limited [Formerly known as Sobha Developers (Pune) Private Limited]

[With effect from July 1, 2011 Sobha Developers (Pune) Limited has ceased to be an associate of the Company and has become a subsidiary of the Company. Accordingly transaction between April 1, 2011 and June 30, 2011 have been disclosed.]

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

Al Barakah Financial Services Limited

Allapuzha Fine Real Estate Private Limited

Architectural Metal Works FZCO

Bikasa Properties Private Limited

Bikasa Realtors Private Limited

Chikmangaloor Realtors Private Limited

Chikmangaloor Properties Private Limited

Cochin Cyber City Private Limited

Cochin Cyber Golden Properties Private Limited

Cochin Cyber Value Added Properties Private Limited

Cochin Super City Developers Private Limited

Daram Cyber Developers Private Limited

Daram Cyber Properties Private Limited

Daram Land Real Estate Private Limited

Greater Cochin Cyber City Private Limited

Greater Cochin Developers Private Limited

Greater Cochin Properties Private Limited

Greater Cochin Realtors Private Limited

HBR Consultants Private Limited

Hill and Menon Securities Private Limited

Kilai Builders Private Limited

Kilai Properties Private Limited

Kilai Super Developers Private Limited

Kuthavakkam Developers Private Limited

Kuthavakkam Properties Private Limited

Mannur Real Estate Private Limited

Mapedu Realtors Private Limited

Megatech Software Private Limited

Mapedu Real Estates Private Limited

Moolamcode Traders Private Limited

Oman Builders Private Limited

Padmalochana Enterprises Private Limited

Pallavur Projects Private Limited

Perambakkam Builders Private Limited

PNC Technologies Private Limited

Punkunnam Builders and Developers Private Limited

Puzhakkal Developers Private Limited

Red Lotus Realtors Private Limited

Royal Interiors Private Limited

Rusoh Fine Builders Private Limited

Rusoh Marina Properties Private Limited

Rusoh Modern Properties Private Limited

SBG Housing Private Limited

Sengadu Builders Private Limited

Sengadu Developers Private Limited

Sengadu Properties Private Limited

Services and Trading Co. LLC

Sobha Aviation and Engineering Services Private Limited

Sobha Contracting LLC, Dubai

Sobha Engineering and Contracting LLC, Dubai

Sobha Electro Mechanical Private Limited

Sobha Glazing & Metal Works Private Limited

Sobha Innercity Technopolis Private Limited

Sobha Interiors Private Limited

Sobha Jewellery Private Limited

Sobha Maple Tree Developers Private Limited

Sobha Projects & Trade Private Limited

Sobha Puravankara Aviation Private Limited

Sobha Renaissance Information Technology Private Limited

Sobha Space Private Limited

Sobha Technocity Private Limited

Sobha Ventures Limited

Sri Durga Devi Property Management Private Limited

Sri Kanakadurga Property Developers Private Limited

Sri Kurumba Trust

Sri Parvathy Land Developers Private Limited

Sunbeam Projects Private Limited

Technobuild Developers Private Limited

Thakazhi Developers Private Limited

Thakazhi Realtors Private Limited

Tirur Cyber City Developers Private Limited

Tirur Cyber Real Estates Private Limited

## b Transactions with related parties

Description of the nature of transaction	Description of relationship	Related party	₹ million	
			31-Mar-13	31-Mar-12
Income from contractual activity	Associate	Sobha Developers (Pune) Limited	-	40.55
	Key Management Personnel	Mr. Ravi PNC Menon	29.27	-
	Other related parties	Sri Kurumba Trust	3.95	4.01
Other income	Other related parties	Services and Trading Co. LLC	-	1.62
Income from glazing works	Other related parties	Sri Parvathy Land Developers Private Limited	0.94	-
Income from interior works	Key management personnel	Mr. S. Baaskaran	-	0.46
	Other related parties	Sri Parvathy Land Developers Private Limited	5.97	-
		Sri Kurumba Trust	0.43	-
Income from concrete block material	Other related parties	Sri Parvathy Land Developers Private Limited	5.40	-
Income from property development	Key management personnel	Mr. J. C. Sharma	-	0.70
		Mr. P. Ramakrishnan	8.72	-
Interest recharge	Other related parties	SBG Housing Private Limited	-	22.50
Purchase of building	Other related parties	Sobha Ventures Limited	-	24.42
Interior works done by the related party for office building	Other related parties	Sobha Engineering and Contracting LLC, Dubai	27.42	-
Purchase of Intellectual property rights	Other related parties	Sobha Renaissance Information Technology Private Limited	-	50.00
Purchase of project items	Other related parties	Sobha Projects & Trade Private Limited	138.39	47.98
Aircraft hire charges - Travelling and conveyance	Other related parties	Sobha Puravankara Aviation Private Limited	93.54	-
Advertising and sales promotion	Other related parties	Sobha Engineering and Contracting LLC, Dubai	5.80	-
Sale of investment in Equity Share Capital of Sobha Puravankara Aviation Private Limited	Relatives of key management personnel	Mrs. Sobha Menon	-	9.75
		Mrs. Sudha Menon	-	0.20
Directors' remuneration	Key management personnel	Mr. J. C. Sharma	48.28	50.04
		Mr. Ravi PNC Menon	86.45	43.62
		Mr. P. Ramakrishnan	6.31	6.34
Dividend paid (Payment basis)	Key management personnel	Mr. P. N. C. Menon	62.44	37.46
		Mr. P. N. C. Menon and Mrs. Sobha Menon (Jointly held shares)	27.47	16.48
		Mr. Ravi PNC Menon	0.16	-
		Mr. J. C. Sharma	0.41	0.22
	Relatives of key management personnel	Mrs. Sobha Menon	206.74	124.04

