

Date: July 20, 2021

To,

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

Sub: Notice of the 26th Annual General Meeting of the Company for the Financial Year 2020-21 under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

Pursuant to Regulation 34 of the Listing Regulations, enclosed herewith is the Annual Report of the Company along with the Notice and the Explanatory Statement of the 26th Annual General Meeting scheduled to be held on August 13, 2021 at 3.00 p.m. (IST) through Video Conference/Other Audio-Visual Means (VC/OAVM).

The Annual Report for FY 2020-21 and other related documents are available on the website of the Company.

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

Thanking you.

Yours sincerely,

FOR SOBHA LIMITED

**VIGHNESHWAR G BHAT
COMPANY SECRETARY & COMPLIANCE OFFICER**



SOBHA LIMITED

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STAYING RESILIENT

ANNUAL REPORT 2021



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SOBHA

Today, SOBHA is one of the most admired and trusted real estate brands in the country. This is because SOBHA is known for delivering quality products on time in a transparent manner. Working with passion and integrity are SOBHA's hallmarks. Helping it achieve all this and much more is SOBHA's tried and tested self-reliant (backward integrated) business model which ensures that the Company has control over almost all of its production processes. This helps the Company ensure that it continues to deliver products of impeccable quality.

SOBHA is the only real estate player in the country to follow this model. Its strong in-house design team tries to stay a step ahead by reimagining spaces to suit the demands of SOBHA's discerning customers. Its various engineering departments are always abreast of the latest that is on offer across the world so that it can be provided to its customers. Today, SOBHA has a presence in 10 cities - Bengaluru, Gurugram, Chennai, Pune, Coimbatore, Thrissur, Kozhikode, Kochi, Gujarat (Gift City) and Mysore. Overall, SOBHA has its footprint in 27 cities in 14 states across India.

The inbuilt culture to do things indigenously has stood the Company in good stead. During trying times, SOBHA is uniquely placed to manage large chunks of its works in-house, be it design, architecture, MEP, concrete blocks, wood work or glazing & metal works. All this adds to the innate strength of the Company and helps it stay resilient.



VERTICALS



SOBHA REAL ESTATE

From being a boutique player in Bangalore 25 years ago, today the Company has scaled up its operation and is a well-known name across the country for its projects. It builds presidential apartments, villas, row houses, luxury and super luxury apartments, plotted development and aspirational homes. It is one of the most admired and trusted real estate brands and is known for its impeccable quality products delivered on time in a transparent manner. Till date, SOBHA has completed 160 real estate projects. SOBHA products come with the promise of international quality, superior designs and best-in-class technology from across the world. The internal teams at SOBHA make huge efforts to protect the environment through rainwater harvesting and sewage treatment plants. The Company takes pride in doing things in-house. This in-house expertise and focus on providing the best in quality homes has also made SOBHA self-reliant and resilient enough to face the challenges that come its way.



SOBHA CONTRACTUAL

SOBHA Contractual was started in 2000 to provide a range of services starting from conceptualizing a project to its execution. Since inception, SOBHA Contractual has provided its services to a range of corporate houses in design and architecture, civil, mechanical, electrical, plumbing, interiors, landscape, aluminium and glazing. Having completed 322 projects, SOBHA's Contractual portfolio includes developing offices, convention centres, software development blocks, multiplex theatres, hostel facilities, hotels, guest houses, food courts, restaurants, research centres, club houses and factory buildings for its many well-known and respected corporate clients. Among SOBHA's corporate clients are Infosys, Taj Group, Dell, HP, Timken, Biocon, Institute of Public Enterprises (IPE), Lulu and the Azim Premji Foundation. SOBHA Contractual has a team of experts trained at the Company's in-house training facility to provide products that are world-class.



SOBHA MANUFACTURING

One of SOBHA's core strengths is that it is a self-reliant company with a backward integrated business model. SOBHA largely functions through three manufacturing divisions - Glazing and Metal Works, Interiors and Concrete Products. SOBHA also has a high-end mattress manufacturing unit and it sells its mattresses under the brand name: SOBHA Restoplus. The mattress manufacturing unit was started in 2007. All these divisions use state-of-the-art equipment imported from different parts of the world. Our workers at the factories are highly skilled as they receive in-house training and certification in technical aspects at SOBHA Academy. SOBHA factories are equipped to cater not only to SOBHA's project requirements but also to the demands of the players in the construction industry. These factories are self-sustaining, revenue generating units which are pushing the boundary of excellence.

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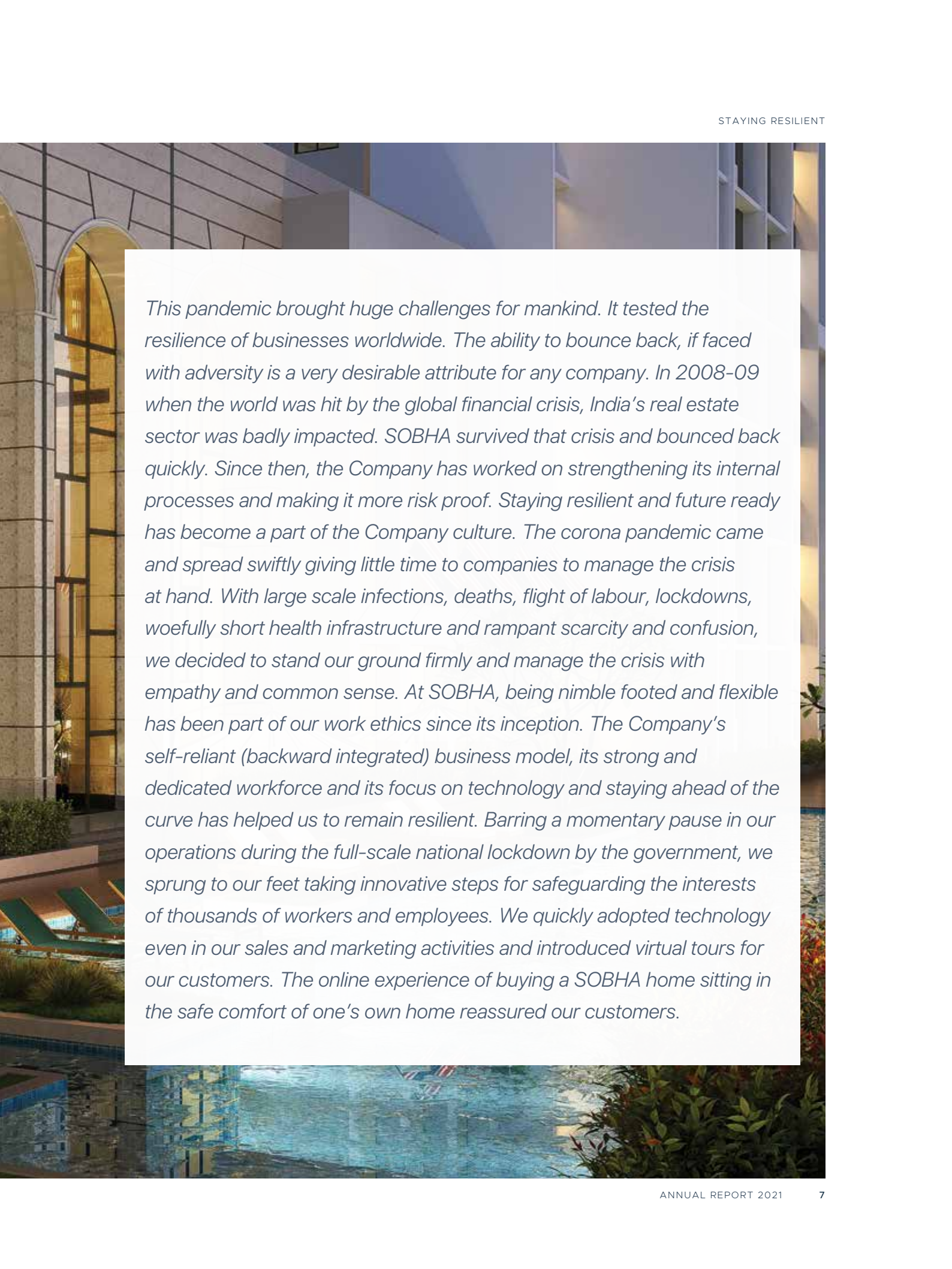
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This pandemic brought huge challenges for mankind. It tested the resilience of businesses worldwide. The ability to bounce back, if faced with adversity is a very desirable attribute for any company. In 2008-09 when the world was hit by the global financial crisis, India's real estate sector was badly impacted. SOBHA survived that crisis and bounced back quickly. Since then, the Company has worked on strengthening its internal processes and making it more risk proof. Staying resilient and future ready has become a part of the Company culture. The corona pandemic came and spread swiftly giving little time to companies to manage the crisis at hand. With large scale infections, deaths, flight of labour, lockdowns, woefully short health infrastructure and rampant scarcity and confusion, we decided to stand our ground firmly and manage the crisis with empathy and common sense. At SOBHA, being nimble footed and flexible has been part of our work ethics since its inception. The Company's self-reliant (backward integrated) business model, its strong and dedicated workforce and its focus on technology and staying ahead of the curve has helped us to remain resilient. Barring a momentary pause in our operations during the full-scale national lockdown by the government, we sprung to our feet taking innovative steps for safeguarding the interests of thousands of workers and employees. We quickly adopted technology even in our sales and marketing activities and introduced virtual tours for our customers. The online experience of buying a SOBHA home sitting in the safe comfort of one's own home reassured our customers.



SOBHA Interiors Division, Bengaluru

With the onset of the COVID-19 pandemic in 2020, the world stepped into a new period of uncertainty. Almost all nations, societies and business entities were caught unprepared, witnessing devastating loss of lives and livelihood of millions around the world. Our ability to cope was severely tested during this pandemic. This was the time when governments, businesses and civic bodies had to show their resilience. The adversity that had struck mankind was huge. How could people overcome this adversity? Thousands were dying every day. Powerful nations were on their knees - their modern health infrastructure fell woefully short in coping with the stress of the situation.

In such circumstances, few governments and organizations came to the fore with immense resilience – the ability to bounce back and tried to bring some semblance of order. The question was of survival first. The microbe that was causing unprecedented deaths was highly infectious and difficult to control. This was the time that called for collective wisdom-how to survive and thrive

before, during and after the adversity. This was a crisis, over which people had limited or no control. We grappled with the crisis with our limited means.

Like other businesses, the real estate sector in India was badly hit. Work at construction sites came to a halt. Construction workers headed for their villages in different parts of the country. There was scare all around.

As was expected, we at SOBHA too felt the pandemic's devastating impact on human lives and business opportunities. After the initial shock and confusion, we gathered our thoughts and began working on the problem. We gave primacy to 'safety first' for our workers, employees and customers. We already had a strong process framework and a dedicated workforce. The idea was to repose faith and confidence and make people aware about what causes the infection and ways to protect themselves. We put all protocols and government guidelines in place, provisioned dry rations for all our workers at their site camps

and created good awareness amongst our people as to what to do and what not to do. We also took calibrated steps toward cost reduction, cash flows and integrated technology for virtual site visits and online meetings. The focus was on how quickly we could adapt to the evolving situation.

There was a complete reset in the way people wanted to do business. We catered to their safety concerns and took care of our workers, brought them back and continued with our work though at a slower pace. But even as we dealt with the devastation what gave us direction was our inner strength and our innate sense of purpose to tide over the crisis.

BEING RESILIENT IS PART OF OUR EXISTENCE

There are various reasons why we at SOBHA managed this. For one, being resilient is something that forms a part of our very existence. SOBHA was started by its founder and now Chairman Emeritus, P N C Menon in 1995 with resilience as one of its core mantras.

The Company started operations in Bangalore in a real estate environment which was known to be unorganized and which had little or no professionalism. Introducing quality workmanship and a transparent way of functioning in providing the best-in-class products was not easy then. Treading the uncharted path of establishing a business model where the Company would manufacture its own wood work, metal works and concrete blocks for making homes was a very bold step. This gave the Company the rare ability to control its supply chain and keep an eye on its quality.

This also enabled SOBHA to be nimble footed so that it could easily pivot and find its way, should sudden challenges crop up. This was like sowing the seeds of resilience and making the Company future ready. As expected, the Company continued to deliver exquisite quality products, on time in a transparent way, year on year.

Over the decades, SOBHA moved into position of strength and expanded its footprint across the country. However, with the highs also came some lows when SOBHA had to draw on its strengths. And it did. The most significant of these was the global financial crisis of 2008-09 which led to turbulence across the world which also hit India's stock markets, financial institutions and industries.

Those were tough times as companies had to deal with reduced confidence and trust among their stakeholders. Consumers were cautious and unsure about investing their hard-earned money and had restricted and expensive access to funds. The macroeconomic conditions were such that SOBHA's mettle was tested at a deeper level.

It was SOBHA's inherent strengths and single-minded focus on continuous improvements that helped it sail through those turbulent times. The Company relied on its human capital, superior product quality and total commitment to timely delivery to stay relevant. The Company realizes that challenges will come and go but the important thing is to face the challenges with empathy – doing the right things, prioritizing and using lots of common sense. This is what it did when the COVID pandemic struck in March 2020.

REAL ESTATE SECTOR HIT HARD

During the financial crisis and even during the COVID pandemic, the real estate sector was hit hard. SOBHA not only survived but even moved ahead due to its faith in its unique business model. SOBHA has all the key competencies and in-house resources to deliver a project from its conceptualization to completion so it does not have to depend on others for key functions and ingredients. This unique structure allows it to sail through tough times.



SOBHA Glazing and Metal Works Division, Bengaluru

LEARNING FROM TOUGH TIMES

A company needs to learn to be able to withstand shocks in the future for no one can say when the next crisis will strike. We, at SOBHA learnt during the global financial crisis to remain agile and be ready to change tack quickly in the face of adversity. This is what came to our aid during the COVID pandemic.

Real estate is an interesting business. This is more so when the going is tough. Customers have high expectations. Besides these, there are commitments of delivering the best-in-class products on time which cannot be done without depending on strong human resources. During the first wave of the pandemic in 2020, everyone was caught unawares. The Indian real estate sector witnessed large scale labour migration which led to complete halt of all work at construction sites. The future seemed uncertain. But some of us got back by using a common sensical approach to prioritize and break the problem into smaller pieces and finding intelligent and doable solutions.

LEADERSHIP AND TEAMS

At SOBHA, the leadership took the lead in charting out a course after the first wave of the pandemic subsided. The Company put its house in order which is the first step in being and staying resilient in an uncertain environment. The Company had two-fold concerns: getting SOBHA back on the rails and managing the safety of all its employees and workers. New SOPs were created, COVID testing facilities were made available and so were ambulances at worksites to deal with any eventuality.

Putting safety first, we ensured a safe work environment for everyone. We called in our workers and gave them better facilities and safer working environments. And, of course, all COVID protocols were followed and we are continuing to do so.

Soon enough construction on our projects started. At the same time, the focus also moved to cutting costs and bringing in greater efficiency. All the departments came up with innovative ways of cutting costs without compromising on SOBHA's hallmark – quality.



SOBHA Concrete Products Division, Bengaluru

In a heartening development SOBHA's Mattress Division received orders from America and Canada for the first time. Our factories too focused on keeping the costs down and cut down the turnaround time to help the Company achieve more revenues.

HUMAN RESOURCES

There has never been a substitute for hard work and that is what we did at SOBHA. We worked hard. The Company raised the bar on hygiene and taught its workforce to work collectively and decisively to move ahead.

Every aspect of SOBHA's strong workforce was part of the focus during the pandemic. This started with labour camps which are micro communities where between 100 to 1,000 workers live. The Company ensured that everyone strictly adhered to the prescribed COVID protocols, ensuring individual and collective hygiene practices. Daily grocery and other essential supplies were provided to all those living in the camps and in quarantine

zones. Treatment in the camps or in hospital was given. All this helped us as construction work continued during the pandemic because of the availability of at least 70 percent workers on the sites. The other SOBHA employees too were paid equal attention and given appropriate help.

Equally importantly, our in-house doctors were made available 24/7 for consultations and counselling. Using technology, classroom teaching and site training at SOBHA Academy was provided online in both technical and behavioural fields. In all, 92 behavioural and 188 technical training sessions were held online. Further, a central marketing team was set up with over 150 members which responds to all customer queries efficiently. The Concrete Products Division developed a formulation for mortar-based products and integrated its operations backwards. The Glazing and Metal Works Division and the Interiors Division too started work almost immediately after the lockdown was lifted leading to very little inconvenience for our customers.

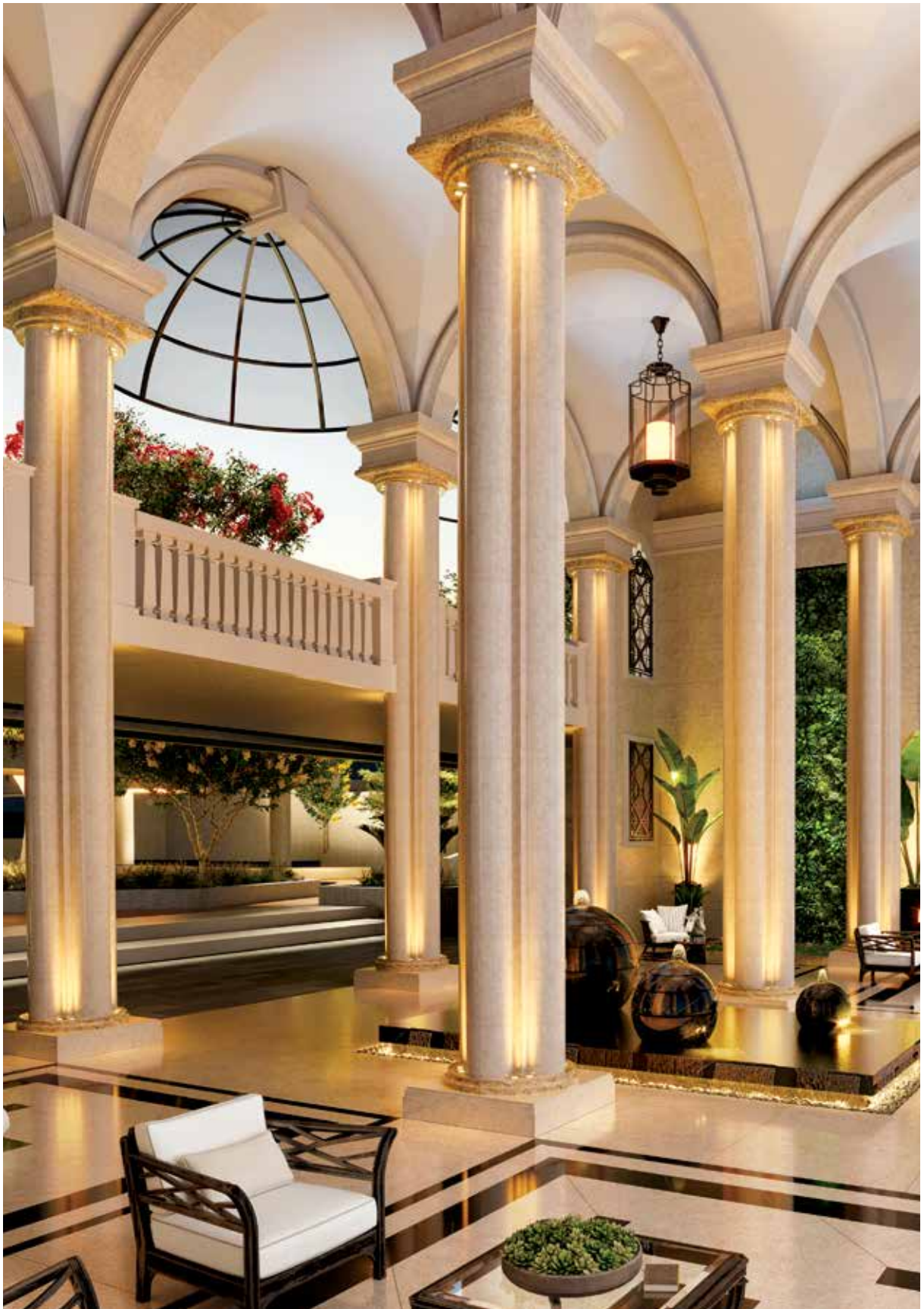
DESIGN AND ENGINEERING

When it comes to design interventions the focus was on specific issues which were both collaborative and cross disciplinary. SOBHA's design team started reimagining the built space to ensure that it is more sustainable and self-sufficient. It is likely that more people will choose to work from home in the future. The emphasis now is on creating larger balconies, terraces, and roof tops wherever possible and providing both ornamental and utilitarian plants in these spaces. Further, the design team is also working on making one bedroom accessible from the entrance foyer

CUSTOMERS FIRST

Our customers were given special attention. Since site visits were a problem, SOBHA introduced technology and matterport cameras to create virtual experiences of its mock up apartments. This helped interested customers to virtually visit the actual sites and see for themselves what we are offering.

Our customers could shortlist their home options before approaching our sales team or even visiting the actual sites. We have seen that presenting our properties in a digital friendly manner helped us improve our conversion rate to a large extent. Our virtual tour model is compatible with all devices and comes with options such as doll house view – a single doll-sized view of the entire apartment, and measurement mode, where you can measure the size of each room and space. The other options include floor plan view, drone view, downloadable floor plans, image capturing, voiceover, auto play, and one-on-one or one-on-multiple video calling.



in each apartment so that it can be converted into a home office. Bedrooms too are being looked at to provide enough space for a study table and adequate lighting and internet connectivity. Taking the safety measures further, SOBHA's design team is also looking at using touchless technology in common areas like automatic doors, voice activated elevators and sensor operated lights and water spouts.

POWER OF TECHNOLOGY

Technology has helped us delight our customers. It was due to technology that we continued with our business even during this on-going COVID crisis.

We renewed our contracts with our suppliers, strengthened our supply chain further, trimmed our workforce and brought in more efficiency but never lost focus of the big picture. We stayed committed throughout to create quality products at the best price, most transparently. And that is what counts for every customer. Technology also helped the design team reimagine the covered space. Since designers could work from their homes, regular online meetings were held not only for delegating and monitoring the jobs already underway but also for sharing experiences and finding solutions for the concerns raised.

Moving a step ahead, SOBHA is now exploring the use of AI (artificial intelligence) in certain areas to overcome problems due to various restrictions. AI is revolutionizing the land surveying and construction industry, with a promise of reducing the time taken for activities such as land surveys and monitoring construction progress by 50 percent.

We at SOBHA have realized that come what may, if we have a great product and if our intentions are rightly aligned with those of our customers we can surpass all odds and continue to be in the business. The important thing is to stay resilient and keep a sharp eye while following the best practices.

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AWARDS





SOBHA CITY, Gurugram (Artistic Impression: Not shot at site)

Awards and recognitions provide immense encouragement, and more so when they are given at a time when the world is going through an unprecedented pandemic which has slowed down both businesses and human activities. This year we were the proud recipients of the following awards:

In April 2020, The Financial Times recognised SOBHA in a list of 500 high-growth companies in the APAC region. According to the report, about 140 Indian companies will assist in the revival of the Indian economy. Catering to India's housing demand, SOBHA is the only Indian real estate company to make it to this prestigious list of growth drivers for the APAC region. SOBHA was recognized as 'One of India's Top Builders' at the CWAB (Construction World Architect and Builder) Awards held virtually in August 2020. The CWAB Awards 2020 were themed 'Futuristic Awards' and SOBHA has always been at the forefront of innovation with its unique self-reliant (backward integrated) model. The Company was recognised as the 'Developer of the Year' in the national category by Franchise India at the 12th Annual Estate Awards held virtually in

November 2020. SOBHA has been recognised for the 'Outstanding Performance in Best Safe Practices during the year 2020' in March 2021 by Government of Karnataka, State Safety Institute. The Company has also been honoured by Hindustan Times as the 'Titans of Real Estate – Iconic Project with Best Amenities' for SOBHA City, Gurugram project.

These awards are an acknowledgement of the benchmark quality, customer-centric approach, and timeless values pursued by SOBHA. Following robust engineering, in-house research, uncompromising business ethics and transparency in all spheres of business conduct has helped SOBHA to become one of the most admired real estate brands in India. We are extremely delighted to receive these awards and recognition that reinforces our belief in creating benchmark quality products, have customer-centric approach, and timeless values. Each year, the awards are a true recognition for the entire SOBHA team that works passionately towards achieving the goals. As we move forward, we will continue to create value for our customers and redefine the city skylines.



Dear shareholders and friends of SOBHA,

FY 2020-21 began with an unexpected and unusual turn of events. The declaration of a national lockdown, albeit an effective tool to combat the rising COVID threat, came all too sudden for people, business, and the economy to even fathom. SOBHA, over our journey in the past 25 years, has witnessed several such stress tests which not only have we confidently overcome but at same time have imbibed their learnings. Here again, we were of the firm belief that the resilience challenge posed by COVID would be no different.

We immediately began to double down efforts on all key parameters of our business. In the last fiscal, SOBHA made significant progress in its debt reduction efforts. This was made possible due to improved sales numbers, stronger cash flows and a decline in interest rate on our borrowings in recent quarters. SOBHA's total income in FY 2020-21 stood at ₹21.90 billion with a cash inflow of ₹30.77 billion. SOBHA also recorded its highest ever yearly sales value of ₹31.37 billion in FY 2020-21. In Q4-21, the real estate vertical achieved the best ever quarterly sales volume of 1.34 million sq.ft. (SBA) along with the highest ever quarterly cash inflow of ₹7.15 billion.

During the financial year, we have completed 2.56 million square feet of developable area. We also launched new projects with a developable area of 3.66 million square feet. These launches were spread across Bangalore and Thrissur. Overall, SOBHA has delivered 112.30 million sq.ft. of residential and commercial developments since its inception. Today, the Company has a presence in 27 cities across 14 states through its residential and contractual project portfolio.

The improved financial metrics for the fiscal show SOBHA's resilience and strong business fundamentals, even in a year severely affected by the pandemic. This has been possible due to our unique self-reliant business model that enables optimal resource utilization and timely project delivery with unmatched quality. In our journey over last 25 years, we have also been able to gain trust of our customers with a focus on world class product quality, unwavering commitment, sincere hard work and transparency. In today's uncertain times when the Real estate industry is undergoing consolidation and customers are seeking to minimize risk, this trust from customers has held us in good stead.

However, the tough macroeconomic conditions engendered by the pandemic have forced quicker decision making in organizations with very little reaction times. At SOBHA, we have adapted to this crisis by changing how we collaborate. There has been a paradigm shift within the

organization and the internal collaboration between teams has become much more effective and technology driven. We have also driven digitization in our sales and marketing processes through rapid adoption of technology. Our initiatives like the STM app and centralized call centre are already showing positive results.

In the last fiscal, we have made significant progress in driving operational efficiency, improvement in cash flows and reduction in overall debt. We have been able to leverage on technology and process improvements throughout the organization to achieve these goals successfully.

Immediately after the lockdown restrictions were eased, our focus was to restart project execution and avoid any effect on delivery timelines. We were able to achieve this by putting new SOPs in place to minimize the impact of the pandemic on our people and overall productivity. All COVID related protocols were strictly followed at all our sites. Workers were tested for COVID and a strong framework for safety and hygiene was put in place. As a result, our project teams got back to action with safety and speed. Through our CRM team, we also provided comfort to our customers by addressing all pandemic induced apprehensions about delivery timelines.