Description of the nature of transaction	Description of relationship	Related party	₹ million	
			31-Mar-13	31-Mar-12
Salary (including perquisites)	Key management personnel	Mr. S. Baaskaran	6.43	5.37
		Mr. Kishore Kayarat	2.40	1.98
		Mr. Ganesh Venkataraman	1.79	-
	Relatives of key management personnel	Mr. P. N. Haridas	0.69	0.73
Loan repaid	Other related parties	Sobha Puravankara Aviation Private Limited	-	8.95
	Relatives of key management personnel	Mrs. Sobha Menon	-	4.50
Interest paid	Relatives of key management personnel	Mrs. Sobha Menon	-	0.53
Repayment of Inter-corporate deposit by the related party	Other related parties	Sobha Renaissance Information Technology Private Limited	-	40.00
Advance received	Other related parties	SBG Housing Private Limited	33.61	-
Advance repaid	Other related parties	SBG Housing Private Limited	23.57	-
Donation paid	Other related parties	Sri Kurumba Trust	72.90	55.10
Reimbursement from related party	Other related parties	Sobha Contracting LLC, Dubai	-	0.21
		SBG Housing Private Limited	5.58	-
		Sobha Glazing & Metal Works Private Limited	-	0.98
		Sobha Interiors Private Limited	3.52	2.86
		Sobha Puravankara Aviation Private Limited	0.43	0.47
Advance paid towards purchase of land, goods or services	Other related parties	Technobuild Developers Private Limited	241.86	3.59
		Sobha Projects & Trade Private Limited	91.77	399.63
		Sobha Maple Tree Developers Private Limited	69.82	10.10
		Puzhakkal Developers Private Limited	49.25	-
		Sobha Puravankara Aviation Private Limited	95.67	70.57
		Royal Interiors Private Limited	1.16	-
Assignment of land advance	Other related parties	Sri Parvathy Land Developers Private Limited	92.14	-
		Sri Durga Devi Property Management Private Limited	48.03	-
Refund of advance by the related party	Other related parties	Technobuild Developers Private Limited	80.00	-
Rent paid	Other related parties	Sobha Interiors Private Limited	12.89	12.14
		Sobha Glazing & Metal Works Private Limited	5.14	4.76
	Key management personnel	Mr. Ravi PNC Menon	0.39	-
	Relatives of key management personnel	Mrs. Sobha Menon	-	0.67

## c Closing balance

			₹ million	
Description of the nature of transaction	Description of relationship	Related party	31-Mar-13	31-Mar-12
Inter-corporate deposit	Other related parties	Sobha Renaissance Information Technology Private Limited	47.11	47.11
Rent deposit	Other related parties	Sobha Glazing & Metal Works Private Limited	93.93	99.07
		Sobha Interiors Private Limited	234.53	247.42
		Technobuild Developers Private Limited	8,149.07	7,987.21
		Sobha Maple Tree Developers Private Limited	-	10.10
Land advance	Other related parties	Puzhakkal Developers Private Limited	52.32	2.90
		Sri Parvathy Land Developers Private Limited	92.14	-
		Sri Durga Devi Property Management Private Limited	48.03	-
		SBG Housing Private Limited	-	17.89
Rent deposit	Other related parties	Sobha Glazing & Metal Works Private Limited	93.93	99.07
		Sobha Interiors Private Limited	234.53	247.42
		Sobha Projects & Trade Private Limited	436.83	448.23
		Sobha Puravankara Aviation Private Limited	167.14	71.04
Advances recoverable in cash or in kind	Other related parties	Architectural Metal Works FZCO	0.29	0.29
		Punkunnam Builders and Developers Private Limited	0.03	0.03
		Sobha Contracting LLC, Dubai	5.15	5.15
		Sobha Interiors Private Limited	6.82	3.30
Trade receivables	Other related parties	Sri Kurumba Trust	20.51	16.65
	Key management personnel	Mr. Ravi PNC Menon	9.51	-
		Royal Interiors Private Limited	-	9.70
		Oman Builders Private Limited	-	15.36
		Sobha Glazing & Metal Works Private Limited	8.13	9.21
Payables	Other related parties	Sobha Innercity Technopolis Private Limited	-	1.82
		SBG Housing Private Limited	2.68	-
		Sobha Puravankara Aviation Private Limited	35.11	-
		Sobha Technocity Private Limited	-	0.77
		Sobha Space Private Limited	0.02	56.37



Description of the nature of transaction	Description of relationship	Related party	₹ million	
			31-Mar-13	31-Mar-12
Capital creditors	Other related parties	Sobha Renaissance Information Technology Private Limited	50.00	50.00
Non-trade payable	Key management personnel	Mr. J. C. Sharma	37.95	40.60
		Mr. Ravi PNC Menon	38.02	-
	Relatives of key management personnel	Mrs. Sobha Menon	-	1.78
Securities given by way of charge on receivables of the Group for loan availed by the related party	Other related parties	Sobha Puravankara Aviation Private Limited	940.00	-

Also, refer note 8 as regards guarantees received from key management personnel and relative of key management personnel and collateral securities offered by related companies in respect of loans availed by the Group.

## 28 Earnings per share ['EPS']

Particulars	₹ million	
	31-Mar-13	31-Mar-12
Profit after tax attributable to shareholders	2,171.79	2,059.54
Weighted average number of equity shares of ₹ 10 each outstanding during the period used in calculating basic and diluted EPS	98,063,868	98,063,868

## 29 Leases

### (a) Finance lease: Group as lessee

The Group has acquired plant and machinery and scaffolding items under finance lease with the respective underlying assets as security. These leases have an average life of 3 to 5 years with renewal option included in the contract. Minimum lease payments (MLP) outstanding in respect of these assets are as follows (Figures in brackets are in respect of the previous year):

Particulars	Total MLP outstanding as on March 31, 2013	₹ million	
		Interest	Present Value of MLP
Within one year	266.51 (182.32)	28.17 (31.02)	238.34 (151.30)
After one year but not more than five years	155.68 (242.49)	7.66 (17.25)	148.02 (225.24)
More than five years	- -	- -	- -
	422.19 (424.81)	35.83 (48.27)	386.36 (376.54)

**(b) Operating lease: Group as lessee**

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

Particulars	₹ million	
	31-Mar-13	31-Mar-12
Lease payments recognised as an expense in statement of profit and loss	175.08	150.20

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

Particulars	₹ million	
	31-Mar-13	31-Mar-12
Not later than one year	44.78	32.78
Later than one year and not later than five years	116.34	109.42
Later than five years	271.76	249.10
	<b>432.88</b>	<b>391.30</b>

**30 Contingent liabilities and commitments (to the extent not provided for)****i. Contingent liabilities**

Particulars	₹ million	
	31-Mar-13	31-Mar-12
i Guarantees given by the Group	3,700.82	2,915.12
ii Claims against the Company, not acknowledged as debts *	846.72	846.72
iii Income tax matters in dispute	3.94	3.94
iv Sales tax matters in dispute	363.44	252.58
v Service tax matters in dispute	1,182.31	1,182.31
	<b>6,097.23</b>	<b>5,200.67</b>
The Group does not expect any reimbursement in respect of the above contingent liability and it is not practicable to estimate the timings of the cash outflows, if any, in respect of matters above pending resolution of the arbitration/ appellate proceedings and it is not probable that an outflow of resources will be required to settle the above obligations/claims.		

\* During the year ended March 31, 2011, a customer has initiated arbitration proceedings against the Company for ₹ 846.72 million for breach of contractual obligation for which the Company has filed a statement of objection and counter claim for non payment. Based on legal advice obtained by the management the Company is confident of recovering full dues. Pending settlement, the claims made against the Company have been disclosed as contingent liability.

**Note:**

The Group is also involved in certain litigation for lands acquired by it for construction purposes, either through joint development agreements or through outright purchases, the impact of which is not quantifiable. These cases are pending with various courts and are scheduled for hearings. After considering the circumstances and legal advice received, management believes that these cases will not adversely effect its financial statements.

**ii. Commitments**

(a) The estimated amount of contracts, net of advances remaining to be executed on capital account is ₹ 81.56 million (Previous year - ₹ 33.90 million)

(b) At March 31, 2013, the Group has given ₹ 13,830.50 million (Previous year - ₹ 13,882.30 million) as advances for purchase of land. Under the agreements executed with the land owners, the Group is required to make further payments under the agreements based on the terms/ milestones stipulated under the agreement.

(c) The Group has entered into joint development agreements with owners of land for its construction and development. Under the agreements the Group is required to pay deposits to the owners of the land and share in area/ revenue from such development in exchange of undivided share in land as stipulated under the agreements. As of March 31, 2013 the Group has paid ₹ 2,569.04 million (Previous year - ₹ 2,455.24 million) as refundable deposit against the joint development agreements.

(d) The Company has entered into an aircraft usage agreement with a party wherein the Company along with certain other parties has committed minimum usage of aircraft.

(e) For commitments relating to lease arrangements, please refer note 29.

### 31 Donation to political parties

Particulars	₹ million	
	31-Mar-13	31-Mar-12
Congress (I)	-	0.73
Communist Party of India (M)	-	0.20
Others (Comprising of Communist Party of India, Janatha Dal United, United Democratic Front, Left Democratic Front, Bahujan Samaj Party)	-	0.05
	-	0.98

### 32 Employee benefits

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

#### Consolidated Statement of profit and loss

Net employee benefit expense (recognised in employee benefit expense)

Particulars	₹ million	
	31-Mar-13	31-Mar-12
Current service cost	11.38	14.72
Interest cost on benefit obligation	4.96	4.21
Expected return on plan assets	(1.78)	(1.76)
Net actuarial loss/ (gain) recognised	7.84	(1.61)
Net benefit expense	22.40	15.56

#### Consolidated Balance Sheet

Particulars	₹ million	
	31-Mar-13	31-Mar-12
Defined benefit obligation	76.92	62.03
Fair value of plan assets	18.24	20.75
Plan (asset)/ liability	58.68	41.28

Particulars	₹ million	
	31-Mar-13	31-Mar-12
<b>Changes in the present value of the defined benefit obligation</b>		
Opening defined benefit obligation	62.03	52.67
Interest cost	4.96	4.21
Current service cost	11.38	14.72
Benefits paid	(9.36)	(7.74)
Actuarial (gains)/ losses on obligation	7.91	(1.83)
<b>Closing defined benefit obligation</b>	<b>76.92</b>	<b>62.03</b>
<b>Changes in the fair value of plan assets</b>		
Opening fair value of plan assets	20.75	21.95
Expected return	1.78	1.76
Contributions by employer	5.00	5.00
Benefits paid	(9.36)	(7.74)
Actuarial gains/ (losses)	0.07	(0.22)
<b>Closing fair value of plan assets</b>	<b>18.24</b>	<b>20.75</b>
<b>Actual return on plan assets</b>		
Expected return on plan assets	1.78	1.76
Actuarial gain/ (loss) on plan assets	0.07	(0.22)
<b>Actual return on plan assets</b>	<b>1.85</b>	<b>1.54</b>
Particulars	₹ million	
	31-Mar-13	31-Mar-12
<b>Investment details of plan assets</b>		
Investment with insurer - 100% in debt instruments		
<b>The principal assumptions used in determining gratuity obligation</b>		
Discount rate	8.00%	8.50%
Expected rate of return on assets	8.70%	8.00%
The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.		
Increase in compensation cost	5.00%	5.00%