This drive for constant improvement through technological interventions and process changes has now been deeply ingrained in our DNA. Through improved cross-functional collaboration, especially between Design and Project teams, we have focused extensively on value engineering as an organization wide initiative. We are striving to improve operational effectiveness by making our project designs more efficient, benchmarking structural designs, and working on vendor development. One example of such a cross-functional collaboration effort is an increased utilization of Precast technology in project execution. We are now increasingly using precast elements for basements and ancillary structures like UG sumps in our projects. This has helped us in accelerating our execution timelines without any compromise on quality and workmanship.

We are also working on incorporating technology in our design workflow so that we can reduce the time required for bringing a project from conceptualization stage to drawing preparation and submission stage. Since we have a self-reliant operating model, we are able to make changes and incorporate market inputs in our project designs much faster. For instance, we have already started designing larger homes with ample working spaces and with the option of home offices to cater to the new requirement of 'Work from home'.

SOBHA has been able to transform the way we interact with our potential and existing customers through use of technology. We have made the sales process much more seamless through pan India implementation of virtual site visits. This allows our customers to have an immersive view of our experience centers and show residences. It also enables the salesperson to showcase project interiors and exteriors along with the project plans effectively. With this implementation, we have been able to drive sales without physical interaction with customers and help them in making the purchase decision from the comfort of their homes, safely.

We have driven these massive changes in our sales and marketing process with the help of our newly created central marketing team that now comprises over 150 members. The team has been able to bring in more efficiency in the client acquisition costs and has made us more effective in handling customer enquiries. Our focus on efficiency is also visible in initiatives like marketing automation tools and use of business intelligence platforms.

Our world class products and customer centricity has attracted multiple awards and recognitions, despite the pandemic. The Financial Times recognized SOBHA as one of the 500 high-growth companies in the APAC region. We were also recognized as 'One of India's Top Builders' at the CWAB (Construction World Architect and Builder) Awards. The Company was given the 'Developer of the Year' award in the national category by Franchise India. These recognitions have encouraged us to carry on with the work that we have been doing for the last 25 years with more sincerity and a renewed vigor.

SOBHA's business growth has always been interwoven with our unwavering efforts towards enabling the growth of our societies. Under the aegis of the Sri Kurumba Educational and Charitable Trust, SOBHA carries out transformative work in 3 panchayats of Palakkad, Kerala since 2006. All CSR activities at SOBHA stem out of a genuine concern for the underprivileged. Our CSR work covers areas like education, health, women empowerment, and livelihood programs for nearly 4,525 families (around 17,311 people) from the below poverty line (BPL) segment.

I would like to thank all my colleagues on the Board for their valuable guidance and support. They have helped us in setting up new benchmarks and in building greater corporate resilience. I am also thankful to all our employees, workers, and stakeholders for their continued faith in SOBHA. I hope that you will, as always, continue to provide us with support and encouragement so that we can emerge stronger each year.

Wishing you all a safe and a healthy year ahead.



Ravi PNC Menon

BOARD OF DIRECTORS AS ON MARCH 31, 2021



MR. RAVI PNC MENON - CHAIRMAN

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



MR. J.C. SHARMA - VICE CHAIRMAN AND MANAGING DIRECTOR

Mr. J.C. Sharma is the Vice Chairman and Managing Director of the Company. He holds a degree in Bachelor of Commerce (Honours) from St. Xavier's College, Calcutta. He is a qualified Chartered Accountant and Company Secretary with over 39 years of experience in diversified industries such as automobiles, textiles and steel. He has been associated with SOBHA since June 2001. With 20 years of cumulative experience in the Company, he has been a member of the Board of Directors since the year 2003. Mr. J.C. Sharma is entrusted with the overall responsibility of managing the affairs of the Company especially finance, purchase, legal and land acquisition, administration and also responsible for achieving the targets of the Company. He plays an instrumental role in spearheading the growth mantle of the Company.



MR. T.P. SEETHARAM – WHOLE-TIME DIRECTOR

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



MR. R.V.S. RAO - INDEPENDENT DIRECTOR

Mr. R.V.S. Rao is an Independent Director of the Company. He holds a bachelor's degree in Commerce from the University of Mysore and a bachelor's degree in law from Bangalore University. He is a fellow member of Indian Institute of Banking and Finance. He has over 49 years of experience in the areas of banking and finance. He has served on the Board of Directors of Housing Development Finance Corporation Limited. As a United States Agency for International Development (USAID) Consultant, he was the team leader that reviewed operations and made recommendations for the Housing Finance Company, Ghana, Africa. He also

led the consultancy team, which advised the National Development Bank of Sri Lanka in establishing its mortgage finance business. He is an associate of Indian Institute of Bankers and a life member of All India Management Association.



MR. ANUP SHAH - INDEPENDENT DIRECTOR

Mr. Anup Shah is an Independent Director of the Company. He holds a bachelor's degree in commerce from HR College, Mumbai and a degree in law from Government Law College, Mumbai. He has over 37 years of experience in the field of law, specifically real estate law. Since founding his own firm in 1993, he has advised developers, builders and foreign and domestic investors in structuring real estate transactions, leases, development agreements and joint ventures. He specialises in commercial and property documentation, corporate and commercial litigation, property related issues, land laws and arbitration and

alternative dispute resolutions. He is the Founder Partner of ASLF LAW OFFICES (formerly known as Anup S Shah Law Firm) in Bangalore.



MR. SUMEET JAGDISH PURI - INDEPENDENT DIRECTOR

Mr. Sumeet Jagdish Puri is an independent Director of the Company. He has worked as Managing Director at Deutsche Bank, Morgan Stanley and Merrill Lynch for over 23 years, in the area of Global Investment Banking and is currently the Managing Director of Samaya Capital Advisors, Hong Kong. He has handled some of the world's largest IPO's. He is an Advisor to Stock Exchange of Hong Kong, Bain Capital, Carlyle Group, Tiger Funds, etc., for their capital raising and investments. He was also an Advisor to Piramal Enterprises for Asia's largest mandatory structured transaction, LoneStar Funds for the launch of one of India's largest

NBFC platforms, etc. He holds Master of Business Administration (MBA) degree from S.P. Jain Institute of Management & Research, Mumbai and a Bachelor's degree from Sydenham Institute of Management Studies, Research and Entrepreneurship.



MS. SRIVATHSALA K N - INDEPENDENT DIRECTOR

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

students. Ms. Srivathsala is a certified financial planner and an accounting technician from the Institute of Chartered Accountants of India. She holds a Master's degree in Commerce from the Bangalore University.

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

Mr. R V S Rao (Chairman)
Mr. J C Sharma
Mr. Sumeet Puri

STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. Sumeet Puri (Chairman)
Mr. Ravi PNC Menon
Mr. J C Sharma
Mr. T P Seetharam

NOMINATION, REMUNERATION AND GOVERNANCE COMMITTEE

Mr. Anup Shah (Chairman)
Mr. R V S Rao
Mr. Sumeet Puri
Mr. Ravi PNC Menon

RISK MANAGEMENT COMMITTEE

Mr. Anup Shah (Chairman)
Mr. Ravi PNC Menon
Mr. J C Sharma
Mr. Subhash Mohan Bhat

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. Sumeet Puri (Chairman)
Mr. J C Sharma
Ms. Srivathsala K N

SHARE TRANSFER COMMITTEE

Mr. J C Sharma (Chairman)
Mr. T P Seetharam
Mr. Ravi PNC Menon

CORPORATE INFORMATION

COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Vighneshwar G Bhat

CHIEF FINANCIAL OFFICER

Mr. Subhash Mohan Bhat

STATUTORY AUDITORS

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

BANKERS

Union Bank of India
Axis Bank
Arka Fincap Limited
Bajaj Housing Finance Limited
DBS Bank of India Limited
ICICI Bank
Karur Vysya Bank Limited
PNB Housing Finance Limited
South Indian Bank Limited
Standard Chartered Bank
State Bank of India
Tata Capital Financial Services Limited
RBL Bank Limited
HDFC Bank Limited
CSB Bank Limited
Deutsche Bank
Bank of Baroda
Kotak Mahindra Bank Limited
Kotak Mahindra Investments Limited
Aditya Birla Finance Limited
Aditya Birla Housing Finance Limited
Karnataka Bank Limited
HDFC Limited
Indian Bank

REGISTERED AND CORPORATE OFFICE

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

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Twenty Sixth Annual Report on the business and operations of the Company together with the audited results for the financial year ended March 31, 2021.

FINANCIAL HIGHLIGHTS		(₹ In million)		
Particulars	Standalone		Consolidated	
	2020-21	2019-20	2020-21	2019-20
Total Revenue	21,911.51	38,304.87	21,904.00	38,256.59
Operating Expenditure	14,650.33	26,488.29	14,346.34	26,386.16
Earnings before Interest, Depreciation and Amortisation	7,261.18	11,816.58	7,557.66	11,870.43
Depreciation and Amortisation	754.96	673.52	793.67	722.85
Finance Cost	5,759.58*	6,732.28*	6,012.14**	6,816.03**
Profit Before Tax	746.64	4,410.78	751.85	4,331.55
Tax Expenses	91.25	1,515.99	129.09	1,514.86
Profit after Tax	655.39	2,894.79	622.76	2,816.69

* Includes notional interest accrued on advance from customers as per Ind AS 115, ₹2,515 million, ₹3,558 million for the year ended March 31, 2021 and year ended March 31, 2020 respectively.

** Includes notional interest accrued on advance from customers as per Ind AS 115, ₹2,650 million, ₹3,558 million for the year ended March 31, 2021 and year ended March 31, 2020 respectively.

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

BUSINESS AND OPERATIONS

A. BUSINESS OVERVIEW

The Company is operating in the following two segments:

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

A summary of completed and ongoing projects as on March 31, 2021 has been detailed in the Management Discussion and Analysis Report titled 'Management Report' forming part of the Annual Report.

B. FINANCIAL OVERVIEW

Standalone

During the Financial Year 2020-21, the Company has on a standalone basis, earned total revenues of ₹21,911.51 million as compared to ₹38,304.87 million in the previous year, a decrease of 42.80% y-o-y. The Profit before Tax during the year was ₹746.64 million as against ₹4,410.78 million in the previous year, decreased by 83.07% and Profit after Tax during the year was ₹655.39 million as against ₹2,894.79 million in the previous year, that is, decreased by 77.36%.

Consolidated

The consolidated revenues of the Company during the financial year 2020-21 were ₹21,904.00 million, a decrease of 42.74%

from the previous year. The Profit before Tax decreased by 82.64% and Profit after Tax (after considering minority interest) decreased by 77.89% as compared to the financial year 2019-20.

Transfer to Reserves

Your Directors propose to transfer ₹65.54 million of the current profits to the General Reserve.

Dividend

The Board of Directors, subject to the approval of the shareholders at the ensuing Annual General Meeting are pleased to recommend a dividend of ₹3.50/- per equity share of ₹10/- each.

C. OPERATIONAL OVERVIEW

Completed Projects

During the year under review, the Company executed and handed over 0.23 million square feet real estate projects and 2.33 million square feet of contractual projects resulting in an aggregate development of 2.56 million square feet.

The Company has completed construction of 112.30 million square feet of area since inception.

Ongoing Projects

The Company currently has real estate projects aggregating 30.11 million square feet of developable area. It has 5.64 million square feet of ongoing contractual projects which are under various stages of construction.

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

SHARE CAPITAL RELATED MATTERS

A. SHARE CAPITAL

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

change in the issued, subscribed and fully paid up share capital of the Company during the year under review. Sobha Limited is a public limited company and its equity shares are listed on National Stock Exchange of India Limited and BSE Limited.

B. BUYBACK OF EQUITY SHARES

There was no buyback offer made by the Company during the period under review.

C. CHANGES IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

During the year under review, there was no change in Subsidiaries, Joint Ventures and Associates.

However, Sobha Highrise Ventures Private Limited, a wholly owned subsidiary of the Company, during the year, acquired the entire shares of Annalakshmi Land Developers Private Limited making it a wholly owned subsidiary of Sobha Highrise Ventures Private Limited. With this acquisition, as on the date of this report, the Company has six direct subsidiaries and six step down subsidiaries.

The details of subsidiaries, step down subsidiaries and associates are given elsewhere in the Annual Report.

BOARD OF DIRECTORS AND ITS COMMITTEES

A. COMPOSITION OF THE BOARD OF DIRECTORS

As on 31st March, 2021, the Board of Directors of the Company comprises of seven Directors of which, four are Non-Executive Independent Directors and three are Executive Directors. The composition of the Board of Directors is in compliance with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and Section 149 of the Companies Act, 2013.

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

B. CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Jagadish Nangineni has resigned from the position of Deputy Managing Director and Whole-time Director with effect from February 24, 2021. Except the above, there were no changes in the key managerial personal of the company.

C. MEETINGS

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

- June 27, 2020
- August 07, 2020
- November 07, 2020
- February 12, 2021

In accordance with the provisions of the Companies Act, 2013, a separate meeting of the Independent Directors of the Company was held on 31st March, 2021.

D. RE-APPOINTMENT OF DIRECTORS RETIRING BY ROTATION

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

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

E. PERFORMANCE EVALUATION

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

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

F. DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts have been prepared on a going concern basis;

- e) internal financial controls to be followed by the Company have been laid down and such internal financial controls are adequate and were operating effectively; and
- f) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDIT RELATED MATTERS

A. AUDIT COMMITTEE

The composition of the Audit Committee as on 31st March 2021 was:

1. Mr. R V S Rao (Independent Director) - Chairman
2. Mr. Sumeet Puri (Independent Director) - Member
3. Mr. J C Sharma (Vice Chairman and Managing Director) - Member

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

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

B. STATUTORY AUDITORS

At the Twenty Second Annual General Meeting held on 4th August, 2017, the members appointed M/s. B S R & Co. LLP, Chartered Accountants (Firm Registration No.101248W/W-100022), as Statutory Auditors of the Company for a period of 5 years from the conclusion of the Twenty Second Annual General Meeting until the conclusion of the Twenty Seventh Annual General Meeting.

The Statutory Auditors expressed an unmodified opinion in the audit reports with respect to audited financial statements for the financial year ended March 31, 2021. There are no qualifications or adverse remarks in the Statutory Auditors' Report which require any explanation from the Board of Directors.

C. SECRETARIAL AUDIT

Secretarial Audit of the Company for the year ended March 31, 2021 was conducted by Mr. Nagendra D Rao, Practicing Company Secretary. The Secretarial Audit Report issued by Mr. Nagendra D Rao, in accordance with the provisions of Section 204 of the Companies Act, 2013 is provided separately in the Annual Report (**Annexure A**).

There are no qualifications or adverse remarks in the Secretarial Audit Report which require any explanation from the Board of Directors.

D. COST AUDIT

The Cost Audit Report for the financial year 2019-20 was filed with the Ministry of Corporate Affairs, New Delhi within the due date prescribed under the Companies (Cost Records and Audit) Rules, 2014. There were no qualifications or adverse remarks in the Cost Audit Report which require any explanation from the Board of Directors.

Based on the recommendations of the Audit Committee, the Board of Directors have re-appointed M/s. Srinivas and Co. Cost Accountants (Firm Registration No: 000278) as the Cost Auditors of the Company for the financial year 2020-21. In terms of Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors for the financial year 2020-21 is subject to ratification by the shareholders of the Company. The Notice convening the Annual General Meeting contains the proposal for ratification of the remuneration payable to the Cost Auditors.

E. INTERNAL AUDIT AND INTERNAL FINANCIAL CONTROLS

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

approach for evaluating and improving the effectiveness of risk management, control and governance processes.

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

POLICY MATTERS

A. NOMINATION AND REMUNERATION POLICY

The Nomination, Remuneration and Governance Committee of the Board of Directors is responsible for recommending the appointment of the directors and senior management to the Board of Directors of the Company. The Company has in place a Nomination and Remuneration Policy containing the criteria for determining qualifications, positive attributes and independence of a director and policy relating to the remuneration for the directors, key managerial personnel and senior management personnel of the Company. The Committee also postulates the methodology for effective evaluation of the performance of individual directors, committees of the Board and the Board as a whole which should be carried out by the Board, committee or by an independent external agency and reviews its implementation and compliance. The Nomination and Remuneration Policy is available on the Company's website: <https://www.sobha.com/wp-content/uploads/2020/10/153630165920180907.pdf>. Extracts from the policy are reproduced in **Annexure B** to this report.

B. THE RISK MANAGEMENT FRAMEWORK

The Company has developed and implemented a risk management framework detailing the various internal and external

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

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

C. CORPORATE SOCIAL RESPONSIBILITY POLICY

The Company believes that its achievements do not refer only to its growth but are also spread to society. Accordingly, under the aegis of its CSR arm, Sri Kurumba Educational & Charitable Trust, it has adopted three village panchayats - Vadakkenchery, Kizhakkenchery and Kannambra in Palakkad district of Kerala, each consisting of 2 villages, to improve the lifestyle of the people at the grassroot level.

The Corporate Social Responsibility Policy, as formulated by the Corporate Social Responsibility Committee and approved by the Board of Directors is available on the Company's website at: <https://www.sobha.com/wp-content/uploads/2020/10/158036284320200130.pdf>

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

D. VIGIL MECHANISM

The Company has established a vigil mechanism to promote ethical behaviour in all its business activities. It has in place a mechanism for employees and directors to report any genuine grievances, illegal, unethical behaviour, suspected fraud or violation of laws, rules and regulations or conduct to the Vigilance Officer and the Audit

Committee of the Board of Directors. The policy also provides for adequate protection to the whistle blower against victimisation or discriminatory practices. The policy is available on the Company's website at: <https://www.sobha.com/wp-content/uploads/2020/10/153630159420180907.pdf>

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

OTHER MATTERS

A. DEBENTURES

There were no outstanding debentures as on the closure of the financial year ended 31st March, 2021.

B. DEPOSITS

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

C. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

In compliance with Section 124 of the Companies Act, 2013, the dividends pertaining to the financial year 2012-13 which were lying unclaimed with the Company were transferred to the Investor Education and Protection Fund during the financial year 2020-21. The details of unclaimed dividends transferred to the Investor Education and Protection Fund have been detailed in the Corporate Governance Report forming part of the Annual Report.

As required under Section 124 of the Companies Act, 2013 and the Rules made thereunder, 2,574 equity shares, in respect of which dividend had not been claimed by the shareholders for seven consecutive years or more, were transferred to the Investor Education and Protection Fund during the year under review. The details of the shares and shareholders are available on the Company's website.

D. SIGNIFICANT OR MATERIAL ORDERS PASSED BY REGULATORS / COURTS

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

E. HUMAN RESOURCES

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

As on March 31, 2021, the Company had an organisational strength of 3,061 employees.

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

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

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

G. AWARDS AND RECOGNITIONS

During financial year 2020-21, the Company was conferred with various awards and recognitions, the details of which are given in a separate section of the Annual Report.

H. CORPORATE GOVERNANCE

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

A certificate from Mr. Nagendra D Rao, Practicing Company Secretary affirming

compliance with the various conditions of Corporate Governance in terms of the Listing Regulations is given in **Annexure D** to this report.

I. CODE OF CONDUCT

The Company has laid down a Code of Conduct for the Directors as well as for all senior management of the Company. As prescribed under Regulation 17 of the Listing Regulations, a declaration signed by the Vice Chairman and Managing Director affirming compliance with the Code of Conduct by the Directors and senior management personnel of the Company for financial year 2020-21 forms part of the Corporate Governance Report.

J. DISCLOSURE ON CONFIRMATION WITH SECRETARIAL STANDARDS

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

K. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

L. ANNUAL RETURN

In accordance with the Companies Act, 2013, the annual return in the prescribed format is available under the link <https://www.sobha.com/investor-relationsdownloads.php>

M. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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

N. RELATED PARTY TRANSACTIONS

During the year, the Company did not enter into any contract/arrangement/transaction

with a related party which can be considered as material in terms of the policy on related party transactions laid down by the Board of Directors. Related party transactions, if any, pursuant to the Listing Regulations were approved by the Audit Committee from time to time prior to entering into the transactions. The related party transactions undertaken during financial year 2020-21 are detailed in the Notes to Accounts of the Financial Statements.

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

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

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

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

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

Q. FINANCIAL POSITION AND PERFORMANCE OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

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

R. BUSINESS RESPONSIBILITY REPORT

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

S. ADDITIONAL INFORMATION TO SHAREHOLDERS

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

ACKNOWLEDGEMENTS

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

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

Place: Bangalore
Date: June 22, 2021

Sd/-
Ravi PNC Menon
Chairman

Sd/-
T P Seetharam
Whole-time Director

ANNEXURE A

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

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

MANAGEMENT'S RESPONSIBILITY

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

AUDITOR'S RESPONSIBILITY

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

Disclaimer

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

Sd/-

Nagendra D. Rao

Practising Company Secretary
Membership No. FCS – 5553
Certificate of Practice – 7731
UDIN: F005553C000500487

No. 543/A, 7th Main, 3rd Cross,
S.L. Bhyrappa Road, Hanumanthanagar,
Bengaluru – 560 019.

Place: Bengaluru
Date: June 22, 2021

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

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

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

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

Based on my verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of the secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **[Not Applicable as the Company has not raised any Share Capital by Issue of Shares during the financial year under review].**
 - (d) The Securities and Exchange Board of India (Share based employee benefits) Regulations, 2014) **[Not Applicable to the Company during the financial year under review];**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients **[Not Applicable as the**

Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review];

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **[Not Applicable as the Company has not delisted/ propose to delist its equity shares from any stock exchange during the financial year under review];** and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **[Not Applicable as the Company has not bought back / propose to buyback any of its securities during the financial year under review];**
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vi) The Laws as are applicable specifically to the Company are as under:
- (a) Real Estate (Regulation & Development) Act, 2016;
 - (b) Transfer of Property Act, 1882;
 - (c) Indian Easements Act, 1882;
 - (d) Registration Act, 1908;
 - (e) The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996;
 - (f) The Land Acquisition Act, 1894;
 - (g) Indian Stamp Act, 1899; and
 - (h) Karnataka Stamp Act, 1957.

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

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

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

1. National Stock Exchange of India Limited and BSE Limited had each levied a fine of ₹10,000/- (Ten Thousand) on the Company for the delay of one day in furnishing prior intimation as required under regulation 29(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, about the board meeting held on March 19, 2020, to the stock exchanges (BSE Limited and National Stock Exchange of India Limited). In view of the appropriate response submitted by the Company, the same was subsequently waived by the stock exchanges.

I further report that

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

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

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

I further report that in respect of matters relating to certain transactions entered into by the Company in earlier years, the Company has been asked to produce documents and information by regulatory authorities. The Company has responded to the same within the stipulated timeline. Further, in the current year, the Company has also received Summons from SEBI under section 11(2), and 11C(2), 11C(3) of the SEBI Act, 1992. The Company has appropriately responded to the same within the stipulated time.

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

I further report that during the audit period, the company has passed following Special Resolution at the Annual General Meeting held on 7th August, 2020 which are having major bearing on the Company's Affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc.

1. Issue of Non-Convertible Debentures on private placement basis.
2. Amendment to Main objects clause in the Memorandum of Association of the Company.

Sd/-

Nagendra D. Rao

Practising Company Secretary

Membership No. FCS – 5553

Certificate of Practice – 7731

UDIN: F005553C000500487

Place: Bengaluru
Date: June 22, 2021

No. 543/A, 7th Main, 3rd Cross,
S.L. Bhyrappa Road, Hanumanthanagar,
Bengaluru – 560 019.

ANNEXURE B

EXTRACT FROM NOMINATION AND REMUNERATION POLICY

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

A. ELIGIBILITY OR CRITERIA FOR APPOINTMENT:

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

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

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

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

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

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

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

B. TERM OF OFFICE:

Whole-time Director:

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

Independent Director(s):

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

Key Managerial Personnel and Senior Management:

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

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

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

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

Performance Evaluation:

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

performance of Non-Independent directors and the Board as a whole. The Independent Directors shall take into consideration the views of the Committee.

- iv. The Independent Directors shall review the performance of the Chairperson of the Company, taking into account the views of the Committee, the Executive Directors and Non-Executive Directors.

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

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

Board of Directors:

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

- ix. Appropriateness, quality and timeliness of flow of information to the Board.
- x. Adequacy and quality of feedback by the Board to management on its requirements.
- xi. Adequacy of frequency and length of Board and Committee meetings.
- xii. Appropriate mix of knowledge and skills in the composition of the Board and its Committees.

Committees of the Board of Directors:

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

Independent Directors:

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

Whole-time Director(s):

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

POLICY RELATING TO THE REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT:

A. REMUNERATION CRITERIA:

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

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

B. PAYMENT OF REMUNERATION:

- i. The Committee shall recommend the payment

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

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

C. REMUNERATION OF WHOLE-TIME DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT:

Basic Salary:

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

Accommodation or House Rent Allowance:

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

Performance Incentives:

Each Whole-time Director shall be eligible for performance incentives which shall not exceed a specified percent of profits of the Company. Key Managerial Personnel and Senior Management personnel shall be eligible for performance incentives as per the prevailing Human Resource policy of the Company in this regard. The incentive is linked to the performance of the Company in general and their individual performance is measured against specific Key Result Areas, which are aligned with the Company's objectives.

Perquisites and Other Allowances:

Each Whole-time Director, Key Managerial

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

D. REMUNERATION OF INDEPENDENT DIRECTORS:

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

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

E. LIMITS ON REMUNERATION:

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

ANNEXURE C

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. BRIEF OUTLINE OF CSR POLICY

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

- i. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- ii. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- iii. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- iv. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
- v. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts;
- vi. Measures for the benefit of armed forces veterans, war widows and their dependents, [Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows];
- vii. Training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports;
- viii. Contribution to the prime minister's national relief fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
- ix. Contribution to incubator or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government;
- x. Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science,

technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).

- xi. Rural development projects.
- xii. Slum area development.
- xiii. Disaster management, including relief, rehabilitation and reconstruction activities.
- xiv. Such other areas as may be included in Schedule VII of the Companies Act, 2013 from time to time.

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

2. COMPOSITION OF CSR COMMITTEE FOR THE YEAR ENDED MARCH 31, 2021

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

Name	Category		Corporate Social Responsibility Committee meetings		
			June 27, 2020	November 07, 2020	February 12, 2021
Mr. Sumeet Puri	Chairman	Non-Executive Independent	✓	✓	✓
Mr. J C Sharma	Member	Vice Chairman & Managing Director	✓	✓	✓
Mr. Jagadish Nangineni*	Member	Deputy Managing Director	✓	✓	✓
Ms. Srivathsala K N**	Member	Non-Executive Independent	NA	NA	NA

* Resigned effective February 24, 2021. ** Appointed effective June 12, 2021.

- 3. The detailed Corporate Social Responsibility Policy is available on the website of the Company at: <https://www.sobha.com/wp-content/uploads/2020/10/158036284320200130.pdf>
- 4. Impact assessment of CSR project: **NA**
- 5. Amount available for set-off from preceding financial year (in ₹)/Amount required to be set-off for the financial year, if any.

S. No.	Financial Year	Amount Available for set-off From Preceding Financial Year (in ₹)	Amount required to be set-off for Financial Year (in ₹)
1	2020-21	-	-

6. Average Net Profits

The average profits, i.e. profits before tax of the Company during the three immediately preceding financial year was **₹3,851.34 Million**.

- 7. (a) Two percent of average net profit of the company as per section 135(5): **₹77.03 Million**.
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial year: **Nil**.
- (c) Amount required to be set off for the financial year, if Any: **Nil**.
- (d) Total CSR obligation for the financial year (7a + 7b - 7c) : **₹77.03 Million**.