Experience adjustment	₹ million				
	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Defined benefit obligation	76.92	62.03	52.67	38.21	37.70
Plan assets	18.24	20.75	21.95	23.07	21.38
Surplus / (deficit)	58.68	41.28	30.72	15.14	16.32
Experience adjustments on plan liabilities	6.40	(0.24)	3.86	9.97	(2.13)
Experience adjustments on plan assets	0.07	(0.22)	(0.45)	1.65	(0.70)

**Notes:**

- i. The Company expects to contribute ₹ 20.00 million (Previous year - ₹ 20.60 million) to the trust towards gratuity fund in 2013-14.
- ii. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other several factor such as supply and demand factor in the employment market. Employee turnover varies based on various age groups.

**33 Segment reporting**

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

**34 Construction contracts**

Particulars	₹ million	
	31-Mar-13	31-Mar-12
Contract revenue recognised as revenue for the year ended March 31, 2013	10,228.64	8,296.18
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to March 31, 2013 for all the contracts in progress	24,834.32	13,276.41
The amount of customer advances outstanding for contracts in progress as at March 31, 2013	5,098.70	2,943.91
The amount of retentions due from customers for contracts in progress as at March 31, 2013	248.21	156.46

**35 Derivative instruments and unhedged foreign currency exposure**

Particulars	₹ million	
	31-Mar-13	31-Mar-12
Foreign currency exposure that are not hedged by derivative instruments or otherwise:		
- Payables	0.99	2.32
- Receivables	44.65	29.27

36 Based on the information available with the Group, there are no suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as at March 31, 2013.

37 During the year ended March 31, 2012, Sobha Developers (Pune) Limited [Formerly Sobha Developers (Pune) Private Limited] has ceased to be an associate of the Company and has become a subsidiary of the Company. The effect of the acquisition on the financial position at the reporting date and the results for the reporting period is as follows:

	31-Mar-12
	₹ million
Reserves and surplus	145.53
Trade payables	1.71
Other current liabilities	782.89
Short-term provisions	108.99
Goodwill on consolidation	42.01
Other non current assets	23.00
Inventories	906.98
Cash and bank balances	12.30

31-Mar-12

₹ million

Short-term loans and advances	87.00
Other current assets	193.70
Total income	513.83
Total expenses	235.54
Finance costs	38.48
Profit before taxation	239.81
Taxation	84.59
Profit after taxation	155.22

### 38 Transfer pricing

As per the transfer pricing rules prescribed under the Income-tax Act, 1961, the Group is examining the domestic and international transactions and documentation in respect thereof to ensure compliance with the said rules. The management does not anticipate any material adjustment with regard to the transactions involved.

### 39 Prior year comparatives

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

As per our report of even date

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

per Adarsh Ranka  
Partner  
Membership No.: 209567

Place: Bengaluru  
Date: May 10, 2013

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

Ravi PNC Menon  
Chairman

Ganesh Venkataraman  
Chief Financial Officer

Place: Bengaluru  
Date: May 10, 2013

J.C. Sharma  
Vice Chairman and  
Managing Director

Kishore Kayarat  
Company Secretary and  
Compliance Officer

## STATEMENT PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Particulars	31.03.2013		
	Sobha Developers (Pune) Limited	Sobha Assets Private Limited	Sobha Highrise Ventures Private Limited
Share capital	0.53	0.10	206.00
Reserves	1,286.24	(0.01)	(2.39)
Total Assets	3,764.10	70.47	1,006.90
Total Liabilities	2,477.33	70.38	803.29
Details of investment	1.33	-	1.89
Total Income	1,377.04	-	0.59
Profit before taxation	280.24	(0.01)	(2.39)
Provision for taxation	86.94	-	-
Profit after taxation	193.30	(0.01)	(2.39)
Proposed Dividend	-	-	-

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

Ravi PNC Menon  
Chairman

J.C. Sharma  
Vice Chairman and  
Managing Director

Ganesh Venkataraman  
Chief Financial Officer

Kishore Kayarat  
Company Secretary and  
Compliance Officer

Place: Bengaluru  
Date: May 10, 2013

## NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of the Company will be held on Friday, the 05th day of July, 2013, at the Registered and Corporate Office of the Company situated at 'Sobha', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bengaluru - 560 103 at 10.00 A.M. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on March 31, 2013, the Statement of Profit and Loss for the financial period ended as on that date and the Cash Flow Statement together with reports of the Board of Directors and the Statutory Auditors thereon.
2. To declare Dividend on equity shares.
3. To appoint a Director in place of Dr. S.K. Gupta, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. R.V.S. Rao, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint S.R. Batliboi & Associates LLP, Chartered Accountants (Registration Number 101049W) as the Statutory Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

By Order of the Board  
For Sobha Developers Limited



Place: Bengaluru  
Date: May 10, 2013

Kishore Kayarat  
Company Secretary &  
Compliance Officer

### NOTES:

#### Voting

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE, ON A POLL, INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED AND CORPORATE OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE TIME FIXED FOR THE MEETING. A PROXY FORM IS ENCLOSED FOR THIS PURPOSE.
2. In terms of the Listing Agreement, additional information about directors liable to retire by rotation and seeking re-election is provided separately.
3. Members / Proxy Holders are requested to bring the duly completed and signed Attendance Slip along with their copy of the Annual Report to the meeting.
4. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.