8. (a) CSR amount spent or unspent for the financial year:

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

(b) Details of CSR amount spent against ongoing projects for the financial year:

Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project State/District	Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency Name/ CSR Registration number
Rural Development	<p>i. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation.</p> <p>ii. Promoting education, and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects .</p> <p>iii. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.</p>	Yes	<p>1. Local</p> <p>2. Kerala- Vadakkenchery, Kannambra and Kizhakkenchery Panchayats in the district of Palakkad, Kerala</p>	Ongoing	87.46 Million	87.46 Million	-	No	<p>Sri Kurumba Educational and Charitable Trust</p> <p>CSR00003295</p>

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
-	-	-	-	-	-	-	-	-	-

(d) Amount spent in Administrative Overheads: **₹3.24 Million**

(e) Amount spent on Impact Assessment, if applicable: **NA**

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): **₹90.70 Million**

(g) Excess amount for set off, if any:

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

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial year (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1.	2017-18	-	-	-	-	-	-
2.	2018-19	-	-	-	-	-	-
3.	2019-20	-	-	-	-	-	-
	Total	-	-	-	-	-	-

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed/ Ongoing
-	-	-	-	-	-	-	-

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

(a) Date of creation or acquisition of the capital asset(s): **NA**

(b) Amount of CSR spent for creation or acquisition of capital asset: **NA**

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: **NA**

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): **NA**

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): **NA**

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

Place: Bangalore
Date: June 22, 2021

Sd/-
Sumeet Puri
Chairman of CSR Committee

Sd/-
T P Seetharam
Whole-time Director

ANNEXURE D

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

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

I have examined the compliance of the conditions of Corporate Governance by **Sobha Limited** (‘the Company’) for the year ended on March 31, 2021, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”).

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

In my opinion and to the best of my information and according to the explanations given to me, and the representations made by the Directors and the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2021.

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

Sd/-

Nagendra D. Rao

Practicing Company Secretary

FCS No: 5553CP No: 7731

UDIN: F005553C000451691

543/A, 7th Main,
3rd Cross, S.L.Byrappa Road,
Hanumanthanagar,
Bengaluru – 560 019.

Place : Bengaluru
Date : June 12, 2021

ANNEXURE E

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

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

A. CONSERVATION OF ENERGY

I. STEPS TAKEN OR IMPACT ON CONSERVATION OF ENERGY

The Company has adopted the following energy conservation measures:

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

II. STEPS TAKEN BY THE COMPANY FOR UTILIZING ALTERNATIVE SOURCES OF ENERGY

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

- b. At Sobha corporate office, 90% of power wheeled from solar power plant.
- c. Sobha Glazing factory provided with 225kW and Sobha Interior factory provided with 750kW roof top solar power plant in view of utilizing alternate source of energy.
- d. Use of heat pumps and solar water heaters instead of geysers to reduce power consumption.

III. CAPITAL INVESTMENT ON ENERGY CONSERVATION EQUIPMENT

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

B. TECHNOLOGY ABSORPTION

I. EFFORTS MADE TOWARDS TECHNOLOGY ABSORPTION

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

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

7. Adoption of power feeders for spindle machine instead of manual feeding.

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

II. IMPORTED TECHNOLOGY

Not technology was imported by the Company during the last three financial years.

III. EXPENDITURE INCURRED ON RESEARCH AND DEVELOPMENT

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

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

prevent direct heat transmission from the roof slab and to protect water resistance treatment of roofs for longer duration.

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

Benefits derived as a result of the above R&D

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

Future plan of action

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

Expenditure on R&D

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Total expenditure in foreign exchange: ₹61.47 Million.

Total income in foreign exchange: ₹4.48 Million.

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

Place: Bangalore
Date: June 22, 2021

Sd/-
Ravi PNC Menon
Chairman

Sd/-
T P Seetharam
Whole-time Director

ANNEXURE F

REMUNERATION DETAILS OF DIRECTORS AND EMPLOYEES

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

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

Sl. No.	Name of Director / KMP	Designation	Ratio of Remuneration to Median Remuneration	% Increase in Remuneration Y-O-Y	Comparison of KMP remuneration against the Company's performance
1	Mr. Ravi PNC Menon	Chairman	138.7	-56.8	<p>The revenues decreased by 42.80%, the Profit before Tax and Profit after Tax have decreased by 83.07% and 77.36% respectively on a standalone basis.</p> <p>On a consolidated basis, the revenues were lower by 42.74%, the Profit before Tax by 82.64% and Profit after Tax by 77.89% as compared to the previous financial year 2019-20.</p>
2	Mr. J C Sharma	Vice Chairman & Managing Director	49.4	-73.00	
3	Mr. Jagadish Nangineni*	Deputy Managing Director	19.2	-27.5	
4	Mr. T P Seetharam	Whole Time Director	19.2	-13.60	
5	Mr. R V S Rao	Independent Director	4.8	- 1.1	Not applicable.
6	Mr. Sumeet Jagdish Puri	Independent Director	5	41.6	
7	Ms. Srivathsala K N	Independent Director	4.7	105.4	
8	Mr. Anup Shah	Independent Director	4.7	-5.3	
9	Mr. Subhash Mohan Bhat	Chief Financial Officer	27.1	-8.72	<p>The revenues decreased by 42.80%, the Profit before Tax and Profit after Tax have decreased by 83.07% and 77.36% respectively on a standalone basis.</p> <p>On a consolidated basis, the revenues were lower by 42.74%, the Profit before Tax by 82.64% and Profit after Tax by 77.89% as compared to the previous financial year 2019-20.</p>
10	Mr. Vighneshwar G Bhat	Company Secretary & Compliance Officer	9	-12.54	

* Mr. Jagadish Nangineni ceased to be a Director of the Company w.e.f. February 24, 2021.

- ii. The median remuneration of employees during the financial year was ₹381,744 (Rupees Three Lakhs Eighty One Thousand Seven Hundred Forty Four only).
- iii. The percentage increase in the median remuneration of employees in the financial year 2020-21 was 7.10%.
- iv. The number of permanent employees on the rolls of Company as on March 31, 2021 was 3,061.
- v. The average increase in median remuneration during the financial year 2020-21 was 7.10%. During the same period, the revenues have decreased by 42.80%, the Profit before Tax and Profit after Tax have declined by 83.07% and 77.36% respectively on a standalone basis. On a consolidated basis, the

revenues were lower by 42.74%, the Profit before Tax by 82.64% and Profit after Tax by 77.89% as compared to the previous financial year 2019-20.

- vi. Average percentile increase in the salaries of employees other than the managerial personnel during 2020-21 was 7.10%. The percentile increase in the managerial remuneration during the same period was -53.85%. The percentile decrease in the managerial remuneration was on account of decrease in fixed component and reduction in variable component of remuneration payable to the managerial personnel as per the terms and conditions of their appointment.
- vii. The key parameters for any variable component of remuneration availed by the directors: The Whole-time Directors are entitled to receive a fixed salary comprising of basic salary, allowances and perquisites. They are also eligible for performance incentives up to a specified percentage or amount as the case may be. The break-up of the remuneration is provided in the Corporate Governance Report forming part of the Annual Report.
- viii. There was no employee whose remuneration was in excess of the remuneration of the highest paid director during the financial year.
- ix. The remuneration is as per the Nomination and Remuneration Policy formulated by the Nomination, Remuneration and Governance Committee and approved by the Board of Directors of the Company.

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

Sl. No.	Name	Age	Designation	Nature of Employment (Contractual or otherwise)	Gross Remuneration ₹	Qualification	Experience (Years)	Date of commencement of Employment	Previous Employment held
(A) Employed throughout the financial year									
1	Mr. Ravi PNC Menon	40	Chairman	Permanent Employee	54,939,211	B.S.C.E	17	08.06.2004	-
2	Mr. J.C. Sharma	63	Vice Chairman and Managing Director	Permanent Employee	20,071,901	B.Com (Hons), ACA, ACS	39	01.06.2001	Grasim Industries Limited
3	Mr. Gaurav Bhatia	48	Senior Vice President	Permanent Employee	11,496,198	B.Sc, MMM	15	05.01.2017	Square Yards
4	Mr. Varghese P V	58	Chief Executive Officer - Glazing Division	Permanent Employee	14,650,976	B.Sc, B.Tech	31	01.04.2006	Sobha Glazing and Metal Works Private Limited
5	Mr. Subhash Mohan Bhat	50	Chief Financial Officer	Permanent Employee	10,347,237	B. Com., ACA, ACS, ICWA	29	16.02.2015	Schneider Electric IT Business India Private Limited
(B) Employed for part of the financial year: None									
(C) Employed for whole or part of the financial year: None									

Notes:

1. Gross remuneration comprises salary, allowances, Company's contribution to provident fund and taxable value of perquisites.
2. An employee would be qualified to be included in Category (A), (B) or (C) on the following basis:
For (A) if the aggregate remuneration drawn by him during the year was not less than ₹10,200,000 per annum.
For (B) if the aggregate remuneration drawn by him during the part of the year was not less than ₹850,000 per month.

For (C), if the aggregate remuneration drawn by him during the year or part of the year was in excess of the remuneration drawn by the managing director or whole-time director and holds by himself or along with his spouse and dependent children, not less than 2% of the equity shares of the Company.

3. None of the employees mentioned above are relatives of any Director of the Company.
4. All the employees referred above are / were in full-time employment of the Company and there is no other employee who is in receipt of remuneration in terms of the provisions of Section 134 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

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

Place: Bangalore
Date: June 22, 2021

Sd/-
Ravi PNC Menon
Chairman

Sd/-
T P Seetharam
Whole-time Director

ANNEXURE G

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number : L45201KA1995PLC018475
2. Name of the Company : Sobha Limited
3. Registered Address : SOBHA, Sarjapur – Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore – 560 103.
4. Website : www.sobha.com
5. Email ID : investors@sobha.com
6. Financial Year Reported : 2020-21
7. Sector that the Company is engaged in : The Company is engaged in the business of construction and real estate development, development and management of commercial premises and related activities.
8. List key products/services that the Company manufactures/ provides:
 - i. Construction of Residential and Commercial projects.
 - ii. Execution of Contractual projects (custom–designed turnkey projects).
 - iii. Manufacturing activities related to interiors, glazing and metal works and concrete products.
9. Total number of locations where business activity is undertaken by the Company:
 - i. Number of international locations : Nil
 - ii. Number of national locations : The Company is headquartered in Bangalore having its business in NCR, Chennai, Thrissur, Pune, Coimbatore, Cochin, Calicut, Mysore and Gujarat.
10. Markets served by the Company : The Company is in the business of Construction of Residential and Commercial projects, execution of Contractual projects in the territory of India and Manufacturing activities related to interiors, glazing and metal works and concrete products.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid Up Capital : ₹948,458,530
2. Total Turnover : ₹21,911.51 million (On standalone basis)
3. Total profit after taxes : ₹655.39 million (On standalone basis)
4. Total Spending on Corporate Social Responsibility (CSR) : ₹90.70 million (On a standalone basis)
5. List of activities in which expenditure in 4 above has been incurred :
 - Providing education and vocational training
 - Providing healthcare facilities
 - Looking after the aged and the impoverished
 - Social Empowerment measures

SECTION C: OTHER DETAILS

Sl. No.	Particulars	Remark
1.	Does the Company have any subsidiary company/companies?	Yes, the Company has 6 direct subsidiaries and 6 step down subsidiaries.
2.	Do the subsidiary company/companies participate in the BR initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s).	Yes, the subsidiaries earning profits and meeting the criteria of section 135 of the Companies Act, 2013 are supporting the BR initiatives of the Company.
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, more than 60%]	No other entities that the Company does business with, participate in BR initiatives of the Company.

SECTION D: BUSINEE RESPONSIBILITY (BR) INFORMATION**1. Details of Director/Directors responsible for BR**

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

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

The Corporate Social Responsibility (CSR) Committee of the Board comprising of Mr. Sumeet Puri, Independent Director, Chairman of the Committee, Mr. J C Sharma, Vice Chairman and Managing Director, Mr. Jagadish Nangineni*, Deputy Managing Director and Ms. Srivathsala K N**, Members of the Committee drive the social responsibility initiatives.

* Mr. Jagadish Nangineni ceased to be a Director and Member of the Committee w.e.f. February 24, 2021.

** Ms. Srivathsala K N was appointed as a member of the Committee effective June 12, 2021.

b) Details of the BR heads:

S. No.	Particulars	Details	
1.	DIN	01191608	08391622
2.	Name	Mr. J C Sharma	Mr. T P Seetharam
3.	Designation	Vice Chairman and Managing Director	Whole-time Director
4.	Telephone Number	080 – 4932 0000	080 – 4932 0000
5.	E-mail ID	mdsoffice@sobha.com	seetharam.tp@sobha.com

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

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

Sl. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have a policy/policies for the BR principles?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Yes. All the policies are being formulated in consultations with the relevant stakeholders. As per the Statutory Requirements, mandatory policies are made available to the public through the website of the Company.								

Sl. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
3.	Does the policy confirm to any national / international standards? If yes, specify? (50 words)	All the policies are framed in line with the Statutory requirements and hence, they adhere to the National Voluntary Guidelines (NVGs) issued by the Ministry of Corporate Affairs.								
4.	Has the policy being approved by Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	Wherever necessary, the policies were placed before the Board and requisite approvals were obtained.								
5.	Does the company have a specified Committee of the Board/ Director/Official to oversee the implementation of the policy?	Yes								
6.	Indicate the link for the policy to be viewed online?	Internal policies are available for employees only. For other policies please refer to the link: https://www.sobha.com/investor-relations-downloads.php								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Internal stakeholders are made aware of the policies. External stakeholders are communicated to the extent applicable to the stakeholders. The policies are also loaded on the website of the Company for easy access.								
8.	Does the Company have in-house structure to implement the policy/policies?	Yes								
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes, all stakeholders' grievances may be addressed to investors@sobha.com								
10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	The policies are reviewed by the Board from time to time. Further, the policies and their compliance are also reviewed internally and whenever necessary, by external agencies periodically.								

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

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

3. Governance related to BR

Sl. No.	Particulars	Remark
1.	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year.	The Board assess the performance on a quarterly basis i.e. every 3 months. Further, in line with the requirements of the Companies Act, 2013, the Board has constituted the CSR Committee which formulates the CSR Policy and also approves CSR expenditure to be incurred on CSR activities. The Committee ensures that the expenditure is made for the right cause.
2.	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The Company has published the Sustainability Report. The report can be accessed from the website of the Company at: https://www.sobha.com/wp-content/uploads/2020/09/sobha-sustainability-report.pdf . The Company publishes its Business Responsibility Report on an annual basis. However, in-house magazine Innervest is published on a quarterly basis which captures the welfare initiatives undertaken by the Company.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1:

Sl. No.	Particulars	Remark
1.	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors / NGOs /Others?	Yes. The Company has a Code of Conduct to address ethics, bribery and corruption related matters. The code is applicable to all internal and external stakeholders. The code may be accessed from the Company's website at: https://www.sobha.com/wp-content/uploads/2020/09/sobha-sustainability-report.pdf . In addition, the Company has a vigil mechanism which monitors the ethical behaviour of the stakeholders and also alerts the top management of the Company to tap the gaps, if any, in the system.
2.	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	The Company has a dedicated e-mail ID to which the stakeholders may address their queries. The Secretarial Department caters to the needs of the investors. A summary of the complaints received and resolved during the year is provided in a separate section of the Corporate Governance Report attached to the Director's Report. As at the end of the financial year, there was no query pending which needs to be addressed.

Principle 2:

Sl. No.	Particulars	Remark
1.	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	<p>Given the nature of our business, the Company can consider the following three 'products':</p> <ul style="list-style-type: none"> (i) Residential/commercial projects developed by the Company for sale. (ii) Projects undertaken on a contractual basis. (iii) Manufacturing related to interiors, glazing and metal works and concrete products. <p>The Company designs its 'products' in a way that they comply with the mandatorily required standards under the requisite laws.</p> <p>The Company and its contractors make all possible efforts to provide a healthy and safe working environment for workers at construction sites.</p>
2.	<p>For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):</p> <ul style="list-style-type: none"> i. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain? ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year? 	<p>Since the products are built in multiple quantities and spread for multiple years, the details are not quantified unit-wise. Hence, these details are not available.</p>
3.	<p>Does the Company have procedures in place for sustainable sourcing (including transportation)?</p> <p>If yes, what percentage of your inputs were sourced sustainably? Also provide details thereof, in about 50 words or so.</p>	<p>Yes, the Company has set procedures to select suppliers, contractors and service providers based on their competence and capability to perform and being in compliance with the Company's Code of Conduct which includes health and safety, environment, ethics and integrity and working conditions among others.</p> <p>As a guiding principle, the Company prefers to do business with compliant and sustainable suppliers. The detailed percentage is not quantifiable. Further details are provided in the Sustainability Report, which can be accessed at: https://www.sobha.com/wp-content/uploads/2020/09/sobha-sustainability-report.pdf.</p>
4.	<p>Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?</p> <p>If yes, what steps have been taken to improve their capacity and capability of local and small vendors?</p>	<p>Yes, to the extent possible, the goods are procured from local and small producers. The Company maintains an equitable balance for sourcing its raw materials. SOBHA insists that its vendors constantly upgrade the process of manufacturing and thereby enhance their competencies to match the requisite quality.</p>

Sl. No.	Particulars	Remark
5.	Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as $\leq 5\%$, $5-10\%$, $\geq 10\%$). Also, provide details thereof, in about 50 words or so.	A separate section on this is provided in the Management Report attached to the Director's Report. Additional details can be obtained from the web-link: https://www.sobha.com/wp-content/uploads/2020/09/sobha-sustainability-report.pdf .

Principle 3:

Sl. No.	Particulars	Remark
1.	Please indicate the total number of employees.	As on 31 st March 2021, the Company had 3,061 employees.
2.	Please indicate the total number of employees hired on temporary/contractual/casual basis.	16 employees are hired on a contract basis.
3.	Please indicate the number of permanent women employees.	The Company had 370 permanent women employees as on 31 st March 2021.
4.	Please indicate the number of permanent employees with disabilities.	The Company had 4 permanent employees with disabilities as on 31 st March 2021.
5.	Do you have an employee association that is recognized by management?	There is no employee association in the Company.
6.	What percentage of your permanent employees are members of this recognised employee association?	Not Applicable.
7.	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending as on the end of the financial year.	The Company does not employ child labour, forced labour or involuntary labour. Further, no complaints were received pertaining to sexual harassment during the financial year 2020-21.
8.	What percentage of your under mentioned employees were given safety & skill upgradation training in the last year? <ul style="list-style-type: none"> Permanent Employees Permanent Women Employees Casual/Temporary/Contractual Employees Employees with Disabilities 	2,192 employees 136 employees 16 employees Nil

Principle 4:

Sl. No.	Particulars	Remark
1.	Has the company mapped its internal and external stakeholders? Yes/No	Yes, the Company has mapped its internal and external stakeholders. The key stakeholders of the Company includes its Customers, Regulatory Authorities including Government, Employees, Vendors, Contractors, Bankers, Investors and Shareholders.

Sl. No.	Particulars	Remark
2.	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?	All the stakeholders are equally important for the Company and none of the stakeholders are considered as disadvantaged, vulnerable and marginalized.
3.	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.	Not applicable.

Principle 5:

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

Principle 6:

Sl. No.	Particulars	Remark
1.	Does the policy related to Principle 6 cover only the company or extends to the Group/ Joint Ventures/Suppliers/ Contractors /NGOs/ others?	The Company has its own set of principles when it comes to utilising natural and manmade resources. The same principles are being extended to group companies.
2.	Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	Yes, the Company has strategies /initiatives to address global environmental issues. The details may be accessed from: https://www.sobha.com/wp-content/uploads/2020/09/sobha-sustainability-report.pdf .
3.	Does the company identify and assess potential environmental risks? Y/N	Yes, the Company identifies and assesses potential environmental risks and takes steps as far as possible to minimise the same.
4.	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	Yes, the Sustainability Report addresses the clean development mechanism.

Sl. No.	Particulars	Remark
5.	Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N? If yes, please give hyperlink for web page etc.	Yes, the policy may be accessed from the website: https://www.sobha.com/wp-content/uploads/2020/09/sobha-sustainability-report.pdf .
6.	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Yes.
7.	Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	No, there are no show cause / legal notices received which are materially important and are pending to be resolved at the end of the financial year.

Principle 7:

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

Principle 8:

Sl. No.	Particulars	Remark
1.	Does the company has specified programmes /initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.	Yes, such details are given in CSR Report attached to the Director's Report and also in a section in the Management Report.
2.	Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organization?	The programmes are carried out by the Sri Kurumba Educational and Charitable Trust, a trust associated with the Company.
3.	Have you done any impact assessment of your initiative?	The expenditure made on CSR activities and the impact of such expenditure is periodically monitored by the CSR Committee of the Board. The Trust (implementing agency) has hired Azim Premji University for the impact assessment. However, due to COVID-19, the same could not get completed.
4.	What is your company's direct contribution to community development projects amount in INR and the details of the projects undertaken?.	The Company along with its subsidiaries spent ₹97.90 million towards its CSR initiatives during 2020-21.

Sl. No.	Particulars	Remark
		<p>Details of the projects undertaken are:</p> <ul style="list-style-type: none"> i. Eradicating hunger, poverty and malnutrition promoting preventive healthcare and sanitation. ii. Promoting education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects. iii. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens; and measures for reducing inequalities faced by socially and economically backward groups. For further details, please refer to the Annual Report on CSR and the CSR Report in the Management Report.
5.	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	Yes. For further details, please refer to the CSR Report, which forms part of the Management Report.

Principal 9:

Sl. No.	Particulars	Remark
1.	What No. of customer complaints/consumer cases were pending as on the end of financial year?	21 consumer cases were pending at the end of the financial year 2020-21.
2.	Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)	Yes. The advertisements, agreements, application forms and other relevant documents depicts them, as per the requirement of local laws.
3.	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.	No.
4.	Did your company carry out any consumer survey/ consumer satisfaction trends?	Yes.

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

Place: Bangalore
Date: June 22, 2021

Sd/-
Ravi PNC Menon
Chairman

Sd/-
T P Seetharam
Whole-time Director

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY

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

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

BOARD OF DIRECTORS

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

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

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

The strength of the Board as on March 31, 2021 was seven Directors. The Board is headed by the Executive Chairman and comprises of eminent personalities with expertise in diverse fields. As on the date of this report, there are seven Directors on the Board. Out of these, one Director represents the promoter group, two are Professional Directors and four are Non-Executive, Independent Directors, including one woman as the Independent Director. The Company does not have any nominee Director.

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

The composition of the Board of Directors as on March 31, 2021 was:

Name	Designation	Category	Date of appointment	Director -ships*	Committee chairman -ships**	Committee member -ships**	Directorship in other listed entity and category of Directorship
Mr. Ravi PNC Menon	Chairman	Executive	June 08, 2004	15 (1 listed entity)	-	1	-
Mr. J C Sharma	Vice Chairman & Managing Director	Executive	April 01, 2003	16 (1 listed entity)	-	2	-
Mr. R V S Rao	Independent Director	Non-Executive	June 28, 2006	1 listed entity	1	-	-
Mr. Anup S Shah	Independent Director	Non-Executive	June 28, 2006	4 (2 listed entity)	2	-	Puravankara Limited - Non-Executive Independent Director
Mr. Seetharam T P	Whole-time Director	Executive	April 01, 2019	1 listed entity	-	1	-
Mr. Sumeet Puri	Independent Director	Non-Executive	July 08, 2019	4 (1 listed entity)	1	1	-
Ms. Srivathsala K N	Independent Director	Non-Executive	January 04, 2020	10 (2 listed entity)	-	2	Pioneer Distilleries Limited – Non-Executive Independent Director

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

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

Note: Mr. Jagadish Nangineni, Deputy Managing Director resigned during the year and ceased to be a Director of the Company w.e.f. February 24, 2021.

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

The Directors have made necessary disclosures stating that they did not hold directorships in more than eight listed companies during the year 2020-21 and did not serve as independent directors in more than seven listed entities pursuant to Regulation 17A of the Listing Regulations. Also, the membership of the committees (Audit Committee and the Stakeholders' Relationship Committee) shall not exceed more than 10 committees and / or are acting as chairpersons in more than five committees in terms of Regulation 26 of the Listing Regulations.

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

Inter-se relationships among Directors

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

BOARD MEETINGS

The Board has the responsibility of monitoring the Company's progress towards achieving its

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

The Board meetings are usually held at the Company's Registered and Corporate Office - in Bangalore or through VC/OVAM, as permitted by the regulations.

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

The dates of the Board meetings held during financial year 2020-21 are:

Date of the Meeting	Total Strength of BOD	No. of Directors Present
June 27, 2020	8	8
August 07, 2020	8	8
November 07, 2020	8	8
February 12, 2021	8	8

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

Director	Board Meetings/Annual General Meeting (AGM)				
	June 27, 2020	August 07, 2020	November 07, 2020	February 12, 2021	AGM - August 07, 2020
Mr. Ravi PNC Menon	✓	✓	✓	✓	✓
Mr. J C Sharma	✓	✓	✓	✓	✓
Mr. R V S Rao	✓	✓	✓	✓	✓
Mr. Anup S Shah	✓	✓	✓	✓	✓
Mr. T P Seetharam	✓	✓	✓	✓	✓
Mr. Jagadish Nangineni*	✓	✓	✓	✓	✓
Mr. Sumeet Puri	✓	✓	✓	✓	✓
Ms. Srivathsala K N	✓	✓	✓	✓	✓

* Mr. Jagadish Nangineni ceased to be a Director of the Company w.e.f. February 24, 2021.

AGENDA FOR THE MEETINGS AND INFORMATION FURNISHED TO THE BOARD

The agenda for the meetings is arranged by the Company Secretary in consultation with

the Chairman and Vice Chairman and Managing Director. The agenda along with detailed notes and necessary supporting documents are circulated to the Directors within the timelines

prescribed by the regulations. The Company provides a separate window for meetings of Independent Directors and also facilitates independent consultations with the Statutory Auditors and Internal Auditors of the Company, if necessary. The Company also has a well-defined process in place for placing vital and sufficient information before the Board.

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

Information Placed Before the Board

- Minutes of the meetings of the Board and various Board and management committees.
- Annual operating/business plans, budgets and any updates.
- Capital budgets and any updates.
- Operational performance of the Company, a comparison of the budget with the actuals.
- Financial analysis of the performance with a ratio analysis.
- Quarterly Unaudited and Annual Audited Financial Results of the Company and operating division or business segment.
- Cash flows with a focus on financial obligations, timelines for payment of credit facilities and interest.
- Financial statements and minutes of subsidiary companies.
- Joint ventures, collaborations and acquisitions undertaken by the Company.
- Transactions that involve substantial payments towards goodwill, brand equity or intellectual property.
- Quarterly details of foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movements, if material.
- Information on recruitment and remuneration of senior officers just below the Board level including appointment or removal of the Chief Financial Officer and Company Secretary.
- Show cause, demand, persecution notices and penalty notices which are materially important.
- Non-compliance with any regulatory,

statutory or listing requirements and shareholders' services such as non-payment of dividend and delay in share transfers etc.

- Sale of investments, subsidiaries and assets which are material in nature and not in the normal course of business.
- Any issue which involves possible public or product liability claims of a substantial nature, including any judgement or order which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that may have negative implications for the Company.
- Significant labour problems and their proposed solutions. Any significant developments on the human resources/ industrial relations front like signing of wage agreements and the implementation of the Voluntary Retirement Scheme etc.
- Presentations covering sales, delivery, finance, compliance and risk management practices.
- The Company's safety performance including a report on serious and fatal accidents, dangerous occurrences, any material effluent or pollution problems.
- Material litigations by and against the Company.
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
- Report on the Corporate Social Responsibility (CSR) activities of the Company.
- Key regulatory updates and their impact on the Company.
- Minutes of the meetings of the Board of Directors of the subsidiaries.
- Other such information as may be required by law or otherwise to be placed before the Board.

Compliances Related to Board/Committee Meetings

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

Appointment and Re-appointment of Directors

During the year under review, Mr. Jagdish Nangineni resigned from the position of Deputy Managing Director (Whole-time Director) and Director of the Company with effect from February 24, 2021. The current overall composition of the Board constitutes the requisition of the Listing Regulations.

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

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

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

CERTIFICATE PURSUANT TO REGULATION 34(3) AND SCHEDULE V, PARA C, CLAUSE (10)(I) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

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

Resolutions Passed by Circulation

During financial year 2020-21, the Board passed one circular resolution:

1. To take note of resignation of Mr. Jagdish Nangineni, Deputy Managing Director (Whole-time Director) and Director of the Company with effect from February 24, 2021.

Directors' Compensation

The Board of Directors, basis recommendations of the Nomination, Remuneration and Governance Committee is responsible for the appointment and re-appointment of directors and determining their remuneration subject to approval by the shareholders at the Annual General Meeting. Remunerations for the Board of Directors are approved by the shareholders and disclosed separately in the Notes to Accounts. As on March 31, 2021, the Company had three Executive/ Whole-time Directors. Remuneration for Whole-time Director(s) consists of a fixed salary and/ or performance incentive/commission on the consolidated profits earned by the Company. The Executive Directors of the Company are not entitled to sitting fees for attending Board or Committee meetings.

Independent Directors' Compensation

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

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

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

Further, a separate meeting of Independent Directors' was held on March 31, 2021. All the Independent Directors were present at the meeting.

The following are the details of the remuneration paid/payable to the Directors for financial year 2020-21:

(Amount in ₹)						
Name	Salary	Perquisites	Contribution to Provident Fund	Commission /Incentive	Sitting fees	Total
Mr. Ravi PNC Menon	40,999,423	3,789,400	3,780,000	6,370,388	-	54,939,211
Mr. J C Sharma	6,662,413	29,700	672,000	12,707,788	-	20,071,901
Mr. Jagadish Nangineni*	6,440,351	29,700	17,400	-	-	6,487,451
Mr. T P Seetharam	6,688,101	615,600	20,700	-	-	7,324,401
Mr. R V S Rao	-	-	-	1,700,000	130,000	1,830,000
Mr. Anup Shah	-	-	-	1,700,000	90,000	1,790,000
Mr. Sumeet Puri	-	-	-	1,700,000	190,000	1,890,000
Ms. Srivathsala K N	-	-	-	1,700,000	80,000	1,780,000

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

* Mr. Jagadish Nangineni has ceased to be a Director of the Company w.e.f. February 24, 2021.

Pursuant to Section 197 of the Companies Act, 2013, a Director who is neither in whole-time employment of the Company nor a Managing Director may be paid remuneration, subject to the approval of the shareholders. The members of the Company at the 24th Annual General Meeting held on August 9, 2019, approved paying remuneration to Non-Executive Directors at a rate not exceeding 1 per cent per annum of the

net profits of the Company for a period of five years commencing from April 01, 2019.

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

Directors' Shareholding

The shareholding of the Directors of the Company as on March 31, 2021 was:

Name of the Director	Category	No. of equity shares	%
Mr. Ravi PNC Menon	Executive Chairman	31,85,930	3.36
Mr. J C Sharma	Vice Chairman and Managing Director	107,177	0.11
Mr. T P Seetharam	Whole-time Director	-	-
Mr. R V S Rao	Non- Executive Independent Director	15,000	0.02
Mr. Anup Shah	Non- Executive Independent Director	4,300	0.00
Mr. Sumeet Puri	Non- Executive Independent Director	-	-
Ms. Srivathsala K N	Non- Executive Independent Director	-	-
Total		33,12,407	3.49

COMMITTEES OF THE BOARD OF DIRECTORS

As required under the Companies Act, 2013 and Listing Regulations and to cater to specific matters, the Board of Directors has

constituted various committees. These committees are entrusted with such powers and functions as detailed in their terms of reference.

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

Committees as Mandated Under the Companies Act, 2013 and Listing Regulations

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

Other Committees: Share Transfer Committee

1. AUDIT COMMITTEE

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

As required under Section 177 of the Companies Act, 2013, the Audit Committee should comprise of at least three Directors with Independent Directors forming the majority. As per Regulation 18 of the Listing Regulations, the Committee should comprise of at least three members of which at least two-third should be independent. As on March 31, 2021 the Audit Committee of the Company had three members, out of which, two were Independent Directors.

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

Terms of Reference

- Regular review of accounts, accounting policies, financial and risk management policies, disclosures etc.
- Review of major accounting entries based

on exercise of judgement by a management and review of significant adjustments arising out of the audit.

- Oversight of the listed entity's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Review of qualifications in the Draft Audit Report and suggesting action points.
- Establishing and reviewing the scope of the Independent Audit including the observations of the auditors and a review of the quarterly, half-yearly and annual financial statements before submission to the Board.
- The committee shall have post-audit discussions with the Independent Auditors to ascertain any areas of concern.
- Establishing the scope and frequency of the internal audit, reviewing the findings of the Internal Auditors and ensuring the adequacy of internal control systems.
- Reviewing and monitoring the auditors' independence and the performance and effectiveness of the audit process.
- To look into reasons for substantial defaults in payments to depositors, debenture holders, shareholders and creditors.
- To look into matters pertaining to the Director's Responsibility Statement with respect to compliance with accounting standards and accounting policies.
- Appointment, remuneration and terms of appointment of Statutory and Internal Auditors and approval of payment to Statutory Auditors for any other services rendered by them.
- Compliance with the stock exchange's legal requirements concerning financial statements to the extent applicable.
- Reviewing the adequacy of the internal audit function, if any, including the structure of the Internal Audit Department, staffing and seniority of the officer heading the department, reporting structure and coverage and frequency of internal audits.

- Discussions with Internal Auditors on any significant findings and follow ups thereon.
- Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularities or a failure of the internal control systems of a material nature and reporting the matter to the Board.
- Approving the appointment of the Chief Financial Officer after assessing the candidate's qualifications, experience and background.
- The committee shall look into any related party transactions, that is, the Company's transactions of a material nature with promoters or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the Company at large, including approval or any subsequent modifications of such transactions.
- Scrutiny of inter-corporate loans and investments.
- Valuation of the Company's undertakings or assets, wherever necessary.
- Evaluation of internal financial controls and risk management systems.
- Reviewing the functioning of the vigil mechanism.
- Monitoring the end use of funds raised through public offers and related matters.
- Reviewing the utilization of loans and/ or advances from/ investments by the holding company in the subsidiary exceeding ₹100 crore or 10 per cent of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments existing as on the date of coming into force of this provision.
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended by the Audit Committee.

Powers of the Audit Committee

- Investigating any activity within its terms of reference.
- Seeking information from any employee.
- Obtaining outside legal or other professional advice.

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

Review of Information by the Audit Committee

- Management discussions and analyses of the financial condition and results of operations.
- Financial statements and the Draft Audit Report, including quarterly/half-yearly financial information.
- Reports relating to compliance with laws and risk management.
- Records of related party transactions and a statement of significant related party transactions submitted by the management.
- Management letters/letters of weaknesses in internal control issued by Statutory/Internal Auditors.
- Internal audit reports related to weaknesses in internal controls.
- The appointment, removal and terms of remuneration of the head of the internal audit function.
- Statement of deviations:
 - Quarterly statements of deviations including the report of the monitoring agency, if applicable, submitted to the stock exchange in terms of Regulation 32(1) of the Listing Regulations.
 - Annual statement of funds used for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7) of the Listing Regulations.

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

Meetings

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

The Audit Committee met four times during financial year 2020-21. There was no gap of more than 120 days between two meetings.

The dates of the meetings held during the financial year are:

Date of the meeting	Total strength of the Committee	No. of members present
June 27, 2020	3	3
August 07, 2020	3	3
November 07, 2020	3	3
February 12, 2021	3	3

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

Name	Category		Audit Committee meetings			
			June 27, 2020	August 07, 2020	November 07, 2020	February 12, 2021
Mr. R V S Rao	Chairman	Non-Executive Independent Director	✓	✓	✓	✓
Mr. J C Sharma	Member	Vice Chairman & Managing Director	✓	✓	✓	✓
Mr. Sumeet Puri	Member	Non-Executive Independent Director	✓	✓	✓	✓

Invitees

The Chairman of the Board, the Chief Financial Officer, Head of Internal Audit and the Statutory Auditors attended all the Audit Committee meetings held during financial year 2020-21 as invitees.

2. STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

In accordance with Regulation 20 of the Listing Regulations read with Section 178 of the Companies Act, 2013, the Committee comprises of four Directors. The Chairman of the Committee, Mr. Sumeet Puri, is a Non-Executive Independent Director. The Company Secretary and Compliance Officer of the Company acted as the Secretary to the Committee.

The terms of reference of the Committee

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

Terms of Reference

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

Compliance Officer

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

Meetings

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

The Stakeholders' Relationship Committee met three times during financial year 2020-21:

Date of the meeting	Total strength of the Committee	No. of members present
June 27, 2020	4	4
November 07, 2020	4	4
February 12, 2021	4	4

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

Name	Category		Stakeholders Relationship Committee meetings		
			June 27, 2020	November 07, 2020	February 12, 2021
Mr. Sumeet Puri	Chairman	Non-Executive Independent Director	✓	✓	✓
Mr. Ravi PNC Menon	Member	Executive Chairman	✓	✓	✓
Mr. J C Sharma	Member	Vice Chairman & Managing Director	✓	✓	✓
Mr. T P Seetharam	Member	Whole-time Director	✓	✓	✓

Investor Grievances and Queries

The queries received and resolved to the satisfaction of the investors during financial year 2020-21 are:

Particulars	Balance as on April 01, 2020	Received during the year	Resolved during the year	Balance as on March 31, 2021
SEBI SCORES Website	-	-	-	-
Registrar of Companies	-	-	-	-
Stock Exchange	-	-	-	-
Non-Receipt/ Revalidation of Dividend Warrants	-	4	4	-
Miscellaneous	-	-	-	-
Total	-	4	4	-

3. NOMINATION, REMUNERATION AND GOVERNANCE COMMITTEE

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

Terms of Reference

- To identify, review, assess, recommend and lead the process for appointment of Executive, Non-Executive and Independent Directors to the Board and Committees

thereof and to regularly review the structure, size and composition, balance of skills, knowledge and experience of the Board and the Board's committees and make recommendations to the Board or where appropriate, to the relevant committee with regard to any adjustments that are deemed necessary.

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

- Whether to extend or continue the terms of appointment of Independent Directors on the basis of a report of their performance evaluation.
- To devise a policy for the Board's diversity.
- To identify persons who are qualified to become directors and who may be appointed in senior management positions in accordance with the criteria laid down and recommend to the Board their appointment and removal.
- To recommend to the Board all remuneration, in whatever form, payable to Board members and key managerial personnel.
- To make recommendations to the Board on the following matters:
 - Re-appointment of any Executive and Non-Executive Director at the conclusion of his/her specified term of office.
 - Re-election by members of any Director who is liable to retire by rotation as per the Company's Articles of Association.
 - Any matters relating to the continuation in office of any Director at any time.
- To formulate a policy relating to the remuneration for the Directors, key managerial personnel and other employees.
- To define and articulate the Company's overall Corporate Governance structure and to develop and recommend to the Board of Directors the Board's Corporate Governance Guidelines.
- To receive reports, investigate, discuss and make recommendations with respect to breaches or suspected breaches of the Company's Code of Conduct.
- To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements and to develop, review and monitor the Code of Conduct and Compliance Manual applicable to employees and Directors.
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such a committee.

Meetings

The quorum for a meeting is either two members or one-third of the members of the committee, whichever is greater, including at least one Independent Director being present for the meeting.

As required under Regulation 19 of the Listing Regulations, the committee comprises of four Directors. The Chairman of the Committee, Mr. Anup Shah, is a Non-Executive Independent Director. Mr. Vighneshwar G Bhat, Company Secretary and Compliance Officer of the Company acted as the Secretary to the committee.

The Nomination and Remuneration Policy contains the criteria for evaluating the Board, its committees and Directors. The policy is available on the Company's website at <https://www.sobha.com/wp-content/uploads/2020/10/153630165920180907.pdf> and also forms a part of the Directors' Report.

The Nomination, Remuneration and Governance Committee met once during financial year 2020-21:

Date of the meeting	Total strength of the Committee	No. of members present
June 27, 2020	4	4

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

Name	Category		Nomination, Remuneration and Governance Committee's Meeting June 27, 2020
Mr. Anup Shah	Chairman	Non-Executive Independent Director	✓
Mr. R V S Rao	Member	Non-Executive Independent Director	✓
Mr. Ravi PNC Menon	Member	Executive Chairman	✓
Mr. Sumeet Puri	Member	Non-Executive Independent Director	✓

4. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee of the Board of Directors is entrusted with the responsibility of formulating and monitoring the Company's Corporate Social Responsibility Policy. The Corporate Social Responsibility Policy is available on the Company's website at <https://www.sobha.com/wp-content/uploads/2020/10/158036284320200130.pdf>

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

Responsibility Policy which shall indicate the activities to be undertaken by the Company.

- Recommend the amount of expenditure to be incurred on the aforesaid activities.
- Monitor the Corporate Social Responsibility Policy of the Company from time to time.
- Prepare an annual report on Corporate Social Responsibility initiatives for inclusion in the Board's Report.
- Perform such functions as may be detailed in the Companies Act, 2013 and the relevant rules made thereunder and any other applicable legislation.

Meetings

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

Terms of Reference

- Formulating the Corporate Social

The committee met three times during financial year 2020-21:

Date of the meeting	Total strength of Committee	No. of members present
June 27, 2020	3	3
November 07, 2020	3	3
February 12, 2021	3	3

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

Name	Category		Corporate Social Responsibility Committee meetings		
			June 27, 2020	November 07, 2020	February 12, 2021
Mr. Sumeet Puri	Chairman	Non-Executive Independent Director	✓	✓	✓
Mr. J C Sharma	Member	Vice Chairman & Managing Director	✓	✓	✓
Mr. Jagadish Nangineni*	Member	Deputy Managing Director	✓	✓	✓

* Mr. Jagadish Nangineni ceased to be a Director and member of the Committees w.e.f. February 24, 2021.

The Corporate Social Responsibility was reconstituted at a meeting of the Board of Directors held on 12th June, 2021 and the reconstituted committee comprises of the following members:

Sr. No.	Name of the Member	Category
1.	Mr. Sumeet Puri, Independent Director	Chairman
2.	Mr. J C Sharma, Vice Chairman and Managing Director	Member
3.	Ms. Srivathsala K N, Independent Director	Member

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

5. RISK MANAGEMENT COMMITTEE

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

Terms of Reference

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

Company faces and update them as events change and risks shift.

- Review reports on any material breach of risk limits and the adequacy of the proposed actions undertaken.
- In consultation with the Audit Committee, review and discuss the following with the management:
 - i. key guidelines and policies governing the Company's significant processes for risk assessment and risk management; and
 - ii the Company's major risk exposures and the steps that the management has taken to monitor and control such exposures.
- Report the proceedings of the committee to the Board or the Audit Committee of the Board at its regular meetings on all matters which fall within its terms of reference.
- Recommend to the Board or the Audit Committee of the Board, as it deems appropriate, any area within its terms of reference where an action or improvement is needed.
- Review its own performance, constitution and terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

Meetings

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

The committee met once during financial year 2020-21:

Date of the meeting	Total strength of the Committee	No. of members present
February 15, 2021	4	3

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

Name	Category		Risk Management Committee meeting - February 15, 2021
Mr. Anup Shah	Chairman	Non-Executive Independent Director	✗
Mr. Ravi PNC Menon	Member	Executive Chairman	✓
Mr. J C Sharma	Member	Vice Chairman & Managing Director	✓
Mr. Subhash Mohan Bhat	Member	Chief Financial Officer	✓

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

OTHER COMMITTEES: SHARE TRANSFER COMMITTEE

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

Terms of Reference

- To look into requests for transfer and transmission of shares.
- To look into requests for the re-materialization of shares.
- To issue duplicate share certificates in lieu of original share certificates.
- To issue split share certificates as requested by a member.
- To take all such steps as may be necessary in connection with the transfer, transmission, splitting and issuing of duplicate share certificates in lieu of original share certificates.

Composition

As on March 31, 2021, share Transfer Committee comprises of Mr. J C Sharma, Chairman, Mr. T P Seetharam and Mr. Jagadish Nangineni (till February 24, 2021), members of the Committee. Effective 12th June, 2021, Mr. Ravi P N C Menon was appointed as the member of the Committee.

Meetings

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

No requests pertaining to transfer, dematerialization, re-materialization, issue of duplicate or split share certificates were received during financial year 2020-21.

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

DISCLOSURES

Related Party Transactions

Pursuant to Regulation 23 of the Listing Regulations, the Board of Directors formulated a Policy on Related Party Transactions which can be accessed from the Company's website at <https://www.sobha.com/wp-content/uploads/2020/10/157344978420191111.pdf>. Disclosures of related party transactions is part of the Notes to Accounts section of the Annual Report.

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

Subsidiary Monitoring Framework

The Company has the following six subsidiaries and six step-down subsidiaries in terms of the Companies Act, 2013. The Company also has 100 per cent economic interests in a partnership firm.

A. Subsidiaries

- Sobha Developers (Pune) Limited
- Sobha Highrise Ventures Private Limited
- Sobha Assets Private Limited
- Sobha Tambaram Developers Limited
- Sobha Nandambakkam Developers Limited
- Sobha Construction Products Private Limited

B. Step-down Subsidiaries

- Sobha Contracting Private Limited
- Kilai Builders Private Limited
- Sobha Interiors Private Limited
- Kuthavakkam Builders Private Limited
- Kuthavakkam Realtors Private Limited
- Annalakshmi Land Developers Private Limited

C. Sobha City, a Registered Partnership firm

In terms of Regulation 16 of the Listing Regulations, the Board of Directors formulated a policy for determining material subsidiaries and the policy is available on the Company's website at: <https://www.sobha.com/wp-content/uploads/2020/10/157345087920191111.pdf>

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

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

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

- Review of annual business plans and budgets.
- Review of budget versus actuals and an analysis of the variance.
- All the minutes of Board meetings of the subsidiaries are placed before the Company's Board regularly.
- A statement of all significant transactions and arrangements entered into by the subsidiaries.

Code of Conduct

In terms of Regulation 17 of the Listing Regulations, the Company has adopted a Code of Conduct for the Company's Board of Directors and senior management personnel. The code is circulated to all the Directors and senior management personnel and their compliance is affirmed by them for 2020-21. The Code of Conduct adopted by the Company has been posted on its website.

CONFIRMATION OF THE CODE OF CONDUCT BY THE VICE CHAIRMAN & MANAGING DIRECTOR

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

I confirm that the Company has, in respect of the financial year ended March 31, 2021, received from the senior management personnel of the Company and the members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.

Sd/-
J C Sharma
Vice Chairman
& Managing Director

Place: Bangalore
Date: June 04, 2021

Code of Conduct for Prevention of Insider Trading

The Company has adopted a Code of Conduct for Prevention of Insider Trading in terms of SEBI (Prohibition of Insider Trading) Regulations, 2015. This code is applicable to all Promoters, Directors, Key Managerial Personnel and Designated Persons. The code is available on the Company's website at <https://www.sobha.com/wp-content/uploads/2020/10/157322075120191108.pdf>

As required under SEBI Insider Trading Regulations, the Board of Directors has formulated a structured digital database for tracking compliance of insider trading activities. The database covers all the designated persons and is hosted on the Company's server.

Vigil Mechanism /Whistle Blower Policy

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

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

Familiarization Programmes

The familiarization programmes for Independent Directors are bifurcated into:

I. Initial or Preliminary

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

II. Continual or Ongoing

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

Details of the familiarization programmes imparted to the Independent Directors are given on the Company's website at <https://www.sobha.com/wp-content/uploads/2020/10/157554786620191205.pdf>

Compliances

In general there was no instance of non-compliance with any legal requirements on any matter relating to the capital market nor was any restriction imposed by any stock exchange or SEBI during the last three years.

The Company complied with the applicable provisions of the Regulations, Acts, Rules,

Notifications and Circulars related to stock exchanges/SEBI/other statutory authorities on all matters related to capital markets. There are no penalties or strictures imposed on the Company by the stock exchanges/ SEBI/ any other statutory authority relating to the above.

Management Discussion and Analysis Report

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

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

Corporate Governance Compliance Certificate

The Corporate Governance Compliance Certificate for the year ended March 31, 2021, issued by Mr. Nagendra D. Rao, Practicing Company Secretary in terms of the Listing Regulations is annexed to the Directors' Report and forms a part of the Annual Report.

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

Name	Designation	Category	Skills/ expertise/ competence
Mr. Ravi PNC Menon	Chairman	Executive	Expertise in construction and real estate development along with product delivery, project execution, quality control, technology advancement, process and information technology and customer satisfaction.
Mr. J C Sharma	Vice Chairman & Managing Director	Executive	Expertise in finance, purchase, legal and land acquisition, administration and overall operations.
Mr. R V S Rao	Independent Director	Non-Executive	An expert in banking and finance.
Mr. Anup Shah	Independent Director	Non-Executive	Expertise in law, specifically real estate law.
Mr. Seetharam T P	Whole-time Director	Executive	Expertise in administrative services and CSR activities.
Mr. Sumeet Puri	Independent Director	Non-Executive	Expertise in global investment banking, capital raising and investments.
Ms. Srivathsala K N	Independent Director	Non-Executive	Expertise in strategic business, financial planning, active angel investment, start-up business.

Detailed skills/experience/expertise of each of the Directors are provided elsewhere in the Annual Report.

Secretarial Audit Report

The Secretarial Audit Report for the year ended March 31, 2021, issued by Mr. Nagendra D. Rao, Practicing Company Secretary in accordance with the provisions of Section 204 of the Companies Act, 2013 forms part of the Annual Report.

CEO / CFO Certificate

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

Remuneration to Statutory Auditors

During financial year 2020-21, the fees paid to the Statutory Auditors of the Company is as follows:

(₹ in million)	
Audit fees [includes fees for limited reviews]	10.00
Out of pocket expenses	0.88
Total	10.88

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

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

The following is a summary of sexual harassment complaints received and disposed of during financial year 2020-21:

- Number of complaints filed during the financial year: NIL
- Number of complaints disposed of during the financial year: NIL
- Number of complaints pending as at the end of the financial year: NIL

COMPLIANCE OF NON-MANDATORY REQUIREMENTS

Part-E of Schedule-II of the Listing Regulations contains certain non-mandatory requirements that a company may implement at its discretion.

Disclosures on compliance of mandatory requirements and adoption (and compliance)/ non-adoption of the non-mandatory requirements is made in the Corporate Governance Report of the Annual Report. The status of compliance of non-mandatory requirements is as follows:

A. The Board

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

B. Shareholders' Rights

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

C. Modified opinion(s) in the Audit Report

The audited financial statements of the Company for financial year 2020-21 do not contain any qualifications and the Statutory Auditors Report/ Secretarial Audit Report does not contain any adverse remarks. The Audit Reports are unmodified reports.

D. Separate Posts of Chairman and CEO

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

E. Reporting by the Internal Auditor

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

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

COMPANY INFORMATION

Annual General Meeting

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

Financial Year	Date and Time	Venue	Special Resolutions
2019-2020	August 07, 2020 at 3.00 pm	Through Video Conferencing (VC)/ Other Audio-Visual Means (OAVM)	<ol style="list-style-type: none"> 1. Issue of Non-Convertible Debentures on a private placement basis. 2. Amendment to the Memorandum of Association of the Company.
2018-2019	August 09, 2019 at 3.30 pm	Taj MG Road, Bengaluru, 41/3, Mahatma Gandhi Road, Bengaluru - 560 001	<ol style="list-style-type: none"> 1. Re-appointment of Mr. Jagdish Chandra Sharma (DIN: 01191608), as Vice Chairman and Managing Director. 2. Appointment of Mr. Seetharam Thettalil Parameswaran Pillai (DIN: 08391622) as Whole-time Director of the Company. 3. Appointment of Mr. Jagadish Nangineni (DIN: 01871780) as Deputy Managing Director of the Company. 4. Approval of Remuneration for Mr. Ravi PNC Menon (DIN: 02070036), Chairman of the Company. 5. Re-appointment of Mr. Ramachandra Venkatasubba Rao (DIN: 00061599) as a Non-Executive Independent Director of the Company. 6. Re-appointment of Mr. Anup Sanmukh Shah (DIN: 00317300) as a Non-Executive Independent Director of the Company. 7. Issue of Non-Convertible Debentures on a private placement basis.
2017-2018	August 07, 2018 at 3.30 pm	The Gateway Hotel Residency Road Bangalore, 66, Residency Road, Bengaluru – 560 025.	<ol style="list-style-type: none"> 1. Issue of Non-Convertible Debentures on a private placement basis.

Extraordinary General Meeting

No Extraordinary General meeting was held during financial years 2018-19, 2019-20 and 2020-21.

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>Appropriate information relating to the Company and its performance including financial results, press releases pertaining to important developments, performance updates and corporate presentations are regularly posted on the Company's website www.sobha.com.</p> <p>The 'Investors section' provides up-to-date information to shareholders on matters such as the shareholding pattern, outcome of Board and general meetings, stock performance, unclaimed equity shares, unclaimed dividends and investor presentations.</p>
Financial Results	Quarterly, half-yearly and annual financial results are published in an English newspaper (The Financial Express) and a regional language newspaper (Prajavani).
NEAPS	Stock exchange intimations are electronically submitted to NSE through the NSE Electronic Application Processing System (NEAPS).
BSE Listing Centre	Stock exchange intimations are electronically submitted to BSE through the BSE Listing Centre.
Annual Report	The Chairman's Message, Directors' Report, the Management Discussion and Analysis Report and the Corporate Governance Report form part of the Company's Annual Report and are available on the Company's website.
Investor Servicing	The contact details for investor queries are given elsewhere in this Report. The Company has a designated e-mail ID, investors@sobha.com for investor servicing.
Stakeholder Satisfaction Survey	An online survey is available on the Company's website for addressing stakeholders' grievances and for their feedback on the efficacy of investor services.
List of all Credit Ratings obtained by the entity along with revisions, if any, thereto during the relevant financial year	<p>India Ratings: IND AA- (Stable).</p> <p>CRISIL: A+ (Stable)</p>

RECOMMENDATION OF DIVIDEND AND DIVIDEND PAYMENT DATE

The Board of Directors has recommended a dividend of ₹3.50 per equity share of ₹10 each which is subject to the approval of the members at the ensuing Annual General meeting.