#### Dividend

5. The Register of Members and the Share Transfer Books of the Company will remain closed on June 29, 2013.
6. 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 within one week



from the date of such deposit.

7. The Dividend will be paid by the Company through:
  - a) National Electronic Clearing System (NECS) or Electronic Clearing System (ECS) to those members who have registered their bank details with the Depository Participants or the Company as the case may be.
  - b) Dividend warrants to the remaining members.

#### Investor Claims

8. Members who have not yet encashed their dividend warrants for the earlier years are requested to write to the Secretarial Department at the Registered and Corporate Office of the Company or send an email to: [investors@sobha.com](mailto:investors@sobha.com) to claim the dividend. Details of unclaimed dividend as on June 30, 2012 are available in the investors section of the website of the Company [www.sobha.com](http://www.sobha.com)
9. During the financial year 2013-14, the Company will be required to transfer to the Investor Education and Protection Fund, the share application money received during the Initial Public Offer of the Company which is due for refund and lying unpaid / unclaimed with the Company in terms of Section 205C of the Companies Act, 1956. Intimation of unclaimed share application money has been individually sent to the concerned applicants at the address registered with the respective Depository Participants. The applicants are requested to write to the Secretarial Department at the Registered and Corporate Office of the Company or send an email to: [investors@sobha.com](mailto:investors@sobha.com) to claim the share application money. The last date for claiming the unclaimed share application money is November 25, 2013. Details of unclaimed share application

money are available in the investors section of the website of the Company [www.sobha.com](http://www.sobha.com)

Members may please note that no claim shall lie either against the Company or the Fund after transfer of the unclaimed share application money to the Investor Education and Protection Fund.

10. Allottees who have not yet claimed the equity shares allotted to them during the Initial Public Offer (IPO) of the Company are requested to make their claim to the Secretarial Department at the Registered and Corporate Office of the Company or send an email to [investors@sobha.com](mailto:investors@sobha.com). Details of unclaimed equity shares are available in the investors section of the website of the Company [www.sobha.com](http://www.sobha.com)

#### Investor Servicing

11. Members holding shares in physical mode are requested to lodge / notify communication for change of address, transfer deeds, bank details, ECS details, mandates (if any), with M/s Link Intime India Private Limited, the Registrar and Share Transfer Agents of the Company, having their office at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078.

Members holding shares in electronic form are requested to lodge the above details with their Depository Participants and not with the Company or the Registrar and Share Transfer Agents of the Company as the Company is bound to use only the data provided by the Depositories while making the payment of Dividend.

12. All Investor Queries / Complaints / Grievances may be addressed to the Secretarial Department at the Registered and Corporate Office of the Company or by sending an email to [investors@sobha.com](mailto:investors@sobha.com)

Members can also write to M/s Link Intime India Private Limited, the Registrar and Share Transfer Agents of the Company, having their office at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078 or send an email to [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

#### Others

13. The Route Map of the venue forms part of this Notice and is published elsewhere in the Annual Report of the Company. Necessary transport facilities have been arranged and Members desirous of availing the same may send an email to [investors@sobha.com](mailto:investors@sobha.com) before 48 hours of the date of the Annual General Meeting and be present at the pick-up points as per the Route Map. Members may also contact the Secretarial Department at +91 80 42052798 for any further assistance in this regard.
14. The Ministry of Corporate Affairs vide Circular No. 17/2011 dated 21.04.2011 and Circular

No. 18/2011 dated 29.04.2011, has permitted Companies to send annual reports to shareholders through electronic mode. The Listing Agreement amended pursuant to SEBI Circular No. CIR/CFD/DIL/7/2011 dated October 05, 2011 also directs listed companies to send soft copies of the annual report to those shareholders who have registered their email address. Shareholders are, therefore, requested to update their email IDs with their depository participants in case shares are held in dematerialized mode and if shares are held in physical form, to update the same in the records of the Company so as to enable electronic servicing of annual reports and other documents. Shareholders, who wish to receive physical copies of the annual report may write to the Secretarial Department at the Registered and Corporate Office of the Company or send an email to [investors@sobha.com](mailto:investors@sobha.com). The annual report is also available for download in the investor section of the website of the Company [www.sobha.com](http://www.sobha.com)

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

Dr. S.K. Gupta		
Age 74 years	Date of Appointment June 28, 2006	Qualifications Metallurgical Engineer, Ph.D.(Tech.) D.Sc.(Tech.)
Expertise in Specific Functional Areas		
Category: Dr. S K Gupta is a non-executive independent director of the Company.		
Experience: He has diverse management experience spanning more than five decades in the field of metallurgy, research and development, engineering and management of steel plants. He has been associated with several reputed organizations in varied capacities such as Jindal Vijayanagar Steel Limited, JSW Steel Limited, Rourkela Steel Plant, Steel Authority of India Limited and Mishra Dhatu Nigam Limited. He was Professor and Head of Department of Metallurgy Engineering at IIT Bombay. He has served on the Executive Board of Standing Conference of Public Enterprises (SCOPE), Committee of Technology of International Iron & Steel Institute, Belgium and Board of Governors of National Institute of Foundry & Forge Technology.		
Notable Achievements: He was the Chairman of Government of India task force on Steel Growth plan till 2010. He served as a UNESCO Fellow to Moscow Steel Institute and has been bestowed with awards like the National Metallurgist Award in 1998 and MM Platinum Medal in 2008.		
Directorships held in other Public Limited Companies		Committee positions held in other Public Limited Companies
1. JSW Steel Limited 2. Jindal South West Holdings Limited 3. Jindal Saw Limited 4. Surana Industries Limited 5. B.M.M. ISPAT Limited		<div>JSW Steel Limited →<ul style="list-style-type: none"><li>➤ Remuneration   Chairman</li><li>➤ Audit   Member</li><li>➤ Investor Grievance   Member</li></ul></div> <div>Surana Industries Limited →<ul style="list-style-type: none"><li>➤ Share Transfer &amp; Investor Grievance   Member</li></ul></div> <div>Jindal Saw Limited →<ul style="list-style-type: none"><li>➤ Audit   Member</li></ul></div>
Relationship with other Directors None	Shares held on May 10, 2013 1,935 Equity Shares of ₹ 10 each	

## Mr. R V S Rao

### Age

69 years

### Date of Appointment

June 28, 2006

### Qualifications

B.Com, LLB, Fellow Member of Indian  
Institute of Banking & Finance

### Expertise in Specific Functional Areas

**Category:** Mr. R V S Rao is a non-executive independent director of the Company.

**Experience:** He has more than four decades of experience in the areas of banking and finance. He has served on the Board of Directors of Housing Development Finance Corporation Limited. He has completed the Master Class for Directors conducted in association with World Council for Corporate Governance, London, UK. He is an associate of Indian Institute of Bankers, Bombay and a life member of All India Management Association.

**Notable Achievements:** As a United States Agency for International Development (USAID) Consultant, he was the team leader that reviewed operations and made recommendations for Housing Finance Company, Ghana, Africa. He also led the consultancy team, which advised the National Development Bank of Sri Lanka in establishing its mortgage finance business.

### Directorships held in other Public Limited Companies

1. Royal Orchid Hotels Limited
2. Puravankara Projects Limited

### Committee positions held in other Public Limited Companies

Royal Orchid  
Hotels  
Limited



- Audit I Member
- Remuneration I Member

Puravankara  
Projects  
Limited

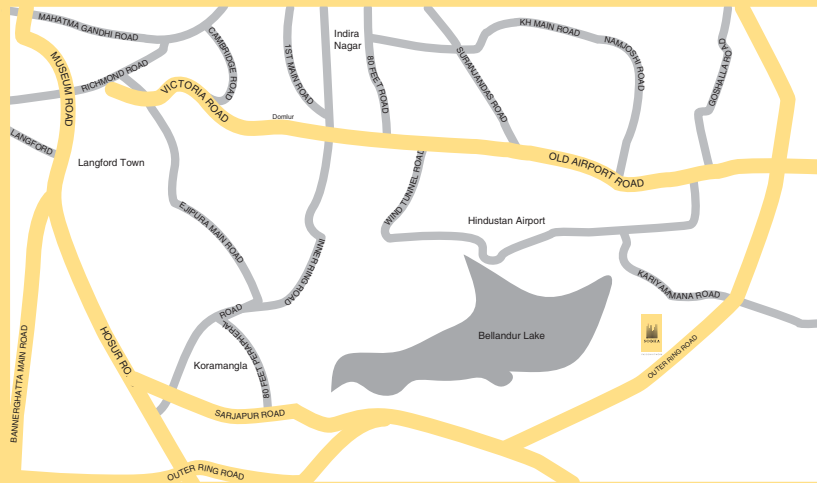


- Audit I Member
- Compensation I Member

**Relationship with  
other Directors**  
  
None

**Shares held on May  
10, 2013**  
15,000 Equity Shares  
of ₹ 10 each

# Route Map



'SOBHA'

Sobha Developers Limited,  
Sarjapur-Marathahalli, (ORR)  
Devarabisanahalli, Belandur Post,  
Bengaluru - 560 103  
India

Transport facilities are arranged from Banashankari, Majestic and Hebbal for attending the Annual General Meeting (AGM), which is scheduled to take place on July 05, 2013, at the registered and corporate Office of the Company, 'SOBHA'. For more details contact the Investor's Cell at: 42052798 between 9am to 5pm or send an email to [investors@sobha.com](mailto:investors@sobha.com)

## SOBHA DEVELOPERS LIMITED

Registered and Corporate Office: 'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli,  
Bellandur Post, Bangalore - 560 103

### ATTENDANCE SLIP

#### Eighteenth Annual General Meeting

**Date:** July 05, 2013

**Time:** 10.00 AM

**Venue:** Registered and Corporate Office

'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR),  
Devarabisanahalli, Bellandur Post, Bengaluru - 560 103

**Full Name of the Member (in BLOCK LETTERS):**

**Registered Folio No:**

**No. of Equity Shares held:**

**Client ID\*:**

**Depository Participant ID\*:**

I / We hereby record my / our presence at the Eighteenth Annual General Meeting held on Friday, July 05, 2013 at the Registered and Corporate office of the Company at 10.00 AM.

**Member's/Proxy's Signature**

\* Applicable for members holding equity shares in electronic form.

Members are requested to fill up the attendance slip and hand it over at the venue. Members are requested to bring their copy of Annual Report to the meeting.