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

DIVIDEND HISTORY

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

Financial year	Rate of dividend (%)	Dividend per equity share of ₹10 each
2013-14	70.00	7.00
2014-15	70.00	7.00
2015-16*	20.00	2.00
2016-17**	25.00	2.50
2017-18	70.00	7.00
2018-19	70.00	7.00
2019-20	70.00	7.00

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

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

OTHER INFORMATION

Listing fee	The Company has paid annual listing fees for the financial year 2021-22 to BSE Limited and to the National Stock Exchange of India Limited.
Listing on stock exchanges	The equity shares of the Company are listed on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).
Reconciliation of the share capital audit	In terms of Regulation 76 of the SEBI (Depositories and Participants) Regulations, 2018, reconciliation of the Share Capital Audit is conducted every quarter by Mr. Natesh K., Practicing Company Secretary to reconcile the total admitted capital with the National Securities Depository Limited (NSDL), the Central Depository Services (India) Limited (CDSL) and physically with the shareholders and the total issued and listed capital. The report is forwarded to the stock exchanges within the prescribed timeline, where the shares of the Company are listed.
Outstanding GDRs/ADRs/Warrants/Convertible Instruments and their impact on equity	As on March 31, 2021, the Company did not have any outstanding GDRs/ADRs/Warrants/Convertible Instruments.
Plant locations of the divisions	<p>Interiors Division: Plot No.9, KIADB Industrial Area, Jigani-Bommasandra Link Road, Hennagara (Post), Anekal Taluk, Bommasandra, Bengaluru - 560 105</p> <p>Plot No. A-915 RIICO Industrial Area Bhiwadi, Tehsil Tijara Distt. Alwar, Rajasthan - 301 019</p> <p>Metals & Glazing Division: Plot No.10, Bommasandra Industrial Area, Bommasandra Jigani Link Road, Jigani Post, Opposite to Biocon, KIADB Industrial Area, Anekal Taluk, Bengaluru - 560 105</p> <p>Concrete Products Division: Plot No # 329, Bommasandra Jigani Link Road, Industrial Area, Jigani, Anekal Taluk, Bengaluru - 560 105</p> <p>Restoplus Division: Plot No: 9, KIADB Industrial Area, Jigani Bommasandra Link Road, Bommasandra, Hennagara Post, Anekal Taluk, Bengaluru - 560 105</p>

STOCK CODE DETAILS

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

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

STOCK PRICE DATA

	National Stock Exchange of India Limited (NSE)				BSE Limited (BSE)			
	High	Low	Average	Volume	High	Low	Average	Volume
	₹	₹	₹	No.	₹	₹	₹	No.
April-20	246.55	130.25	197.52	8,083,398	247.00	131.15	198.69	3,381,163
May-20	220.00	172.05	194.25	6,779,033	220.00	172.40	194.81	1,002,543
June-20	248.00	197.50	222.40	6,970,339	248.00	196.05	222.24	561,322
July-20	245.00	217.10	231.05	5,688,442	244.90	217.20	230.86	453,765
August-20	276.00	210.00	241.20	12,236,246	275.50	209.70	240.95	1,064,469
September-20	272.00	221.00	244.49	6,665,760	272.00	220.90	244.27	444,077
October-20	317.00	200.25	269.51	12,790,637	317.00	225.00	269.58	803,247
November-20	324.00	284.00	301.99	8,510,876	324.30	282.35	301.70	606,904
December-20	420.80	297.05	333.97	12,112,820	420.00	296.80	333.62	818,450
January-21	496.00	395.15	460.76	9,537,328	495.30	390.10	460.40	649,154
February-21	487.00	432.05	454.92	2,752,066	486.00	433.65	433.65	207,654
March-21	488.80	426.80	450.35	3,708,418	485.70	402.50	450.19	729,715

The Company's share price performance vis-à-vis broad-based indices during financial year 2020-21 forms a part of the Annual Report.

SHAREHOLDING PATTERN**Distribution of Shareholding as on March 31, 2021**

Range of equity shares held	No. of shareholders	% of total shareholders	Number of shares	% of Issued capital
1 – 500	66,174	97.43	3,030,744	3.20
501 – 1,000	973	1.43	723,072	0.76
1,001 – 2,000	360	0.53	540,830	0.57
2,001 – 3,000	113	0.17	285,382	0.30
3,001 – 4,000	48	0.07	170,728	0.18
4,001 – 5,000	42	0.06	198,988	0.21
5,001 – 10,000	61	0.09	448,881	0.47
10,001 and above	147	0.22	89,447,228	94.31
Total	67,918	100.00	94,845,853	100.00

SHARE CAPITAL HISTORY

Date of allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Nature of Consideration	Reasons for Allotment	Cumulative No. of Equity Shares	Cumulative paid-up share capital (₹)
August 07, 1995	30	10	10	Cash	Subscribers to memorandum	30	300
February 11, 1998	1,174,729	10	10	Cash	Further allotment	1,174,759	11,747,590
October 16, 1998	1,934,823	10	10	Cash	Further allotment	3,109,582	31,095,820
December 22, 1998	855,000	10	10	Cash	Further allotment	3,964,582	39,645,820
March 25, 1999	3,000,000	10	10	Cash	Further allotment	6,964,582	69,645,820
July 11, 2002	14,175,898	10	10	Cash	Further allotment	21,140,480	211,404,800
June 28, 2006	42,280,960	10	10	-	Bonus issue in the ratio of 2:1	63,421,440	634,214,400
October 28, 2006*	97,245	10	617	Cash	Preferential allotment-pre-IPO placement to Bennett, Coleman & Co. Limited	63,518,685	635,186,850
October 28, 2006**	486,223	10	617	Cash	Preferential allotment pre-IPO placement to Kotak Mahindra Private Equity Trustee Limited	64,004,908	640,049,080
December 12, 2006***	8,896,825	10	640	Cash	8,014,705 equity shares were allotted to the public and 882,120 equity shares were allotted pursuant to employee reservation pursuant to the initial public offering	72,901,733	729,017,330
July 03, 2009****	25,162,135	10	209.40	Cash	Qualified Institutional Placement	98,063,868	980,638,680
July 21, 2016 [§]	1,759,192	10	330.00	Cash	Buyback	96,304,676	963,046,760
October 12, 2017 [^]	1,458,823	10	425.00	Cash	Buyback	94,845,853	948,458,530

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

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

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

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

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

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

Shares held in physical and dematerialized form

As on March 31, 2021, 99.99 per cent of the Company's shares were held in dematerialized form and the rest in physical form. The following is a break-up of the equity shares held in electronic and physical forms:

Description	No. of shareholders	No. of shares	% of equity
NSDL	36,328	82,560,097	87.04
CDSL	31,583	12,285,683	12.95
Physical	7	73	0.01
Total	67,918	94,845,853	100.00

ADDITIONAL SHAREHOLDER INFORMATION

Unclaimed Dividend

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

During financial year 2020-21, the Company was required to transfer to the Investor Education and Protection Fund, the dividend declared in the Annual General Meeting held on July 05, 2013. Accordingly, the Company transferred an amount of ₹302,463 (Rupees three lakh two thousand four hundred and sixty-three only) to the Investor Education and Protection Fund.

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

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

Financial year	Date of declaration of dividend	Last date for claiming unpaid dividend	Unclaimed amount as on March 31, 2021 (₹)	Due date for transfer to IEPF Fund
2013-14	July 11, 2014	August 09, 2021	265,426.00	September 08, 2021
2014-15	July 15, 2015	August 19, 2022	471,107.00	September 18, 2022
2015-16	August 03, 2016	September 04, 2023	145,258.00	October 03, 2023
2016-17	August 04, 2017	September 06, 2024	179,327.50	October 05, 2024
2017-18	August 07, 2018	September 09, 2025	501,704.00	October 08, 2025
2018-19	August 09, 2019	September 11, 2026	445,095.00	October 10, 2026
2019-20	August 07, 2020	September 05, 2027	317,728.00	October 04, 2027

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

Unclaimed equity shares

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

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

Financial year	Aggregate no. of shareholders and outstanding equity shares as on April 01, 2020	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, 2021
2020-21	83 shareholders and 841 outstanding equity shares	-	-	83 shareholders and 841 outstanding equity shares

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

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

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

GENERAL SHAREHOLDER INFORMATION

Corporate Identification Number	L45201KA1995PLC018475
Registered and Corporate Office	Sobha Limited, 'SOBHA', Sarjapur-Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bengaluru – 560 103.
Date, Time and Venue of the Annual General Meeting (AGM)	Date: Friday, August 13, 2021. Time: 3:00 PM. Venue: Pursuant to Circular Nos 14/2020, 17/2020, 20/2020 dated April 8, 2020, April 13, 2020, May 5, 2020, Circular No. 13 th January, 2021 issued by the Ministry of Corporate Affairs (MCA) and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 SEBI/HO/CFD /CMD2/CIR/P /2021/11SEBI/HO/CFD /CMD2/CIR/P /2021/11 dated 15 th January, 2021 issued by the Securities and Exchange Board of India (hereinafter collectively referred to as 'Circulars'), the Annual General Meeting of the Company is ("AGM") is convened through Video Conferencing / Other Audio Visual Means (VC/OAVM) and as such, there is no requirement to have venue for the AGM. For details, please refer to the Notice of the AGM.
Financial Year	The financial year of the Company starts from 01 April of every year and ends on 31 March of the following year.
Book Closure	The date of book closure is 30 th July, 2021.
Dividend Payment Date	If approved by the shareholders in the ensuing Annual General meeting, the dividend will be paid on or before September 11, 2021.
Declaration of Financial Results for Financial Year 2020-21	For quarter ending June 30, 2020 – August 07, 2020. For quarter ending September 30, 2020 – November 07, 2020. For quarter ending December 31, 2020 – February 12, 2021. For year ending March 31, 2021 – June 22, 2021.
Tentative Dates for Declaration of Financial Results for 2021-22	For quarter ending June 30, 2021 – Second week of August 2021. For quarter ending September 30, 2021 – Second week of November 2021. For quarter ending December 31, 2021 – Second week of February 2022. For the year ending March 31, 2022 –Third week of May 2022.

Correspondence Details of Various Authorities

The Securities and Exchange Board of India	Securities and Exchange Board of India SEBI Bhavan, Plot No.C4-A, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400051 Tel: 1800 266 7575 Website: www.sebi.gov.in www.scores.gov.in
National Stock Exchange of India Limited	National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 Tel: +91 22 2659 8100 - 8114 Website: www.nseindia.com
BSE Limited	The BSE Limited Floor 25, P.J. Towers, Dalal Street, Mumbai – 400 001 Tel: +91 22 2272 1233/4 Website: www.bseindia.com
National Securities Depository Limited	National Securities Depository Limited 4 th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 Tel: +91 22 2499 4200 Website: www.nsdl.co.in
Central Depository Services (India) Limited	Central Depository Services (India) Limited 17 th floor, P. J. Towers, Dalal Street, Fort, Mumbai – 400 001 Tel: +91 2272 8658 +91 2272 8645 Website: www.cdslindia.com
R&T Agents	Link Intime India Private Limited C-101,247 Park, L B S Marg, Vikhroli West, Mumbai-400083. Tel: 022-49186000 Fax Number:022-49186060 Email: rnt.helpdesk@linkintime.co.in

Share Transfer System

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

Commodity price risk or foreign exchange risk and hedging activities

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

Nomination

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

- For shares held in physical form, members are requested to give the nomination request to Registrar and Share Transfer Agents of the Company.
- For shares held in a dematerialized form, members are requested to give the nomination request to their respective Depository Participants directly.

E-voting

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company provides a remote e-voting facility to the shareholders. The

Company has availed the services of the Link Intime India Private Limited for providing the necessary e-Voting platform to members of the Company for the ensuing Annual General meeting.

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

Website Disclosures

Corporate Social Responsibility Policy	https://www.sobha.com/wp-content/uploads/2020/10/158036284320200130.pdf
Vigil Mechanism	https://www.sobha.com/wp-content/uploads/2020/10/153630159420180907.pdf
Code of Conduct	https://www.sobha.com/wp-content/uploads/2020/10/153630161520180907.pdf
Nomination and Remuneration Policy	https://www.sobha.com/wp-content/uploads/2020/10/153630165920180907.pdf
Code of Conduct for Prevention of Insider Trading	https://www.sobha.com/wp-content/uploads/2020/10/157322075120191108.pdf
Material Subsidiary Policy	https://www.sobha.com/wp-content/uploads/2020/10/157345087920191111.pdf
Policy on Related Party Transactions	https://www.sobha.com/wp-content/uploads/2020/10/157344978420191111.pdf
Policy on Determination of Materiality of Events and Information	https://www.sobha.com/wp-content/uploads/2020/10/153630154920180907.pdf
Policy on Preservation of Documents	https://www.sobha.com/wp-content/uploads/2020/10/153630157420180907.pdf
Terms and Conditions of Appointment of Independent Directors	https://www.sobha.com/wp-content/uploads/2020/10/153630451520180907.pdf
Composition of Various Committees of the Board of Directors	https://www.sobha.com/wp-content/uploads/2021/07/Composition-of-Committees.pdf
Dividend Distribution Policy	https://www.sobha.com/wp-content/uploads/2020/10/153630151720180907.pdf

ADDRESS FOR CORRESPONDENCE

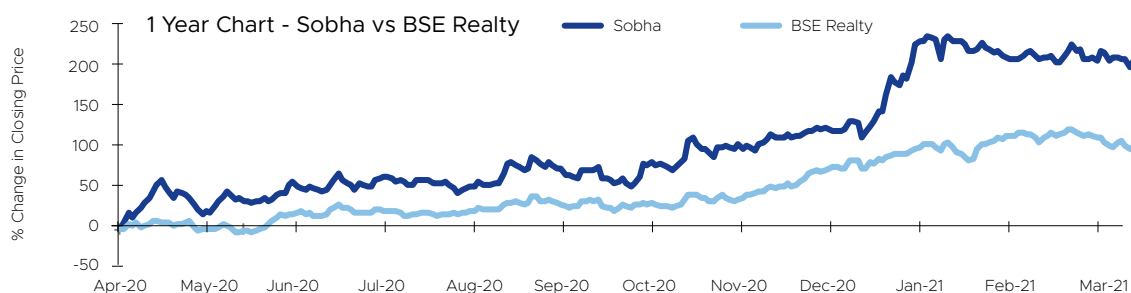
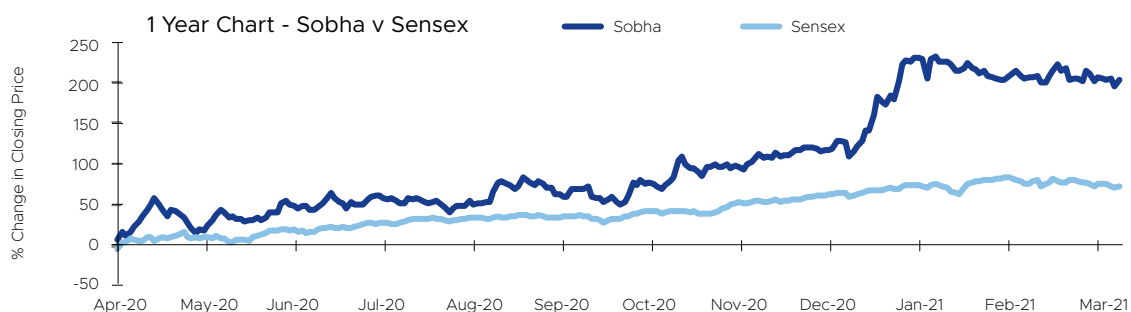
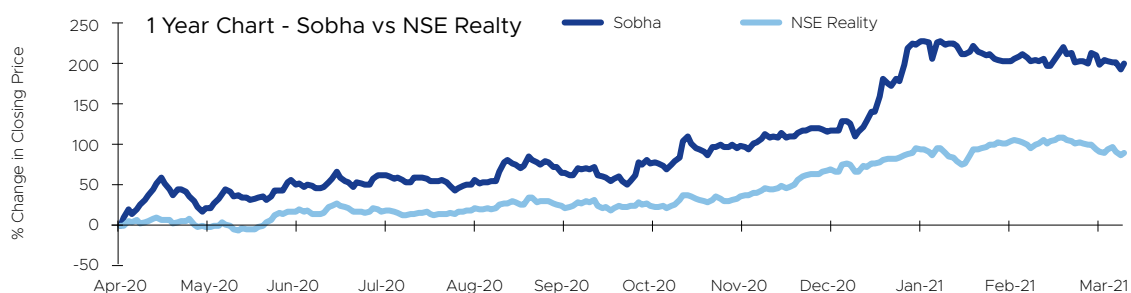
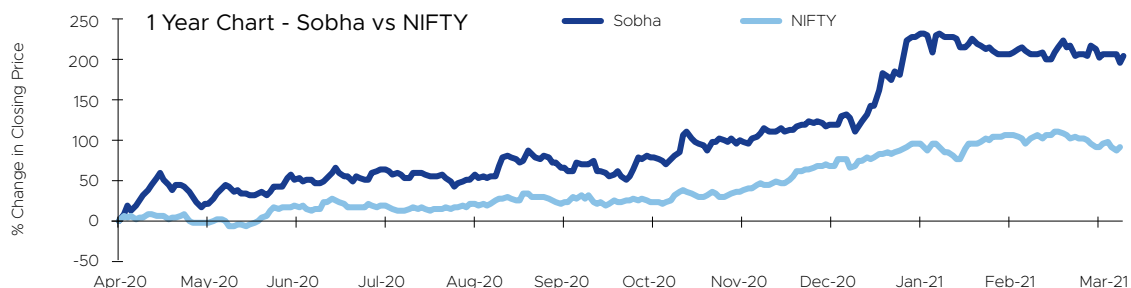
For any queries, please write to:

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

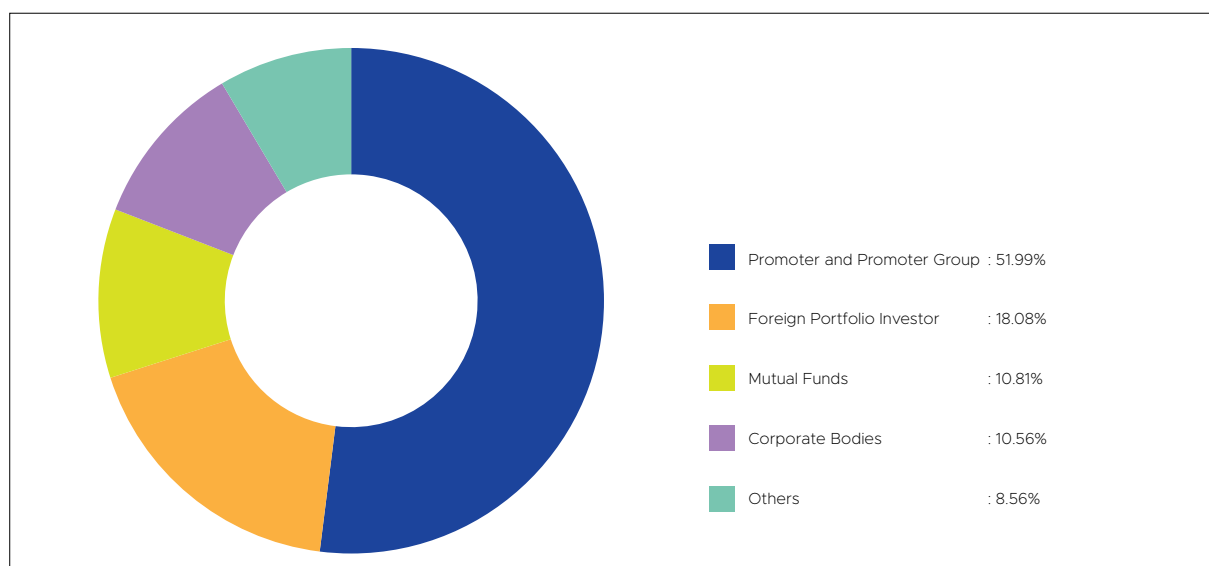
For queries relating to financial statements, please write to:

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

SHARE PRICE PERFORMANCE



CATEGORY WISE DISTRIBUTION OF SHAREHOLDERS AS ON MARCH 31, 2021



SHAREHOLDING MOVEMENTS

Particulars	No. of Shares as on March 31, 2021	No. of Shares as on March 31, 2020	Change in %
Promoter and Promoter Group	4,93,07,663	4,91,13,903	0.20
FPI	1,71,51,312	2,21,63,169	-5.28
Mutual Funds	1,02,55,233	1,30,63,993	-2.96
Corporate Bodies	1,00,37,499	10,10,103	9.52
Financial Institutions	175	5,93,205	-0.63
Others	80,93,971	89,01,480	-0.85
Total	9,48,45,853	9,48,45,853	

MARKET CAPITALISATION



ANNEXURE A

CERTIFICATE PURSUANT TO REGULATION 34(3) AND SCHEDULE V PARA C CLAUSE (10)(I) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,

The Members,

Sobha Limited

SOBHA, Sarjapur-Marathahalli Outer Ring Road (ORR)

Devarabisanahalli, Bellandur Post,

Bengaluru – 560 103.

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

In my opinion and to the best of my information and according to the verifications (including DIN status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company, its officers and Management Representation Letter of even date, I hereby certify that none of the Directors who were on the Board of the Company as on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of the Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any other Statutory Authority.

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

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

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

Sd/-

Nagendra D. Rao

Practising Company Secretary

Membership No. FCS – 5553

Certificate of Practice – 7731

UDIN: FO05553C000451680

No. 543/A, 7th Main, 3rd Cross,

S.L. Bhyrappa Road, Hanumanthanagar,

Bengaluru - 560 019.

Place : Bengaluru

Date : June 12, 2021

MANAGEMENT REPORT

MARKETS AND OPERATING ENVIRONMENT

MACROECONOMIC OVERVIEW

Financial year 2020-21 was one of the most challenging years of our lifetime. Innumerable lives, jobs and growth prospects were lost due to the corona virus induced pandemic. The world has lost 4-5 per cent of its GDP output amounting to a US dollar value of 4 trillion approximately. The unprecedented health hazard continued to disrupt the lives and livelihoods of millions of people across the globe throughout the year. Demand-supply situation remained unstable for most part of the year, impacted further by the second wave of pandemic across the nation. Bringing the economy back from the brink of catastrophe and maintaining steady growth has been the greatest challenge of all time. However, it is refreshing to know that with great collaboration between all nations, the fiscal stimuli announced by the various governments and central banking systems, and rapid testing and vaccination the situation is being managed efficiently across the globe.

India's GDP growth stands at -7.3 per cent for financial year 2020-21, and the Reserve Bank of India's projections indicate a strong revival of the economy with GDP growth expected to be at 10.5 per cent for financial year 2021-22. This trend is already visible in quarterly GDP movement during 2020-21, with GDP moving from a contraction of 24 per cent in Q1-21 to a growth of 1.6 per cent during Q4-21 despite the disruptions caused by the ongoing second wave of the pandemic. However, we need to review and monitor with great caution, the short-to-medium term impact of the second and a probable third wave of the pandemic while continuing to work on more efficient ways of tackling its economic impact.

This brings us to the efforts and role played by the research fraternity, pharma players, economists, central governments, various banking and administrative systems, and private players across the world who worked relentlessly for over a year and continue to focus on deriving more amicable solutions to the ongoing health crisis and the resultant impact on livelihoods. Throughout the pandemic, all core sector players

showed robust resilience, which was further backed by a steady upward performance of financial markets in India. Indices are financial results driven and have responded positively with all sectors showing signs of a robust revival. This is a healthy development, considering the fact that various parts of the country going under limited and sporadic lockdowns at regular intervals to contain the spread of the virus, which is generally a threat to day-to-day functioning of various industries and impacts the performance of various sectors.

The challenging phase we are living through is unprecedented in nature. Its impact on business operations has thrown light on sectors and related businesses which are well positioned to adopt to ever changing needs of the marketplace. Businesses with ability to innovate, agility to adapt, efficient systems and processes in place, a customer centric approach and digital reach will be in a position to succeed and scale new heights in the coming years. In hindsight, readiness to manage and overcome a probable third wave of the pandemic will determine the direction of the economy in the near-to-medium term range.

SECTOR OVERVIEW

Construction, a key contributor to the core sector, has always been a focus area for successive governments. Policy decisions taken in recent years have had a reflective impact on the real estate sector. Consolidation in the industry is happening in an anticipated manner and Covid-19 related challenges are adding fuel and accelerating the pace of process. The sector which forms about 7 per cent of India's GDP is expected to contribute about 13 per cent to the GDP with market size of USD 1 trillion by 2030. While the ongoing pandemic has challenged the survival of some small businesses, it has also opened up avenues for listed and large players with scale and agility as their advantage. Scalability is very crucial in times of sectoral consolidation as the large players are marking substantial sales volume increases and geographical expansion plans. Smaller players continue to face operational challenges while large players like Sobha with

brand recognition, known for quality products, and in-house manufacturing facilities continue to gain a considerable market share.

Despite the setbacks during first half of FY 2020-21, the realty sector witnessed a major revival in the second half of FY 2020-21. The sector survived a challenging environment and showed robust signs of recovery. This was backed by innovative sales and marketing efforts and continuous improvements in processes. Digital marketing and virtual tours of projects acted as a saviour for the industry - otherwise dependent on in-person visits and meetings. Adapting and implementing innovations with regard to virtual reality and augmented reality too played a crucial role in increasing sale volumes in the sector. Following a digital approach increased the speed of the overall process and also the quality of the customer base with serious buyers at advanced stages of buying decisions approaching to enquire about projects.

The real estate sector is anticipated to undergo further consolidation. With demand sentiment improving, execution of projects back at pre-Covid levels, and incentives for buyers like lowest interest rates and schemes for achieving housing for all by the Government of India, we trust that the coming years will be better operationally and will also give us an edge over the other sectors. Apart from the emotional value, housing has gained more prominence during this period due to human safety and security concerns and we believe this will augur well for the large players with quality products and vast project pipelines across regions. The focus of a viable and successful business remains in agility in seizing gainful opportunities, how quickly it can adapt to the changing behaviour of the customers and staying ahead of the curve always with the quality of processes, people and products that it has to offer.

OUTLOOK OF OUR MARKETS

A. REAL ESTATE

SOBHA is the foremost backward integrated company in the real estate space known for quality product delivery and on time completion and handover of projects. A reputed brand across regions, SOBHA has a presence in 10 cities across 6 states. The Company is present in Bangalore, Gurugram (NCR), Chennai, Thrissur, Kochi, Calicut, Coimbatore, Pune, Mysore, and GIFT City, Gujarat.

While the Company is present in major cities in India, it is also exploring new markets pan-India.

Despite the macroeconomic challenges faced across industries, SOBHA was able to deliver a commendable operational and financial performance during financial year 2020-21. This was backed by the Company's increased digital presence and the best practices followed. The Company witnessed strong performance across regions and all the business verticals that it operates in. New product launches in view of ever-changing demand sentiments across the sector supported its business operations. As far as the real estate sector is concerned, higher sales volume coupled with upward price realization is a welcome sign during a tough macro environment.

Demand sentiment on the residential side continued to be skewed towards larger units, while in the commercial space, managed or co-working workspaces are increasingly becoming popular. New and renewed concepts like work from home or work from anywhere will benefit residential real estate. Despite all the favourable factors leading to listed players getting a better grip on the market challenges do exist ahead of us. The sector is increasingly becoming cautious of the ever-changing demands of customers. Adapting to these changing behavioural and cyclical patterns and customizing our product offerings accordingly will remain our utmost priority among all our deliverables.

With SOBHA's unique self-reliant model, a strong brand name, and unmatched execution capabilities, the Company continues to deliver all its projects on time. The Company currently has ongoing real estate projects aggregating 30.11 million square feet of developable area and 21.90 million square feet of saleable area, and ongoing contractual projects aggregating 5.64 million square feet under various stages of construction.

As on March 31, 2021, the Company had delivered overall 112.30 million square feet of developable area. Since its inception, the Company has completed real estate projects measuring 58.97 million square feet of developable area and 44.84 million square feet of super built-up area.

During the year, the Company completed construction activities to the extent of 0.23 million square feet of total developable area and 0.22 million square feet of super built-up area.