## SOBHA DEVELOPERS LIMITED

Registered and Corporate Office: 'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli,  
Bellandur Post, Bangalore - 560 103

### PROXY FORM

Eighteenth Annual General Meeting	
<p><b>Date:</b> July 05, 2013</p> <p><b>Time:</b> 10.00 AM</p>	<p><b>Venue:</b> Registered and Corporate Office</p> <p>'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bengaluru - 560 103</p>
Registered Folio No:	No. of Equity Shares held:
Client ID*:	Depository Participant ID*:
<p>I / We .....being a member(s) of Sobha Developers Limited hereby appoint  of .....  Mr. / Ms ..... of .....  or failing him Mr. / Ms. .... of .....  as my / our proxy to vote for me / us on my / our behalf at the Eighteenth Annual General Meeting of the Company  to be held on Friday, the 05th day of July, 2013, at 10.00 am at the registered office of the Company situated at  'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bengaluru - 560  103 and at any adjournment thereof.</p>	
<p>Signed this ..... day of .....2013.</p>	
<p>Signature:</p> <div style="border: 1px solid black; width: 300px; height: 50px; margin-top: 5px;"></div>	<div style="border: 1px solid black; width: 60px; height: 50px; margin: 0 auto; display: flex; align-items: center; justify-content: center;"> <p style="font-size: 8px; margin: 0;">Affix Revenue Stamp</p> </div>
<p><small>* Applicable for members holding equity shares in electronic form.</small></p>	
<p><b>Notes:</b></p> <ol style="list-style-type: none"> <li>1. The Proxy Form should be signed across the revenue stamp as per specimen signature(s) registered with the Company.</li> <li>2. The Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.</li> <li>3. In terms of Section 176 of the Companies Act, 1956, a Proxy need not be a member.</li> </ol>	

# Glossary

ADR  
American Depository Receipts

APMC  
Agriculture Produce Marketing Committee

BBS  
Bar Bending Schedule

BSE  
Bombay Stock Exchange Limited

CAGR  
Compounded Annual Growth Rate

CDSL  
Central Depository Services (India) Limited

CFL  
Compact Fluorescent Lamp

CII  
Confederation of Indian Industry

CRM  
Customer Relationship Management

CREDAI  
Confederation of Real Estate Developers Association of India

CSR  
Corporate Social Responsibility

Demat  
Dematerialised Account

DG  
Diesel Generator

EBITDA  
Earnings before Interest, Depreciation and Amortisation

ECB  
External Commercial Borrowings

ECBC  
Energy Conservation Building Code was launched by Ministry of Power, Government of India in May 2007, as a first step towards promoting energy efficiency in the real estate and construction sector.

ECS  
Electronic Clearing System

ERP  
Enterprise Resource Planning

FDI  
Foreign Direct Investment

FICCI  
Federation of Indian Chambers of Commerce and Industry

FII  
Foreign Institutional Investors

FSI  
Floor Space Index

GDR  
Global Depository Receipts

GGBS  
Ground Granulated Blast Furnace Slag

GHG  
Green House Gases

H-Beam  
H-Beam is developed and optimised from I beam, a kind of economical profiled steel with a better mechanic capability

ICSE  
Indian Certificate of Secondary Education

IEPF  
Investor Education and Protection Fund

IPO  
Initial Public Offer

ISIN  
International Securities Identification Number

IT / ITES  
Information Technology / Information Technology Enabled Services

LED  
Light-emitting diode



MAT Minimum Alternate Tax	R&T Agents Registrar and Share Transfer Agents
MCA Ministry of Corporate Affairs, New Delhi	ROCE Return on Capital Employed
MEP Mechanical, Electrical and Plumbing	ROE Return on Equity
NEAPS NSE Electronic Application Processing System	RWH Rain Water Harvesting
NECS National Electronic Clearing System	SCORES SEBI Complaint Redress System
NSDL National Securities Depository Limited	SEBI Securities and Exchange Board of India
NSE National Stock Exchange of India Limited	SED Social Empowerment Department
OPC Ordinary Portland Cement	SEME Social Empowerment Mapping Exercise
PAT Profit after Tax	SSLC Secondary School Leaving Certificate
PBT Profit before Tax	STP Sewage Treatment Plant
PPP Public Private Partnership which refers to the co-operation between public authorities and private businesses to guarantee the financing, construction, renewal, management or maintenance of an infrastructure or the provision of a service	SVTC Sobha Vocational Training Centre
PVC Polyvinyl Chloride	UF Ultra Filtration
PV Cells Photovoltaic Cells	VED Value Engineering Department
QST Quality, Safety and Technology	VFD Variable Frequency Drive
R&D Research and Development	VOC Volatile Organic Compounds
	Y-O-Y Year-on-Year

# Fiscal 2013

## Quarterly Highlights

### 2012 -2013

Outperforms guidance for the year with new sales valued at ₹ 22.15 billion comprising of 3.76 million square feet as against the target of new sales valued at ₹ 20 billion comprising of 3.75 million square feet

Revenues at ₹ 18.70 billion with a PBT of ₹ 3.24 billion and PAT of ₹ 2.17 billion

Total Collections of ₹ 21.23 billion

Debt Equity at 0.57

## Q1

Launches a new villa project, SOBHA West Hill in Coimbatore measuring 0.26 million square feet

Acquires the entire economic interest in 'Sobha City' (Registered Partnership Firm) which is executing the SOBHA City Project at Thrissur.

Revenues at ₹ 4,347 million with a PBT of ₹ 696 million and PAT of ₹ 449 million

Collections of ₹ 4,970 million

## Q2

Launches two residential projects, SOBHA Morzaria Grandeur (Bengaluru) and SOBHA Jade (Thrissur) measuring 0.87 million square feet

Announces foray into commercial segment for the development of a proposed Modern Agricultural Market Complex in Byatarayanapura, Bengaluru for APMC, Government of Karnataka on a PPP model.

Revenues at ₹ 4,162 million with a PBT of ₹ 714 million and PAT of ₹ 500 million

Collections of ₹ 4,550 million

## Q3

Announces Joint Venture with Sun-Area Property Partners for the development of a proposed residential project in Doddanekkundi Village, Varthur Hobli, Bengaluru.

Enters into Joint Development Agreements for development of residential projects in Kozhikode and Kochi

Revenues at ₹ 4,314 million with a PBT of ₹ 798 million and PAT of ₹ 526 million

Collections of ₹ 5,380 million

## Q4

Launches SOBHA Indraprastha in Bengaluru measuring 1.5 million square feet

Highest ever sales in any quarter in the history of the Company in terms of value.

Completes 313 projects measuring 56.25 million square feet since inception

Revenues at ₹ 5,877 million with a PBT of ₹ 1,031 million and PAT of ₹ 695 million

Collections of ₹ 6,330 million

# 5 year

## Financial Highlights

(₹ in million except earning per share and rate of dividend)

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
<b>Financial Performance</b>					
<b>Total Income (Net of Excise Duty)</b>	18,700.59	14,143.72	13,996.13	10,620.83	9,218.00
Profit before depreciation interest and tax (PBDIT)	5,537.70	4,730.25	3,651.58	2,674.43	2,935.73
Depreciation	593.73	387.78	277.73	323.1	360.3
Profit before interest and tax (PBIT)	4,943.97	4,342.47	3,373.85	2,351.33	2,575.43
Interest	1,704.90	1,165.39	859.67	693.42	1074.14
Profit before tax (PBT)	3,239.07	3,177.08	2514.18	1657.91	1501.29
Profit after tax (PAT)	2,170.59	2,100.53	1845.62	1383.13	1098.95
Minority interest	(1.20)	40.99	32.7	42.16	21.24
PAT after minority interest	2171.79	2059.54	1812.92	1340.97	1077.71
Dividend					
Equity	686.45	490.32	294.19	245.16	72.9
Rate of dividend	70%	50%	30%	25%	10%
<b>Financial position</b>					
Share holder's funds	21,366.19	19,997.51	18,507.83	17,084.68	10,894.93
Borrowed fund	13,787.39	12,407.70	12,415.65	14,540.35	19,121.78
<b>Total</b>	<b>35,153.58</b>	<b>32,405.21</b>	<b>30,923.48</b>	<b>31,625.03</b>	<b>30,016.71</b>
Net fixed assets	3,300.52	2,852.29	2,019.28	2,061.11	2,247.84
Investments	2.07	0.18	37.11	429.35	361.62
Net current and non current assets	32,489.10	29,883.11	28,793.30	29,083.05	27,376.56
Deferred tax assets/ (liability)	(638.11)	(330.37)	73.79	51.52	30.69
<b>Total</b>	<b>35,153.58</b>	<b>32,405.21</b>	<b>30,923.48</b>	<b>31,625.03</b>	<b>30,016.71</b>
<b>Ratios</b>					
EBITDA Margin	29.61%	33.44%	26.09%	25.18%	31.85%
Pre-Tax Margin	17%	22%	18%	16%	16%
Post Tax Margin	12%	15%	13%	13%	12%
Interest coverage ratio	2.90	3.73	3.92	3.39	2.40
Net debt to EBIDTA (times)	2.20	2.39	3.40	5.20	6.51
Fixed assets turnover ratio	18%	20%	14%	19%	24%
Debtors turnover ratio (Net Debtors)	4%	9%	17%	22%	23%
Debtors turnover ratio (Gross Debtors)	35%	27%	30%	42%	40%
Return on Equity (ROE)	10%	11%	10%	10%	11%
Return on Capital Employed (ROCE)*	15%	14%	11%	8%	9%
Earning per share (EPS)	22.15	21.00	18.49	14.63	14.78
Book Value	217.88	203.92	188.73	173.74	149.16
Debt/Equity Ratio	0.57	0.57	0.67	0.82	1.76
Price Earning Multiple	15.72	15.86	15.88	18.82	5.35
Price/book value	1.60	1.63	1.56	1.58	0.53

\* EBIT / Average capital employed

Figures are regrouped wherever necessary

## Publication Details and Credits

### Investor relations contact:

Sobha Developers Limited

'SOBHA'

Sarjapur - Marathahalli Outer Ring Road (ORR),

Devarabisanahalli, Belandur Post,

Bengaluru - 560 103

Tel: 080 - 4932 0000

Fax: 080 - 4932 0444

Email: investors@sobha.com

### Design, text and editing:

Sobha Corporate Communications, Bengaluru

### Photographer:

Kiran Aditya, Bengaluru

### Other credits:

Economic Survey 2012-13

12<sup>th</sup> National Development Plan (2012-2017)

### Printed by:

SAP Print Solutions Private Limited, Mumbai

www.sapprints.com

## Financial Calendar

Calendar of Board Meetings for the Financial Year

(Tentative and Subject to Change)

**For quarter ending June 30, 2013**

July 31, 2013

**For quarter ending September 30, 2013**

October 31, 2013

**For quarter ending December 31, 2013**

January 31, 2014

**For the year ending March 31, 2014**

April 30, 2014

Annual General Meeting

**For the year ending March 31, 2014**

June 30, 2014





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