BANGALORE

Sobha Limited, based out of Bangalore has a sales volume of 67 per cent (approximate) coming from the Bangalore market. During 2020-21, it completed 'SOBHA 25 Richmond' in Bangalore. At Sobha we create masterpieces and 'SOBHA 25 Richmond' is among the most coveted. The project has 5 spacious 3-bed apartments and two penthouses. What makes 'SOBHA 25 Richmond' unique and sought after is not just its location or the amenities, but also its rare sophistication. The project covers a developable area of 0.016 million square feet and 0.012 million square feet of saleable area.

SOBHA has also completed 'Sobha Dream Acres' - Tropical Greens, Phase-18 Wing 39 & 40 with a total developable and saleable area of 0.21 million square feet. The "Sobha Dream Acres" project along with other projects across regions continued to be completed and handed over within stipulated timelines despite facing major macroeconomic challenges.

Presently, the Company has ongoing projects aggregating 15.74 million square feet of total developable area and 11.37 million square feet of super built-up area in Bangalore.

GURUGRAM - NCR

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

Under the SOBHA City project, the Company is working on 2.92 million square feet of developable area and 2.25 million square feet of super built-up area. Under the International SOBHA City project is working on 2.54 million square feet of developable area and 1.61 million square feet of super built-up area.

In total, the Company has ongoing projects aggregating 5.46 million square feet of total developable area and 3.86 million square feet of super built-up area, which will be developed and delivered in phases in Gurugram- NCR.

CHENNAI

Chennai is known as the automobile capital of India. It is home to large automobile and

auto-ancillary units along with considerable contribution from the IT and ITES sectors.

Presently, the Company has 3 ongoing projects in Chennai, aggregating 1.30 million square feet of total developable area and 0.88 million square feet of super built-up area in this market.

CALICUT

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

Presently, the Company has 2 ongoing projects in Calicut that aggregate 1.07 million square feet of total developable area and 0.72 million square feet of super built-up area.

KOCHI

Kochi is referred to as the commercial capital of Kerala. The city is a major port city in the country. It is one of the rapidly growing cities, and home to a number of technology and industrial campuses such as Info Park, Cochin Special Economic Zone, the KINFRA Export Promotion Industrial Park, Smart City at Kakkanad, and Cyber City. The Company entered Kochi market in 2013-14 with the launch of "SOBHA Atlantis".

Presently, the Company has 2 ongoing projects in Kochi, aggregating 3.20 million square feet of total developable area and 2.57 million square feet of super built-up area.

THRISSUR

SOBHA entered the Thrissur market in 2007-08 with its landmark project "SOBHA City", the first integrated township in Kerala.

During 2020-21, SOBHA launched Phase-1 of its new luxury project, "SOBHA Metropolis" in Thrissur. The total developable area of the project is 1.52 million square feet with a super built-up area of 1.17 million square feet. This project also features a commercial space of 27,607 square feet. The Company launched only Phase-1 with a developable area of 0.74 million square feet and a super built-up area of 0.57 million square feet.

Presently, the Company has 3 ongoing projects, SOBHA Lake Edge, SOBHA Silver Estate, and SOBHA Metropolis (Phase 1) in Thrissur aggregating 1.34 million square feet of total developable area and 1.01 million square feet of super built-up area.

COIMBATORE

The Company entered into the Coimbatore market in 1998-99 with the plotted development project of 'SOBHA Harishree Gardens' and launched its first villa development, 'SOBHA Emerald' in 2008-09.

The Company currently has 3 ongoing projects in Coimbatore, 'SOBHA Elan' with 0.42 million square feet of developable area and 0.34 million square feet of super built-up area, 'SOBHA West Hill' with 0.05 million square feet of developable area and 0.03 million square feet of super built-up area, and 'SOBHA Verdure' with 0.14 million square feet of developable area and 0.10 million square feet of super built-up area.

PUNE

The Company ventured into the Pune market in 2007-08 with the project 'SOBHA Carnation', a super luxury multi-storied apartment.

The Company has one ongoing project in Pune, 'SOBHA Nesara', with a developable area of 0.68 million square feet and a total saleable area of 0.51 million square feet. The project located near the pristine foothills of NDA Hills, offers wide lush greens as a view, a bounty of birdlife, and a healthier lifestyle.

MYSORE

SOBHA started operations in Mysore in 2011-12 with the plotted development project "SOBHA Garden".

As of March 2021, the Company does not have any ongoing projects in Mysore.

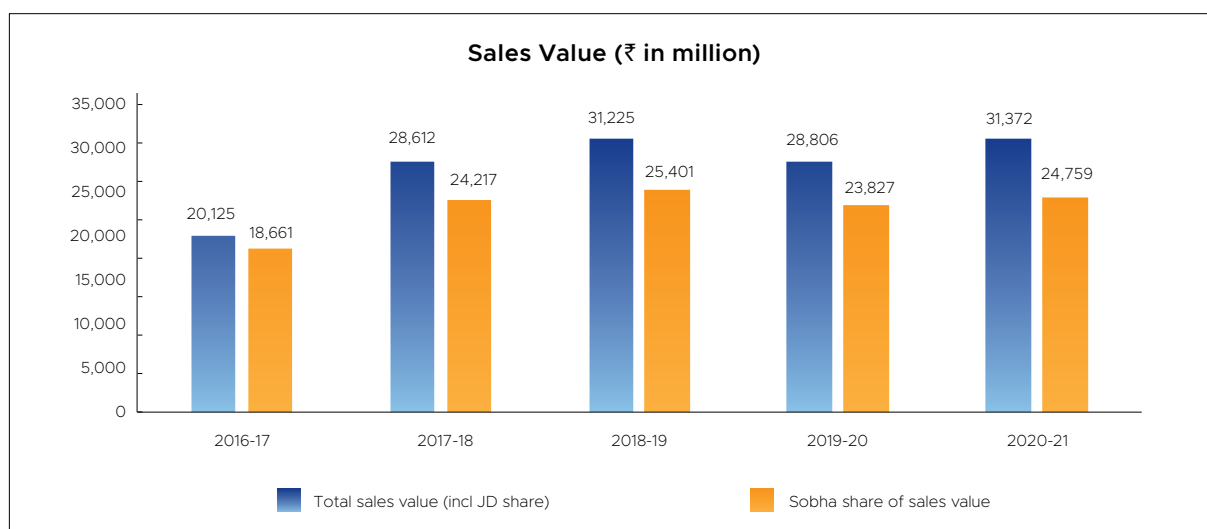
GIFT CITY GUJARAT

Gujarat International Finance-Tec city (GIFT) – A Global Financial Hub is India's first operational smart city. Founded by Prime Minister Narendra Modi, it is a business district promoted by the Government of Gujarat through a joint venture company. GIFT City aims to tap into India's huge potential for providing financial services by offering world-class infrastructure and facilities to leading global financial institutions and companies.

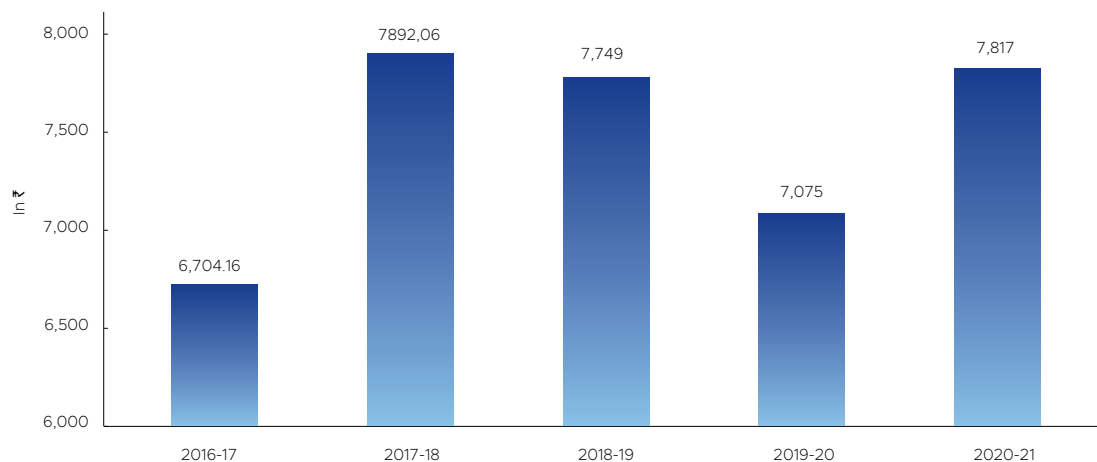
Currently SOBHA has 1 ongoing project in the affordable segment - "SOBHA Dream Heights" with a developable area of 0.71 and super built-up area of 0.52 million square feet.

SALES PERFORMANCE

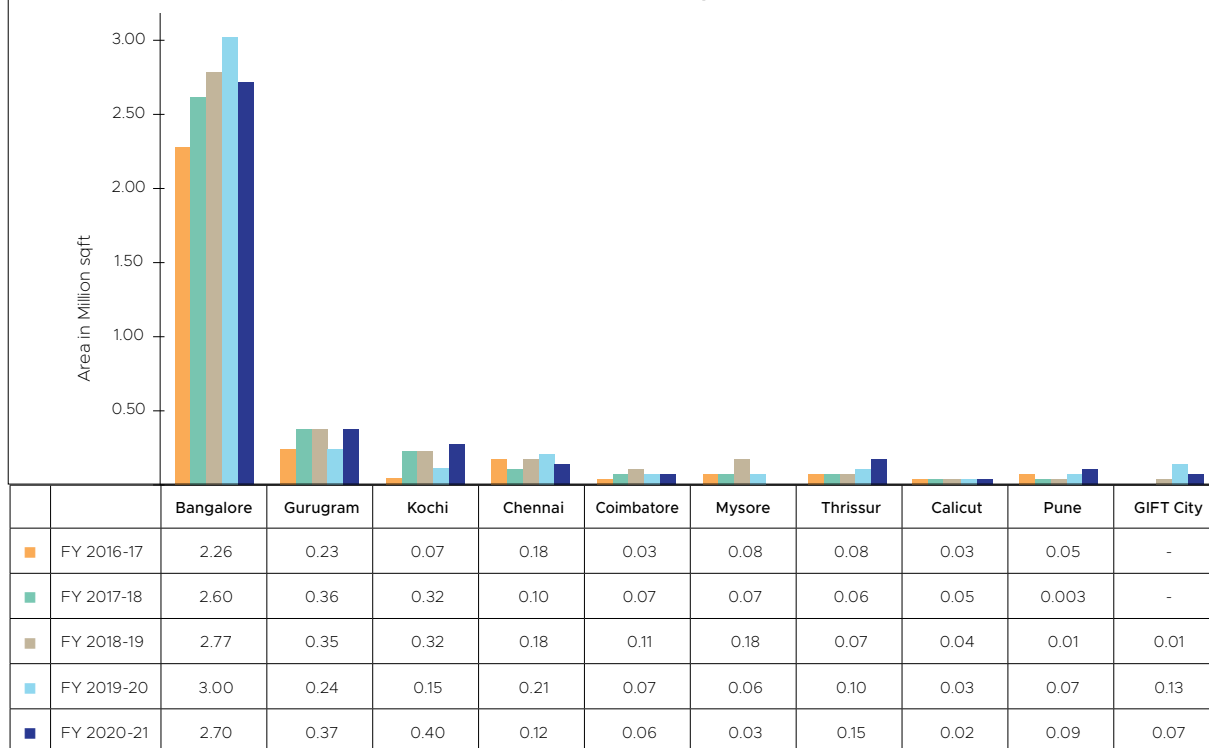
During the year, SOBHA achieved 4.01 million square feet of new sales area which is a praiseworthy accomplishment in a tough operational environment. The total value of this area including the share of joint development stood at ₹31,372 million with an average price realization of ₹7,817 per square foot. SOBHA's share of sales value stood at ₹24,759 million. This shows that customers trust brand 'SOBHA' as their preferred choice for quality home.



Total Average Price Realization (₹/sq.ft.)



New Sales (in million square feet)



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

B. COMMERCIAL

SOBHA has primarily focused on the residential real estate segment since its inception with sporadic presence in the commercial segment. Although SOBHA has created some landmark commercial projects like Thrissur's most iconic landmark: the "SOBHA City Mall", the Company's presence in the segment has been relatively limited. Now SOBHA has a renewed focus on commercial development with several projects under progress in multiple cities.

As of March 2021, the Company had two commercial malls in this business vertical: the "Sobha City Mall" in Thrissur operations of which started in December 2015. It has a total developable area of 0.44 million square feet with a total leasable area of 0.34 million square feet. SOBHA had initially sold 0.61 million square feet.

The second offering in this vertical is "1 SOBHA" mall, Bangalore with a total developable area of 0.38 million square feet and a total leasable area of 0.23 million square feet. The launch of "1 SOBHA" mall in Bangalore marks the Company's entry into the city's commercial shopping space. Located in the heart of Bangalore, this commercial development will be a host to topmost in brands from retail, F&B, entertainment, and fashion industries. The mall is poised to become Bangalore's next go to destination for shopping and recreation.

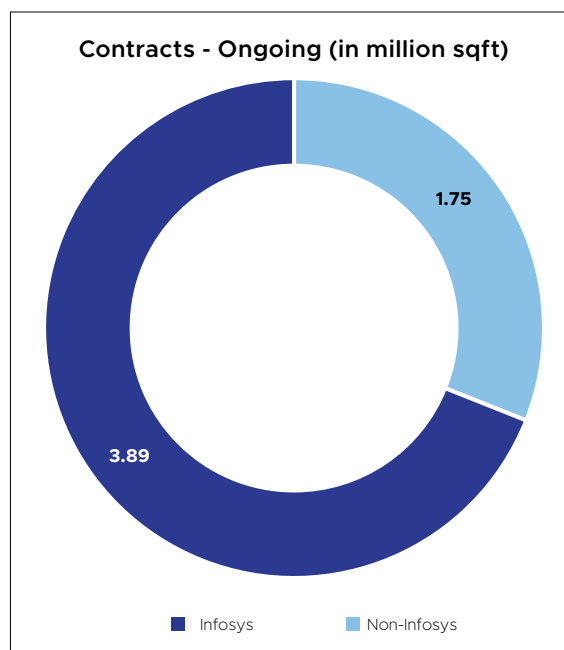
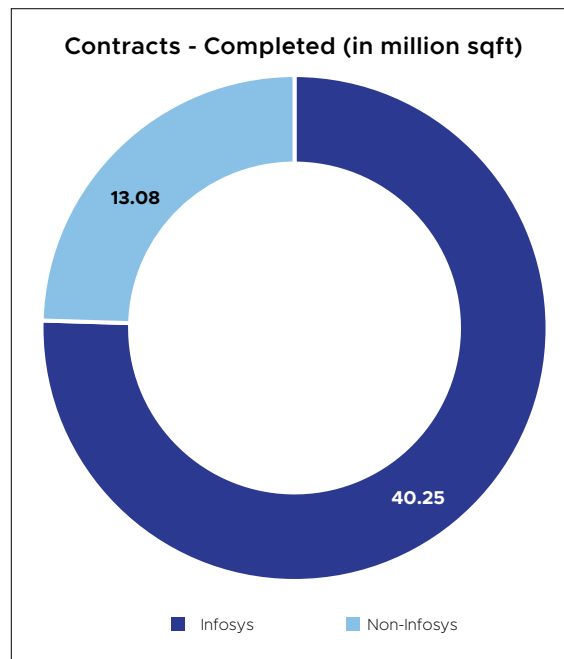
C. CONTRACTUAL

The year 2020-21 was a milestone year for Sobha's Contracts vertical. Despite the challenges, the Company completed 2.33 million square feet in this vertical.

Overall, the Company has delivered 53.33 million square feet of contractual work and it has 5.64 million square feet of area under execution in 9 cities across India.

While SOBHA values a long-standing relationship with a few select clients which contributes to the major scope of its total work done in this vertical, there is emphasis on diversifying the client base and reducing SOBHA's risk portfolio. The Company is actively involved in major contractual projects across India helping it with geographical diversity and a multi-client approach. The Company's corporate clients include the LuLu group, Biocon, Syngene, Taj Hotels, HCL, Wipro, Infosys, ITC Hotels, Huawei Technologies, Manipal group, and GAR Corporation.

SOBHA's ability and capacity to deliver high quality, custom-designed turnkey projects, and the domain knowledge to address tough challenges have gained it a loyal customer base for its Contracts Division. In the Contractual vertical, SOBHA has a presence in 27 cities across 14 states.



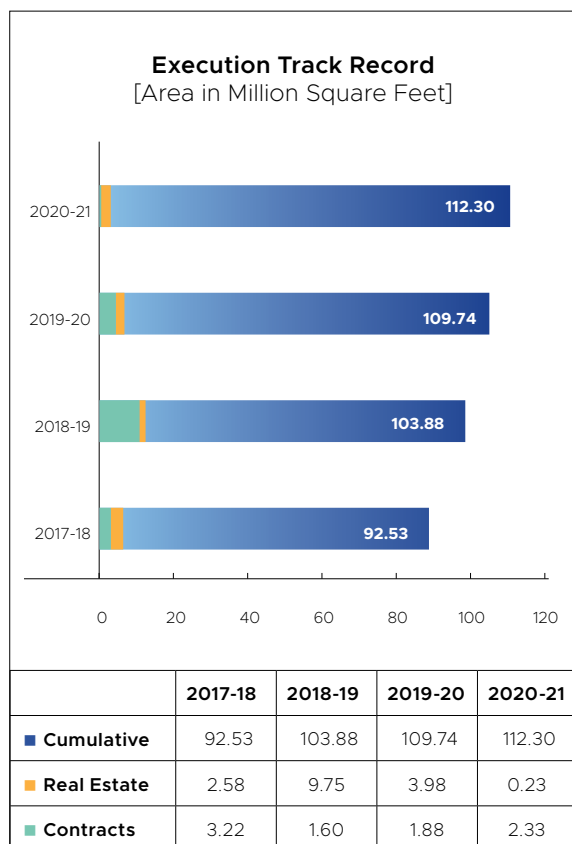
As the Company predominantly operates on a cost-plus margin basis, it seeks to expand its contractual operations while preserving its margins.

PROJECTS AND WORK DONE

SOBHA, with its self-reliant model of operations, quality products, customer satisfaction and timely delivery has set a benchmark in the industry and garnered customer loyalty over the years. Despite the macroeconomic challenges that were witnessed, steady performance continued during financial year 2020-21 too when the Company completed and handed over 2.56 million square feet of developable area.

I. OVERALL EXECUTION

Overall, SOBHA has completed 112.30 million square feet of area since its operation in 1995. The Company has been steady in launching new real estate projects and executing new contractual projects wherein significant project level investments are being made on a regular basis. These ongoing projects are excluded from the purview of overall execution since, on average, a real estate project takes around 3 to 4 years to complete.



II. COMPLETED PROJECTS

Financial year 2020-21 witnessed the overall completion of 2.56 million square feet of developable area and 2.55 million square feet of super built-up area both in real estate and contractual verticals.

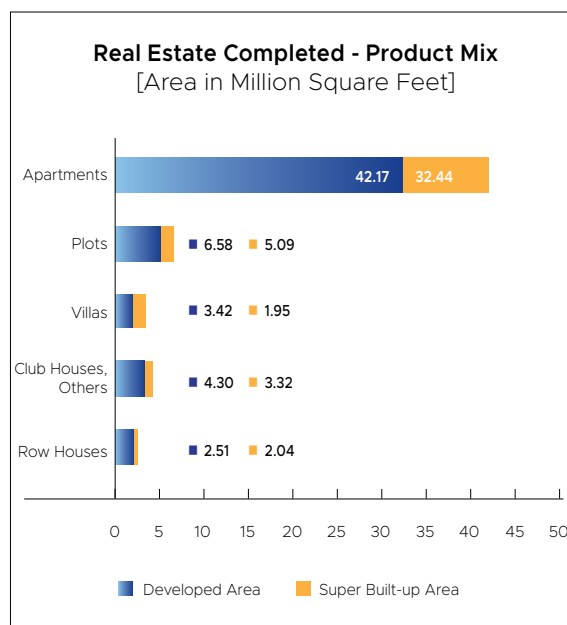
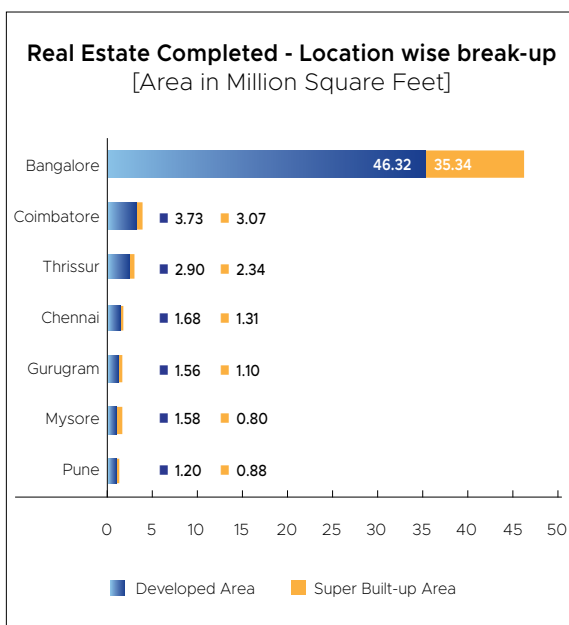
A. REAL ESTATE

In 2020-21 SOBHA completed 0.23 million square feet of developable area and 0.22 million square feet of super built-up area. During FY-21, the Company delivered 0.21 million square feet of developable area in the SOBHA Dream Acres project, Bangalore. The remaining phases of development are in progress and are ahead of schedule. The construction of these project is done using the pre-cast technology.

During 2020-21, the Company completed 'SOBHA 25, Richmond' in Bangalore. At Sobha we create masterpieces and SOBHA 25 Richmond is among the most coveted. The project has five spacious 3-bed apartments and 2 penthouses. What makes SOBHA 25 Richmond unique and sought after is not just its location and the amenities but also its rare sophistication.

The Company has also completed Sobha Dream Acres - Tropical Greens, Phase-18 Wing 39 & 40 with a total developable and saleable area of 0.21 million square feet. The Sobha Dream Acres project along with other projects across regions continued to be completed and handed over within stipulated timelines despite facing major macroeconomic challenges.

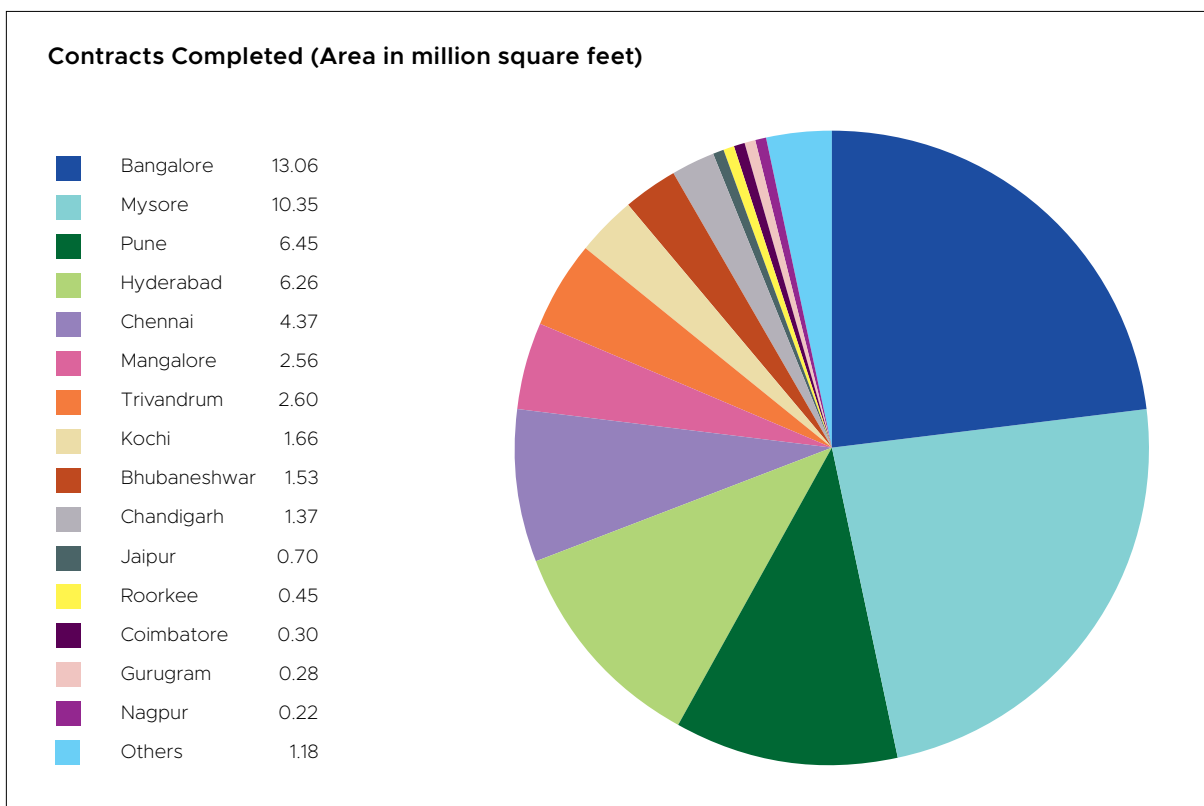
Since its inception, the Company has completed real estate projects measuring 58.97 million square feet of developable area and 44.84 million square feet of super built-up area.



B. CONTRACTUAL

During financial year 2020-21, the Company completed 2.33 million square feet spread across 4 cities. Since the start of its operations, SOBHA has completed 53.33 million square feet of area for various clients in 27 cities across India.

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

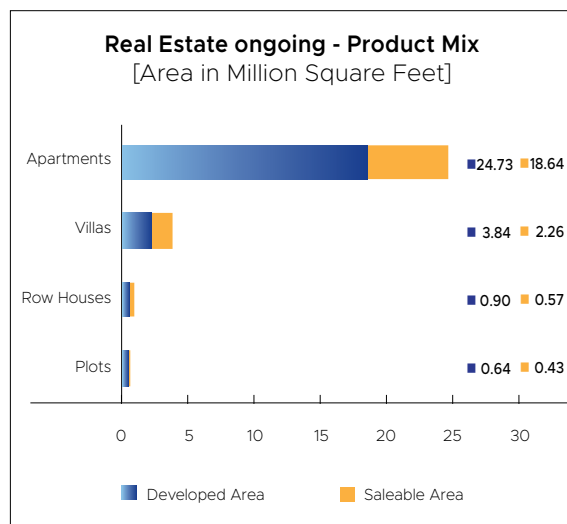
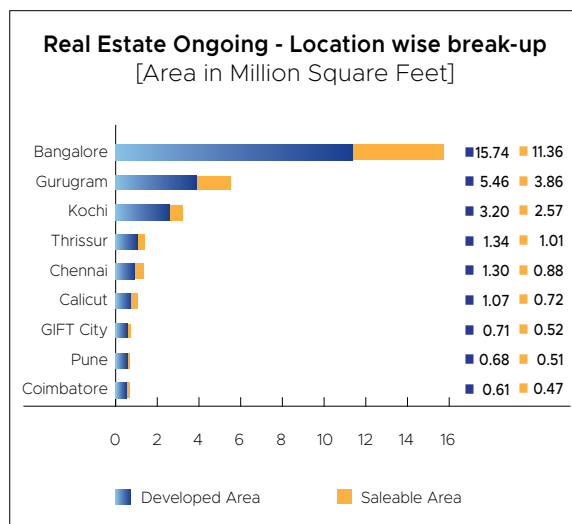


III. ONGOING PROJECTS

The Company is currently executing 35.75 million square feet of developable area and 27.54 million square feet of super built-up area.

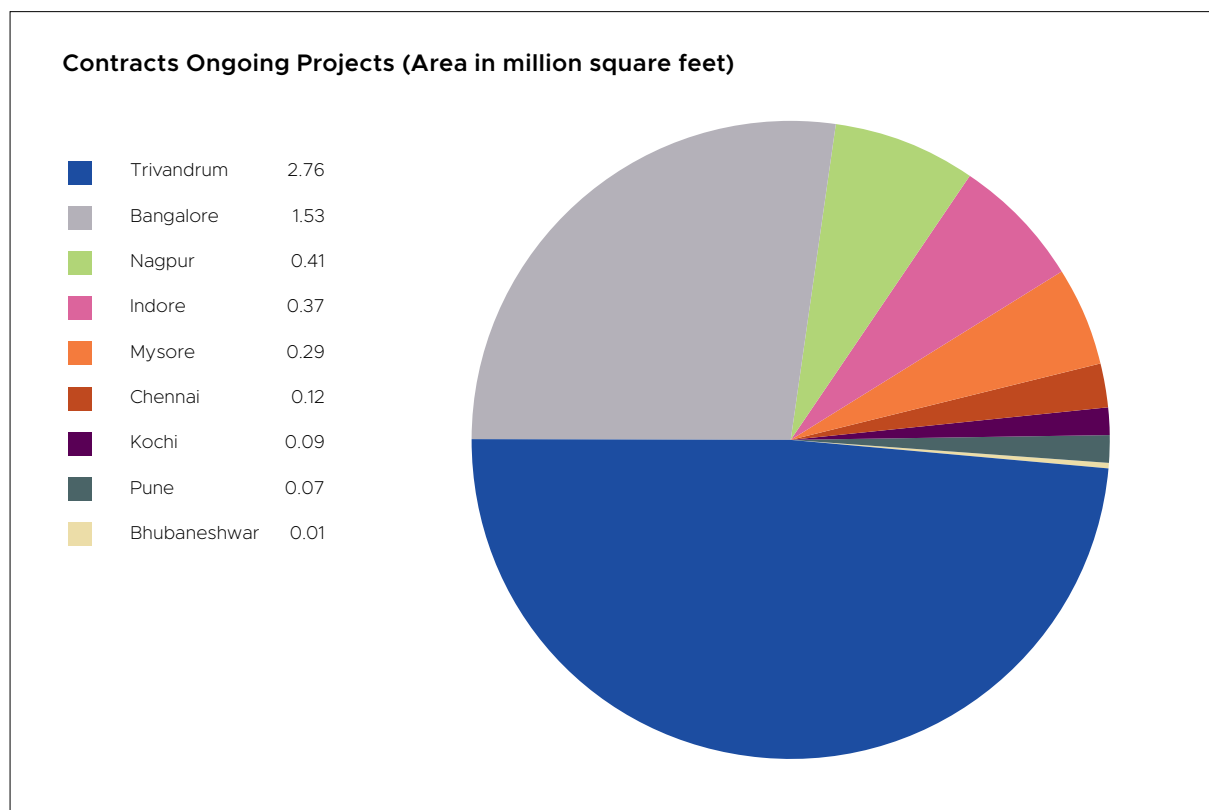
A. REAL ESTATE

SOBHA currently has ongoing real estate projects aggregating 30.11 million square feet of developable area and 21.90 million square feet of super built-up area spread across 9 cities.



B. CONTRACTUAL

SOBHA has ongoing contractual projects aggregating 5.64 million square feet spread across 9 cities.



ENVIRONMENT, HEALTH AND SAFETY

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

At SOBHA, procedures are in place for identifying workplace hazards and reducing accidents and exposure to harmful situations and substances for providing a safe work environment to its workers. This includes training employees in accident prevention, accident response, emergency preparedness, and use of protective clothing and equipment.

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

ENVIRONMENT

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

For achieving all this, the Company has installed a pre-cast unit for its construction activities. Instead of using the conventional block work or bricks for

its construction activities, SOBHA uses pre-cast elements which come with many advantages. They are fast to make, consume less labour, lead to minimal wastage, and do not need plastering work. These pre-cast elements use minimum resources while also reducing wastage at the same time.

ENERGY SAVING MEASURES

SOBHA practices energy conservation by installing solar panels for lighting common areas and solar water heaters in all its projects. Some of the highlights in this area are:

- Eighty per cent of the power required for the glazing factory is being catered to by roof top solar systems.
- Around 90 per cent of the power required for SOBHA's corporate office is by solar and wind power using an off-grid system.
- All lights in apartment projects' staircases come with inbuilt sensors to save energy.

RAINWATER HARVESTING

Rainwater harvesting is another effort at the Company for addressing the acute problem of water scarcity. Rainwater harvesting has emerged as one of the most viable options for meeting the water requirements of an increasing population. Rainwater harvesting also helps restore depleted aquifers thus enhancing sustainable water yields in areas surrounding SOBHA's project sites.

Rainwater harvesting is done in two ways: through collection tanks for roof-based runoffs and through recharge pits for land-based runoffs. Water from the terrace runoffs is treated and re-used thus reducing the need for getting water from external sources or extracting groundwater to meet a project's requirements. The land-based (surface) runoff is passed through percolation pits which help in enhancing the depleting groundwater table. Wherever feasible in residential projects, even surface runoff is collected in storage tanks and after treatment the water is used for primary purposes further reducing the demand for external fresh water.

SEWAGE TREATMENT PLANTS

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

STP uses a hybrid technology – the Activated Sludge Process (ASP) followed by the Ultra Filtration (UF) technology for enhancing the quality of the final treated sewage. This process conforms with the standards set by the Pollution Control Board.

Acoustic enclosures are being provided for air blowers to mitigate noise pollution that can possibly be caused in the vicinity. Ozonators are being provided at STPs' exhaust and fresh air ducts to remove odour and also improve the quality of air for the operators working inside the plant room. Air curtains are also provided at the STPs' entrance to prevent the odour from escaping into the open area. The Company has regular educational programmes for its construction workers on the do's and don'ts of using natural resources. The Company also constructs dedicated STPs for camps where the construction workers stay.

ORGANIC WASTE CONVERTERS

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

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

Organic waste generated in and around the projects during the construction stages is diverted to nearby piggery farms and the local municipal corporation while the inorganic waste

is handed over to authorized waste recyclers. All these efforts help the Company in restoring eco-sanitation wherever it works.

WATER TREATMENT PLANTS (WTPS)

For ensuring safe and healthy drinking water, SOBHA provides water treated with Pressure Sand Filters and Reverse Osmosis units in all its projects. The RO treated water is provided in one point in the kitchen for drinking purposes.

LABORATORY FACILITY FOR WATER TESTING

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

COVID-19 SPECIFIC ACTION

The previous year posed unique challenges with the global Covid-19 pandemic and the subsequent lockdowns through the April and May 2020.

As the lockdown eased in May 2020 and construction sites geared up to restart operations, all project heads and EHS managers were briefed with a detailed presentation about extant rules and regulations and the precautions to be taken at the sites to prevent the spread of Covid-19.

HEALTH AND SAFETY

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

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

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

The National Safety Council conferred the Company with the first position in the state level safety awards in the construction category for Sobha Royal Pavilion. In addition to already existing practices, during 2020-21, the following activities were undertaken for health and safety:

COVID-19 RISK REDUCTION MANAGEMENT

- CDRRM-Covid19 Disaster Risk Reduction Management implemented at projects and workmen colonies Pan-India.
- Site operating procedures prepared for lockdown and post-lockdown phases.

- Out station projects' monitoring process done through virtual audits to ensure a safe and healthy work environment.

NEW PRACTICES AND THEIR IMPLEMENTATION

- All the safety documents, check lists, and procedures were revised and updated during the lockdown.
- QST home page application designed and live status.
- LOTO (Lockout Tagout) system for all electrical panels, pumps, DG, hoist, and other equipment.
- The safety health tag system implemented for all power tools.
- Earth pits' values display and standard board/stickers.
- Electrical cable routing fixed standards using holders for external and insulated J hook for internally.

ACHIEVEMENTS

- FY 2020-21: There were zero accidents with 23 million manhours in Pan-India projects.

CORPORATE SOCIAL RESPONSIBILITY

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

The Trust identified nearly 4,525 families (around 17,311 people) from below the poverty line (BPL) segment. The families were adopted through an in-depth scientific poverty mapping called the Social Empowerment Mapping Exercise (SEME). Beneficiary identity cards were issued to the adopted families. As a result, the Trust has detailed and authentic data about each beneficiary and his or her individual requirements. Based on the data, the Graamasobha model was developed. The lives of thousands of underprivileged citizens are getting positively transformed through this growth model, which has a bottom-up approach for poverty alleviation.

The in-depth Social Empowerment Mapping Exercise was undertaken by the Social Empowerment Department (SED) of the Trust to fulfil the following objectives:

- Identify and enlist genuine beneficiary families from the three panchayats (6 villages) using clear-cut norms and terms.
- Generate qualitative and multi-dimensional baseline reports on the target families, so that specific programmes and activities can be implemented for their benefit.
- Devise target-based, area-specific empowerment programmes and activities for key human development verticals like education, health, employment, and housing.
- Design an effective mechanism to measure and monitor processes and the pace of the Trust's empowerment programmes.

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

- Providing education
- Providing healthcare facilities
- Looking after the aged and others in need

EDUCATION

THE SOBHA ACADEMY

The Sobha Academy was established in 2007 to empower and enable rural poor to break away from the vicious circle of poverty, ignorance, deprivation, and exclusion by providing their children with high-quality education. Selection to the Academy is done through an open draw from a list of eligible candidates short-listed after intense research. Targeted specifically at children from the weaker sections, all applications that come to the Sobha Academy are scrutinized to ensure that only deserving candidates are given access to the free and quality education that the Academy provides. Selected students undergo a medical fitness test and the final selection of students is done through an open draw. Every year 90 girls are admitted to LKG through a draw. The Academy, which follows the CBSE curriculum, provides academic and integrated support such as books, transportation, uniforms, food and healthcare, all free and also provides a smart classroom facility, a good library facility, full-fledged science and computer labs, special emphasis on sports and cultural activities, communicative English, and personality development. During 2020-21, 1,115 students in the Vadakkenchery, Kizhakkenchery, and Kannambra panchayats were on the rolls from LKG to Class 12.

The quality of the students pursuing higher education in various reputed universities in the country after passing higher secondary education from The Sobha Academy, bears testimony to the excellent training it has been providing since its inception. A good number of students crack entrance examinations such as NEET, JEE, and KEAM every year. Most of these students ensure their seats in professional colleges without any special coaching by private institutions. This exemplifies the possibility of a person achieving success irrespective of any

kind of adverse circumstances if s/he is provided quality education and befitting opportunities.

SOBHA ICON HSS

Sobha Icon Higher Secondary (commenced from 2013) is a full-time teaching and learning programme with Science and Commerce streams. It has 30 admissions in each class. Icon is not an affiliated school but functions as a Teaching and Learning Centre within the scope of the Kerala State Council for Open and Lifelong Education (SCOLE) and is registered as an open regular programme of the Kerala Directorate of Higher Secondary Education. Students enjoy the same status as regular school students. Students are given intensive 8 hour teaching-learning sessions, 6 days a week. All facilities and services are free of cost including uniforms, books and food.

It is interesting to note that Icons have secured scholarship worth over Rs 9.5 crore during the last 6 years from major universities through open competitions. This does not include government scholarships or fellowships or grants.

As of March 2021, more than 160 students had graduated through Sobha Icon. A close monitoring of their progress is being done continually to ensure the initiative is delivering on its purpose. It is very heartening that there is cent per cent college enrolment among Sobha Icons, a rare feat for many institutions. Sobha Icons have joined courses that appealed to them.

Ninety per cent of the beneficiary students belong to OBC and SC families while 75 per cent are girl students. Social change should start with educational empowerment of this segment and hence this prioritization.

PROVIDING HEALTHCARE FACILITIES

SOBHA HEALTH CARE

Established in February 2007 by the Sri Kurumba Educational and Charitable Trust, Sobha Healthcare is one of SOBHA's flagship CSR activities which provides free and easy access to primary healthcare. It has redefined the limits of primary healthcare institutions anywhere in the country. The target group comprises of 4,525 BPL families from the three adopted panchayats including students of Sobha Academy and Sobha Icon, their parents, and widow pensioners, besides senior citizens

from Sobha Hermitage, young mothers and their children, all employees of the Sri Kurumba Educational and Charitable Trust, SOBHA's project staff, and migrant workers. The facilities include free consultations, diagnosis, tests, treatment, and medicines. The hospital has the following facilities:

- Cardiac and Pulse Oxymetry
- Centralized Oxygen, Suction provision
- 3 and 12 Channel ECGs
- Digital Ultra Sound Scanning System and ECHO Test
- 300 MA X-Ray with Computerized Radiology (CR)
- Laboratory with Automatic Haematology and Bio-chemistry Analysers
- Minor Operation Theatre
- Pharmacy
- Ophthalmology Department with automatic digital equipment, upgraded auto refractometer, slit lamp, indirect ophthalmoscope and direct ophthalmoscope.
- Dental Department with an ultra-modern unit with a PLANMECA RVG unit, Intra oral camera, and fibre optic twin beam micro motors.
- Physiotherapy Unit with Short Wave Diathermy, Ultra Sound Therapy, Interferential Therapy, Traction Unit (Cervical and Lumbar), TENS, Wax Therapy, and Portable TENS.

In total 7,057 outpatients were treated during 2020-21 under Sobha Healthcare. On an average, 24 patients were treated every day at the centre.

LOOKING AFTER THE AGED AND THE IMPOVERISHED

SOBHA HERMITAGE

The focus of SOBHA's CSR activities is equally on the aged. Besides the young, the Trust also firmly believes in looking after the elderly. Sobha Hermitage, which was set up with the specific aim of providing shelter and assistance to elderly from weaker sections of society, has now become a home for senior citizens and young widows and their children. Besides providing residents a roof over their heads, Sobha Hermitage

also makes sure that they are provided all necessary amenities to lead comfortable lives. Residents have independent rooms, a library and a common television room, a gym and also internet access. All residents can also avail of round-the-clock medical facilities, including overnight which are provided by paramedical staff; there is a doctor on call during non-working hours. The Hermitage also has an in-house clinic. Cultural and social activities and celebrating birthdays of residents are also organized at the Hermitage.

SOBHA YOUNG MOTHERS REHABILITATION PROGRAMME

A comprehensive rehabilitation package for young mothers (widows) living in the Hermitage is in operation. Special arrangements are in place for their living, safety, security, and welfare at no cost. The widowed mothers and their children live together. All mothers are encouraged to continue their education and many have completed their graduation and others are catching up. All of them are employed at the Sobha Academy with good remuneration which they can save. One of the young mothers is a post graduate and is employed at the Sobha Academy as a qualified teacher. Their children are admitted to the prestigious Sobha Academy, where they get quality education. For those young mothers whose children have grown up, individual self-contained flats have been constructed and allotted for each family. The Trust also provides free of cost vegetables, provisions, fruits, milk, and dresses to these families. There are 10 young mothers and their 16 children living at Sobha Hermitage. Support is also provided if they want to get re-married. It is remarkable that out of 18, 7 young widows have been remarried with support from the Trust.

SOBHA RURAL WOMEN'S EMPOWERMENT

To empower rural women, 36 widowed mothers and their 65 children from the Vadakkenchery and Kizhakkenchery panchayats are being provided with basic monthly living allowances besides clothing, medical, and other personal accessories. Their children's educational expenses too are met by the Trust.

SOBHA DOWRY LESS SOCIAL WEDDING PROGRAMME

This social wedding programme is a constructive approach to tackling multiple serious issues of dowry and destitution. So far 647 girls from economically and socially weaker sections of society have been married under the aegis of the programme 'Dowry free social wedding.' The girls and parents are given pre-marriage counselling and the Trust also does post-marriage monitoring and renders help as needed.

SOBHA COMMUNITY CENTRE

The Sobha Community Centre is a beautiful and spacious building for the deprived. It plays host to various community mobilization programmes including medical camps, orientation and training classes, and social weddings. The centre also has a dining hall that has a seating capacity of 300, where several poor people are fed twice a day free of cost.

SOBHA GOING GREEN

SOBHA's green philosophy of development is widely accepted across the spectrum. Several green initiatives are underway in the CSR project areas also. The entire campus was constructed with a minimum carbon footprint and without making many changes to the natural surroundings. Large-scale rain harvesting methods and processes are in place, planting of more than 3,000 trees and herbs has been done, and preserving the existing flora and fauna to the extent possible has been undertaken. The Trust also has very large waste management plants to process the waste generated. All the CSR project campuses are plastic free, no-smoking, and non-alcoholic areas, striving to achieve sustainable lifestyle. The power laundry at Sobha Hermitage is run on steam generated by a boiler to conserve electrical energy. Recently a solar energy plant has also been installed. SOBHA also provides support to other green attempts like maintaining a community pond.

SOBHA ORGANIC FARMING

The Trust is cultivating vegetables, fruits, and paddy at Moolamcode, Anakkappara, and Mangalam for in-house use. During 2020-21, around 13,000 kg of paddy and 4,000 kg of organic vegetables were harvested.

RESEARCH AND DEVELOPMENT

During 2020-21 the Research & Development Department's focus was on the following areas. This was a much-needed focus as it contributes to SOBHA's strength and helps it to stay resilient while providing best in class products to its consumers.

ISSUE MITIGATION

A study on the performance and distress of different elements in the building, external landscape and hardscape in handed over projects was done. Cost effective solutions to issues as listed below were provided after thorough investigations.

WATER INGRESS IN LARGE OPENINGS

With architectural detailing on facades, improving external aesthetics by eliminating chajjas and increasing window aperture sizes (for increased lighting and ventilation), preventing water ingress was a challenge. This was addressed with the development of newer window profiles incorporating step, slope, and level difference (Fig Old and New Section). Newer profiles for large windows with fixed bottom and top sliding were adopted.

UPROOTING OF EXTERNAL KERBS /PAVERS DUE TO UNCONTROLLED GROWTH OF TREE ROOTS.

Tree Root Barriers (Terram Root Guard) were placed selectively around trees closer to the kerbs/pavements that deflect the roots away from them.

RUSTING OF MILD STEEL ELEMENTS

Rusting of mild steel elements such as fences and light posts in external areas and the paint peeling

off from fire pipes were exposed in the terraces. Improvements in paint methodology and process by fabrication vendors and use of application specific coatings were advocated.

INTRODUCING NEW CONSTRUCTION MATERIAL

- i. M-Sand/P-Sand as replacement for natural river sand for use in external plastering was explored and use of admixtures for making them compatible with performance requirements was done.
- ii. Use of UPVC door frame protectors preventing damage to SIL door frames post installation and until handover snag was done thus reducing huge replacement costs.
- iii. Introduced cable sealing solutions for cable entries to basements enhancing water tightness at cable entry cut-outs.

IMPROVIZATION IN WORK METHODOLOGY

The process for the refurbishment of aluminium shuttering materials was set to maximize quality output in the process of re-cycling of shuttering resources which helps to minimize new procurement.

The following feasibility study was done on Alternate Construction Material as part of the Cost Reduction Study.

- i. Use of Welded Wire Reinforcement.
- i. Use of Fly Ash in Concrete.
- iii. Use of PVC/WPC boards as alternatives for imported multi boards for utility door shutter panels etc.

EMPLOYEES

Attracting and retaining talent has been the cornerstone of the Company's Human Resource function. SOBHA's human capital plays a critical role in its growth. Its robust talent acquisition system has enabled it to fulfil all business demands with a strong resource supply at all times.

The Company's onboarding model has helped it to effectively integrate employees joining the Company and bring them up to speed for delivering results.

SOBHA's focus on competency building of fresh recruits has enabled faster release of freshers to its projects.

During the last year, the employees had to embrace new and different ways of working such as 'work from home' and were subject to stress, fears and anxiety never experienced before. Technology played a vital role during this crisis, especially in terms of workforce connectivity and ensured that work went on unaffected.

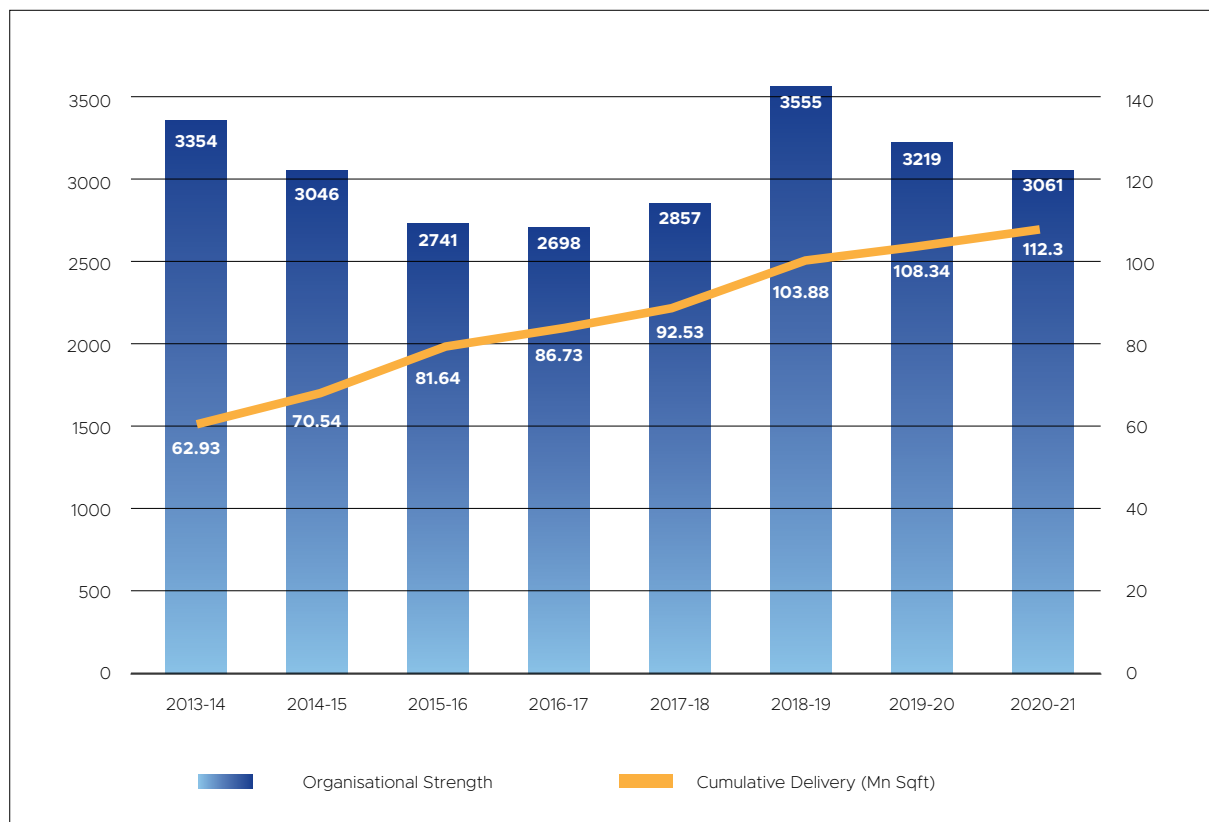
SOBHA's organizational strength as on 31 March, 2021 was 3,061 employees as against 3,219 as on 31 March, 2020.

TRAINING AND DEVELOPMENT

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

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

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



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

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

TECHNICAL TRAINING

Technical employees are trained at different levels to help them become the best in class by mastering the latest technological developments in the field. During FY 2020-21, 78 online technical training programmes were conducted in which 526 employees were trained. These webinar training was conducted for employees working in Bengaluru, Thrissur, Chennai, Calicut, NCR, Hyderabad, and other locations where SOBHA has projects.

Eleven candidates (management trainees/ trainee engineers) were trained for 12 days; 42 webinar sessions on Good Practices to be Implemented at Sites were conducted for 340 site staff members from SOBHA projects pan-India.

BEHAVIOURAL TRAINING

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

During 2020-21, 104 planned behavioural training programmes were conducted for employees at different levels in which 922 employees were trained.

ADHOC TRAINING

172 adhoc behavioural and technical training programmes were also conducted during the year which were attended by 1,545 employees at different levels. Other training included 4 training programmes for the sales team, 11 department centric training programmes, and 47 post effectiveness evaluation programmes; these were attended by 662 employees.

In all, the Training Division conducted 656 training programmes covering 5,736 participants including employees on non-SOBHA rolls (many employees attended multiple trainings) during the year.

TRAINING, A CONTINUOUS EXERCISE

SOBHA's training wing, Sobha Academy, conducts training on a regular basis. The Company assesses employee performance to gauge employee skills and provides employees requisite training for enhancing their skills. Smooth transition from offline to online training was done using the change management process. Due to the pandemic, most of the training was conducted online in the first quarter while later, regular training was started at site, the corporate office and Academy following all Covid protocols.

EMPLOYEE COMMUNIQUE

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

RISK MANAGEMENT REPORT

The Company's financial position and the results of its operations are subject to certain risks and liabilities that may affect its performance and ability to achieve its objectives. The factors that the Company believes could lead to its actual results differing materially from expected and previous results are discussed hereunder. However, there are other risks and uncertainties that may also affect the Company's performance and ability to achieve its objectives that are not currently known to the Company or which are deemed immaterial.

CAUSES OF RISKS

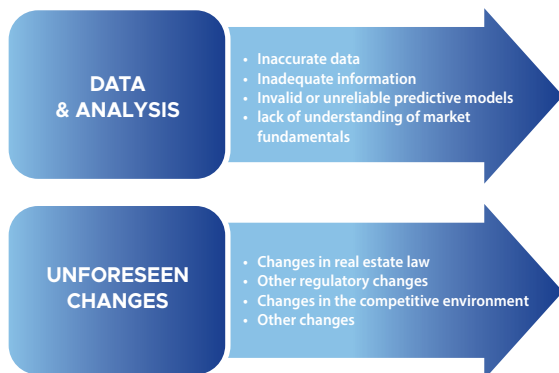
Real estate risks can be caused by many factors. To provide some structure, these factors can be grouped under several major categories as provided below:

CAUSES OF RISK IN REAL ESTATE

In the real estate sector, a company is exposed to risks at various levels some of which are within its control while many of them are not. Hence, a company must have a risk mitigation and management policy in place.

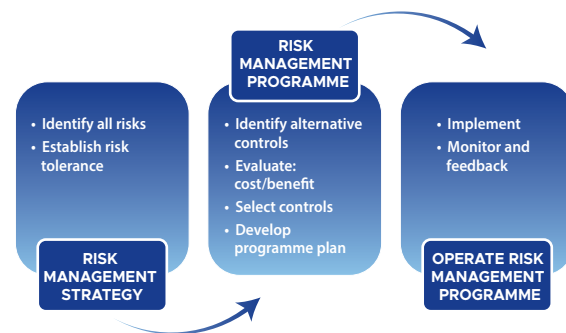
SOBHA has implemented an ERM programme through which it reviews and assesses significant risks on a regular basis to ensure that it has internal controls. This system includes:

- Policies and procedures,
- Communication, supervision, and continuous monitoring,
- Training programmes, and
- Processes for taking the issues to appropriate levels of the senior management.



RISK MANAGEMENT PROCESS:

The risk management process is another form of decision-making which can be understood through the risk management chart provided below:



This system helps the Company facilitate its abilities to respond appropriately to risks and in achieving its objectives and ensuring compliance with the applicable RERA law and its statutory obligations.

The principal risks and uncertainties that might affect the Company's business are identified below. The listing agreement with the stock exchanges mandates the identification, minimization, and periodical review of these risks and uncertainties. However, it is not possible for the Company to implement controls to adequately respond to all the risks that it may face and there can be no complete assurance provided that, the steps that it undertakes to address certain risks, including those listed below will manage these risks effectively or at all. The key risk factors are listed here to give a brief overview of the types of uncertainties that are prevailing in the existing scenario.

Risks which are beyond the Company's control include:

NATURAL AND MAN-MADE DISASTERS

Natural disasters include earthquakes, fires, droughts, floods, and pandemics (like Covid-19 or Spanish flu) and man-made disasters include acts of terrorism and war.

RISK CONTROL MECHANISMS

Insurance coverage is an appropriate way of managing disaster-related risks. Apart from a

sufficient insurance coverage, SOBHA also takes appropriate measures to ensure that the structural design of its buildings conforms to applicable construction standards in the various regions that it is operating in. The Company's properties are insured against natural risks like fire, floods, and earthquakes with periodical review of adequacy, rates, and risks covered under professional advice.

RISKS RELATED TO THE SECTOR

SALES MARKET RISKS

Modern day businesses including those in the real estate sector are customer centric and driven by market sentiment and competition. Though everyone aspires to own a home, there is a chance that the decision to purchase a house can be deferred due to certain changes in existing economic or market conditions.

LAND RELATED RISKS

For any construction company, land is a primary input and non-availability of an appropriate parcel of land at a strategic place at a reasonable price can lead to an increase in its prices. Such a situation with its resultant increase in the price of the land can have an adverse impact on the Company's performance. Further, availability of land, its use, and development are subject to approvals by various local authorities under applicable local laws and regulations. This makes the price of land volatile. A drop in land prices may erode the book value carrying the cost of land. This in turn could affect the Company's profitability.

OWNERSHIP AND LAND TITLE RISKS

Lack of information and low transparency coupled with age old property related issues and risk of legal disputes and their related costs are key risks in the real estate segment in India leading to the slackening of overall growth in the sector.

MACROECONOMIC RISKS

Interest rates, inflation, and exchange rate risks are among the important macroeconomic indicators which are subject to several factors which primarily have to do with the government, monetary and tax policies, domestic/international economic and political conditions, and other factors beyond a company's control. Changes in interest rates may increase a company's cost of borrowing and impact its profitability. These risk factors are a driving factor in the development of the real estate sector.

REGULATORY RISKS

Local, state, and central regulatory bodies control the real estate sector through laws and regulations governing the acquisition, construction, and development of land including zoning, permitted land use, fire safety standards, height of buildings, and access to water and other utilities. SOBHA's business is subject to all these laws and regulations. Any delay in obtaining an approval under these laws and regulations will expose the business to higher risks.

LEGAL RISKS

SOBHA is involved in some legal proceedings related to the land it owns and claims in relation to taxation matters. Any adverse decision here may have a significant effect on the Company's business, prospects, and financials.

POLITICAL RISKS

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

RISKS RELATED TO THE ECONOMY

An economic slowdown and uncertainty in the economic system like the natural risks associated with the construction sector are beyond the control of a company so also the risks that have to do with the economy. A sluggish economy or even recession in a specific industry such as IT/ITES can lead to a decrease in sales or market rates for residential projects. In extreme cases of an economic downturn, a company may also run the risk of customer insolvency though the registration of property happens only on the receipt of all the dues from a customer. These factors could decrease revenue generation from some or all a company's businesses, adversely effecting its business and future growth.

Further, uncertainties in the national or global economic scenario, a changing demographic profile of the country, and inflation also have a bearing on the functioning of a company operating in the real estate sector.

In India, a real estate company's business is dependent on the easy availability of finance. An

economic slowdown can result in fund shortages as lenders may want to act safe.

RISKS WHICH ARE IN SOBHA'S CONTROL

CUSTOMER RISKS

SOBHA operates in 10 cities which contribute to the Company's revenue. A significant portion of sales from its real estate operations is generated in Bengaluru. A decline in revenue in this real estate market or a shift in customer loyalty may have an adverse effect on its business and operating results.

The Contractual business depends solely on orders received from corporate entities for their construction requirements. A substantial portion of the revenue from Contractual projects is generated from major clients operating in the information technology sector. Due to the ongoing pandemic, most of the IT firms have provided work from home facility to their employees, which will impact demand in the commercial office segment. If these client either reduce or stop providing SOBHA contractual projects, or if there is a slowdown in the IT sector, this could adversely affect the Company's business.

BORROWING RISKS

Construction activities which are a major contributor to the Company's revenue are capital intensive and require significant expenditure on land acquisition and development. An efficient borrowing strategy has placed SOBHA ahead of its competition with respect to borrowing costs. However, SOBHA is subject to risks normally associated with debt financing and may be required to dedicate a portion of its cash flows to the repayment of its debt commitments. It may not be possible to generate adequate cash flows in certain extreme scenarios to service principal and interest payments. In certain cases, lenders also have the right to recall a loan. Such an event could impact SOBHA's liquidity and credit rating.

LIQUIDITY RISKS

The real estate industry has its own challenges and dynamics. The time required to liquidate a real estate property can vary depending on the quality and location of the property. Therefore, SOBHA may not be able to liquidate its assets promptly in response to economic, real estate market, or other conditions.

CREDIT RISKS

In most of the cases, SOBHA develops properties on a joint venture basis. Credit risks arise when its JV partners do not discharge their obligations and, in such circumstances, SOBHA may be required to make additional investments in a joint venture or become liable for the other party's obligations.

PROJECT IMPLEMENTATION RISKS

Real estate projects are vulnerable to several implementational problems such as regulatory compliances which may cause project start up delays, construction delays, cost over-runs, and unavailability of skilled labour, accidents, and quality gaps. SOBHA's operations may be unfavourably impacted if these risks are not mitigated on a real-time basis.

INPUT COST RISKS

Many times, operations of a real estate project are subject to budget over-runs due to several factors like increase in construction costs, growing sub-contracted service costs, and increase in labour costs. Increased operating expenses may affect SOBHA's profit margins if it is not able to sell the properties with desired margins. There is a chance of reduction in demand if the selling price of unsold properties is increased.

SUPPLY CHAIN RISKS

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

MANPOWER RISKS

The construction industry is highly dependent on its manpower and its ability to retain this manpower. Employee attrition could have an adverse impact on SOBHA's business. SOBHA's performance could also be affected if it is unable to identify, attract and retain key employees like engineers and architects.

COMPETITION RISKS

The residential real estate sector is highly competitive. Other developers undertaking similar projects within the same regional markets are in direct competition with SOBHA. Due to the fragmented nature of the real estate development business, adequate information about small and

medium level competitors' projects may not be available and SOBHA could run the risk of underestimating the supply in the market.

DIVERSIFICATION AND INVESTMENT RISKS

Though SOBHA is a backward integrated company, expanding into new businesses or new geographies exposes it to new risks such as low levels of familiarity with the development of properties in the specific area or market for the new project's development. Its competitors may be better known in these markets and may also enjoy better relationships with vendors/suppliers/landowners/joint-venture partners, and customers.

RISK CONTAINMENT STRATEGY AND MEASURES TAKEN FOR RISK MITIGATION

SOBHA always strives to produce customer centric and high-value products for quality conscious and niche customers. This is evident from the customer support that it got during the recent economic reforms initiated by the central Government. SOBHA's customers are not dependent on external resources and are able to manage their financial requirements internally.

The Company has a dedicated and robust in-house sales and marketing team which is entrusted with the task of generating enquiries for its products and transforming them into sales. This reduces dependency on external agents and brokers.

SOBHA also has a dedicated Customer Relationship Management (CRM) Department to cater to customer feedback, resolving their queries and grievances, addressing their issues, streamlining the purchase process, and receiving feedback. An online portal has been designed for customers on which they can share their views and check the status of the projects. The CRM Department's core responsibility is ensuring smooth and hassle-free transfer of products to the satisfaction of the customers.

Taking calculated risks is a part of all businesses. A business' growth depends on company's ability to absorb the risks related to the sector. After a careful evaluation of the risks SOBHA has been steadily expanding its geographic presence in the real estate domain. This diversification has reduced its dependency on a single market, Bangalore, which at one point accounted for all its sales. Bangalore now contributes only 65-70 per cent of its sales.

To avoid dependency on a single large client in the Contractual vertical, the Company is making a conscious effort to enlarge its corporate client base. Enlarging this client base includes tapping into a big pool of corporates and institutions to ensure that its dependency on any one client is reduced. Out of the projects currently underway, the share of contractual orders received from other clients has increased.

SOBHA has a proven track record in servicing its debt obligations. The gearing levels of the Company have been efficiently managed in previous financial years because of which the gearing ratio has come down. Every investment avenue is evaluated on the basis of the risks and rewards attached to it.

The Company takes strategic decisions with respect to land acquisition. Effective methodologies are in place for managing the land portfolio. Requisite due diligence is carried out before acquiring land or entering into partnerships for joint ventures or joint development.

SOBHA has adopted a standard process for ensuring product quality. Technology related to the industry is upgraded periodically by comparing it to global standards. This helps in minimizing implementation risks. The in-house Quality, Safety, and Technology Department is in-charge of addressing quality issues of the products.

Vendors supplying key materials have long-standing relationships with SOBHA. Since the Company is a backward integrated organization, key inputs are sourced in-house, reducing dependency on external suppliers.

Comparatively, the attrition rate in the Company is below the industry/sector average. To minimize attrition and for retaining talent, SOBHA has adopted effective and employee friendly policies.

SOBHA is confident that with the economic and sector specific reforms introduced by the government in the recent past, the outlook for long-term demand for the real estate sector in India is stable and positive. The emergence of Tier-II and Tier-III cities, urbanization, large-scale employment opportunities in Tier-II cities, and larger numbers of nuclear families will contribute to a substantial increase in demand for real estate and corporate space in the future.

The dedicated and strong in-house Legal Department at SOBHA along with outside experts, ensures the minimization of legal and regulatory

risks. The Company is a member of trade associations like CREDAI and is active in making joint representations to the government and regulators on common issues faced by the sector.

SOBHA'S foray into new geographies is based on a thorough analysis of prevailing market conditions and the regulatory environment. Several contractual projects have been

successfully executed in the cities and hence, there is a good understanding of the local factors at play. The Company also engages locally available manpower resources.

RISK INTERACTION

The risks faced by a company are not mutually exclusive.

The following table depicts the interplay of 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	✓	✓	✓	✓	-	-	✓	-	✓	-	✓	

VARIOUS RISKS FACED BY SOBHA AND THEIR LIKELIHOOD AND IMPACT

The Company has a Risk Management Committee for evaluating the risk of each category. The committee assists in identifying and assessing risks so that appropriate mitigation mechanisms can be devised. The Audit Committee reviews and advises the management on all categories of risks that the Company faces, the exposure in each category,

and the acceptable and appropriate levels of these exposures. It also monitors the steps taken by the management to control such exposures and ensures that the overall risk exposure is within the Company's risk capacity and risk appetite. The Company's Board of Directors is also apprised of the risks faced by the Company and timely risk management measures taken for mitigating them.

OPERATIONAL AND FINANCIAL ANALYSIS

As we close a rather turbulent financial year, it gives us immense pleasure to record one of our best operational and financial performance during financial year 2020-21. The Corona virus induced pandemic dented prospects and had a lasting impact on almost all the industries. Prospects of life, living, and growth were challenged as we crawled through the first quarter of FY-21. However, the situation eased during the second half of the financial year with demand and supply, labour material availability, and most importantly the introduction of multiple vaccines for Covid-19. Despite all the challenges at the macro level, SOBHA achieved the best ever sales volume during Q4 of FY-21 and improved on price realization in the successive quarters. During FY 2020-21, the Company achieved the highest ever sale value in its history for any financial year. This development is significant and gives SOBHA a direction that the demand story of the housing sector is here to stay, and we can hope for better performance in the coming years. It is also worth noting price realization which is improving over several quarters in the same light.

The ongoing pandemic and its 2nd wave with multiple mutants has gripped the globe with an unprecedented impact on life and living please see comment at the beginning. However, this situation has opened up avenues for professionally managed businesses. Business houses with a strong presence in the industry or sector that they are in have shown resilience during this tough macro-operational environment. Industry consolidation is happening at a rapid pace which augurs well for large listed players with the ability to tap the potential market space across geographies. However, caution needs to be exercised in view of the ongoing second wave of the pandemic which has sent stronger shock waves across industries.

Despite the second wave of the pandemic, intermittent lockdowns across the country, and restrictions on movement of goods, labour etc. SOBHA was able to deliver on all its project execution commitments. Its continued focus

on cash flow management and professional approach in this area resulted in efficient utilization of available resources and reduced the turnaround cycle which helped business operations greatly.

The Company is expected to do better in the coming financial years with customers showing confidence in the SOBHA brand, its exceptional execution capabilities, and reputation of quality products delivered on agreed timelines. This is also backed by the Company's strong new projects launch pipeline and expansion of operations into new cities as part of its geographic expansion plan. SOBHA believe that being a pioneer in the use of advanced operational methodologies, best practices in the sector, use of technology tools and greater digital presence, the Company should be able to perform better both financially and operationally in the coming years.

In this backdrop, SOBHA's financial and operational performance for 2020-21 is now presented.

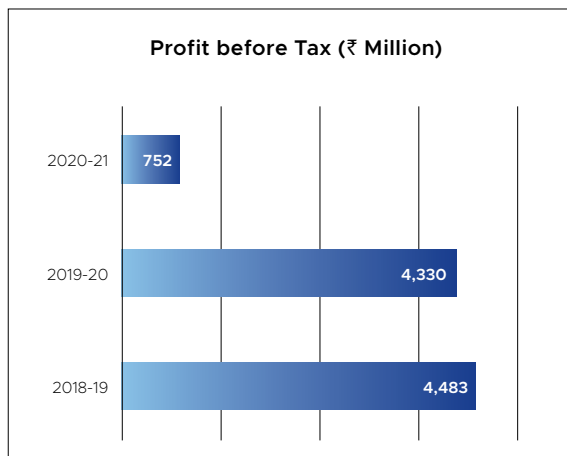
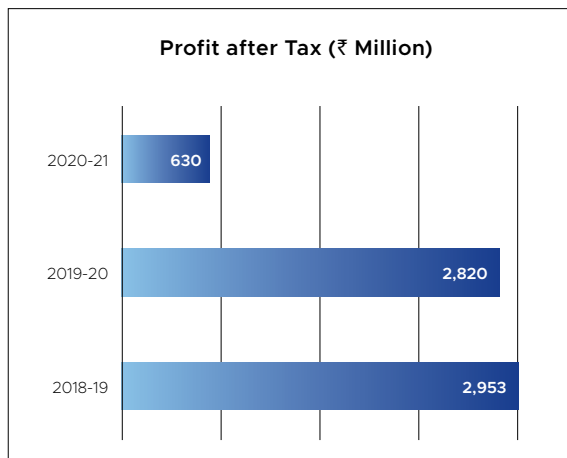
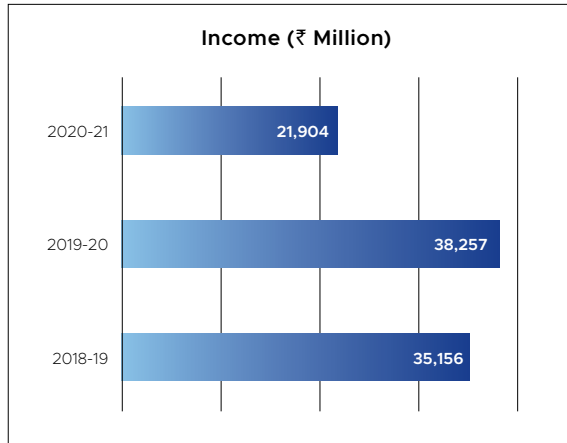
Following are the key financial takeaways for fiscal year 2020 –21:

- Registered a income of ₹21,904 million
- ₹13,103 million revenue from real estate operations
- ₹7,995 million in revenue from contracts and manufacturing operations.
- PBT of ₹752 million
- PAT of ₹630 million
- Collections of ₹30,769 million
- Net operational cash flows at ₹6,390 million
- Total sales value of ₹31,372 million with SOBHA's share of ₹24,759 million
- Total average price realization at ₹7,817 per square foot
- Debt Equity ratio as on March 31, 2021 is 1.17

On operational parameters, the Company has:

- Developed 112.30 million square feet of total area since its inception
- Execution of 35.75 million square feet of total area in progress

- Execution presence of Real Estate and Contractual projects in 27 cities covering 14 states in India
- Completed total developable area of 2.56 million square feet in the real estate and Contracts domain in 2020-21

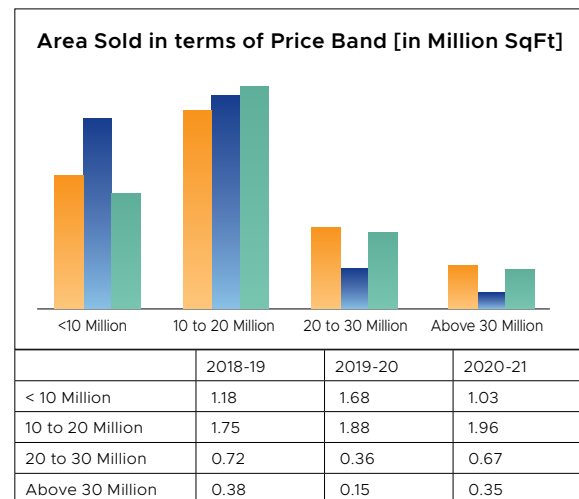
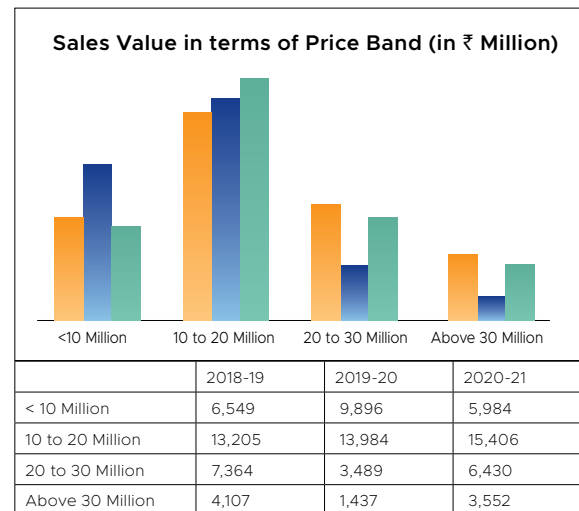


NEW SALES

SOBHA recorded considerable sales despite the challenging macro environment during 2020-21. The Covid-19 pandemic and its resulting impact on our lives has changed the way many businesses operate. This environment was used as an opportunity by the large players across the industry to ramp up their technological capabilities thereby reducing physical interactions. SOBHA's efforts in the digital marketing space gave fruitful results which are evident in its sales performance during 2020-21.

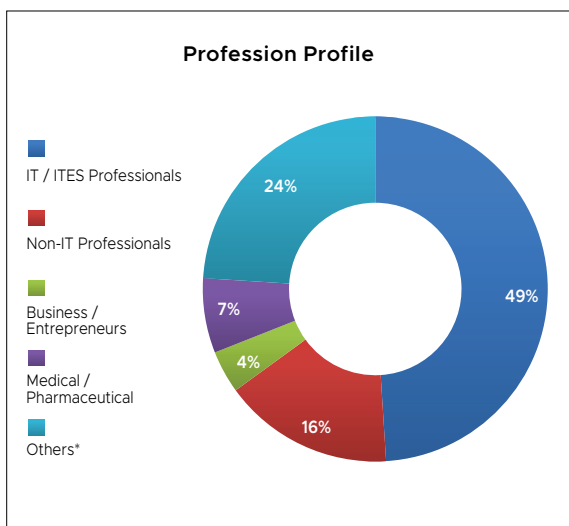
During the financial year, the Company registered new sales SBA of 4.01 million square feet valued at ₹31,372 million at an average price realization of ₹7,817 per square foot.

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

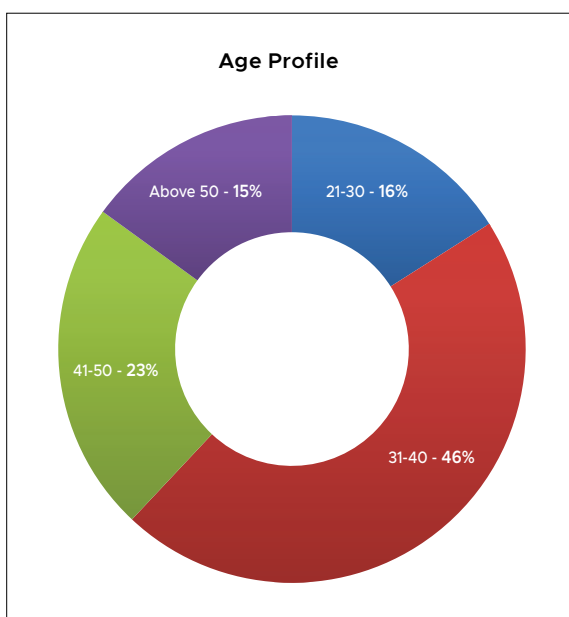


SOBHA'S CUSTOMERS:

The product-mix offered by the Company has been well accepted by its customers. The Company, on an ongoing basis, analyses its customer base and the analysis revealed that its customer profile has a healthy mix, comprising IT/ITES professionals, non-IT professionals, entrepreneurs, and professionals. About 65 per cent of its customers are in the salaried category, which includes 49 per cent from IT/ITES and 16 per cent from non-IT industries. In addition, 4 per cent of the Company's customers are from the business and entrepreneur category.

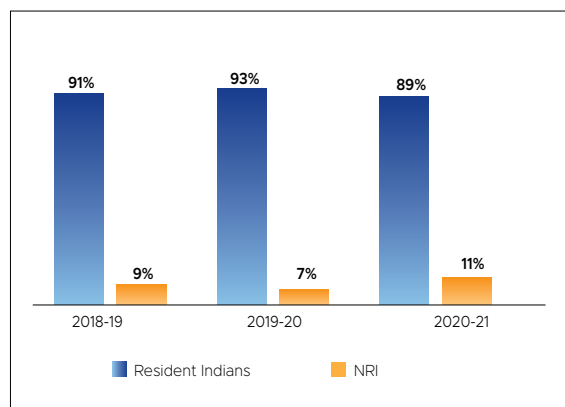


* Others include agriculturists, government employees etc.



SOBHA operates a representative office in Dubai and a branch office in Singapore to market its products among the NRI/NR community. However, resident Indians continue to dominate its overall customer profile.

A comparative position of the customer base is provided below:



REAL ESTATE

Customer centricity is at the core of SOBHA's business strategy in addition to the Company's ability to consistently deliver quality products in the real estate space. The Company's real estate operations are currently spread across 9 cities.

Performance of the real estate vertical:

₹ in million

Particulars	2020-21	2019-20	2018-19
Revenue	13,103	22,801	22,653
Share of Revenue (%)	60.19	59.59	64.43

PROJECT LAUNCHES

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

- SOBHA Athena Bangalore, a luxury project measuring a total saleable area of 0.12 million square feet.
- SOBHA Windsor Bangalore, a luxury project measuring total saleable area of 1.35 million square feet.
- SOBHA Metropolis in Thrissur, measuring a total saleable area of 1.17 million square feet.
- SOBHA Chartered Woodpecker Bangalore, under the development management model measuring a total saleable area of 0.25 million square feet.

In total, SOBHA launched new projects to the tune of 2.89 million square feet during financial year 2020-21. During Q4 of FY 2020-21, the Company opened its first flagship retail showroom under the 'metercube' brand with an area of 29,526 square feet at '1 SOBHA' commercial space in Bengaluru.

CONTRACTING

During 2020-21, the revenue from contracting and manufacturing divisions was impacted by the ongoing Corona virus induced pandemic. Revenue from this vertical contributed around 25 per cent to the Company's topline. The Contracts vertical has been executing orders ranging from civil structures, finishes, MEP work, metal and glazing work, and interior furnishings for various reputed clients. With 5.64 million square feet of contractual orders under progress and unbilled contractual orders of approximately ₹20.69 billion pending to be executed as at March 31, 2021, the Contractual operations will continue to be a source of steady revenue.

Performance of the Contracts vertical:

₹ in million

Particulars	2020-21	2019-20	2018-19
Revenue	5,325	10,181	8,331
Share of Revenue (%)	24.58	26.61	23.69

MANUFACTURING

SOBHA is pioneer in the real estate industry to integrate a self-reliant model of operations. The Company has the capabilities, skills, and resources to deliver a project from conceptualization to completion backed by this unique strength. It is known for its use of quality products and services required for the construction and development of a project and to meet desired quality and agreed delivery schedule. The construction material is manufactured in-house which helps to ensure that the products are superior in quality and the Company has a reduced dependence on external suppliers. The Company is ahead of the curve, with the Government of India pushing for self-reliant and self-sustained models of businesses and practices. The Company believes that this model has been one of the important factors in its successful execution track record without compromising on quality.

SOBHA's self-reliant model comprises of Glazing and Metal Works, Interiors and Furnishing Works and, Concrete Works, which supplements its core business of real estate and contracting. Each of these manufacturing divisions is a profit centre and is efficiently and professionally managed.

THE GLAZING AND METAL WORKS DIVISION

The Company owns one of the largest glazing and metal factories in India. The facility is spread over 7.3 acres of land with a 2,322 square metre (25,000 square feet) state-of-the-art manufacturing unit, with future expansion capability up to 11,148 square metres (120,000 square feet) space facility. The factory is equipped with advanced machineries like the CNC profile cutting machine, TIG welding machines, ACP routing machine, and milling machines. Apart from the Bangalore unit, the Company has established Glazing and Metal Works Divisions in Chennai and Sonapat. The products manufactured in these facilities include aluminium doors, windows, structural glazing, MS and SS metal fabrications, aluminium composite panels, SS cladding, architectural metal works, and pre-engineered buildings.

INTERIORS DIVISION

The Interiors and Furnishing Division is one of the largest wood working/joinery facilities in India. The division has two highly mechanized factories with total floor area of 2,55,000 square feet located at Bommasandra, Bangalore. The division is equipped with imported machinery from Spain, Italy, and Germany. The Company also has an Interiors Division in Alwar. The product range includes large scale corporate and residential interiors, solid wood veneer panelled doors and MDF panelled doors, customized joinery works like panelling, partitions, tables, loose furniture like chairs, sofas, and cots and modular kitchens.

CONCRETE PRODUCTS DIVISION

The Company has a fully automated Concrete Products Division which uses remote controlling systems. The manufacturing facility in Bangalore is spread over 32,000 square metres (8 acres) and manufactures concrete products of international quality. The unit has imported technologies from Germany (Masa Plant) and England. In addition, the Company has opened Concrete Products Divisions in Gurgaon and Pune also. The units are manufacturing ready-to-use products, including concrete blocks, pavers, kerb stones,

water drainage channels, paving slabs, and related landscapes. The facility has a production capacity of 28,000 of blocks/ day or 20 million landscaping products.

Performance of the Manufacturing vertical:

₹ in million

Sales	2020-21	2019-20	2018-19
Glazing and Metal Works Division	1,452	2,194	1,575
Interiors Division	799	1,871	1,429
Concrete Products Division	411	486	434
Total	2,662	4,551	3,438
Share of Revenue (%)	12.23	11.92	9.78

CASH FLOWS

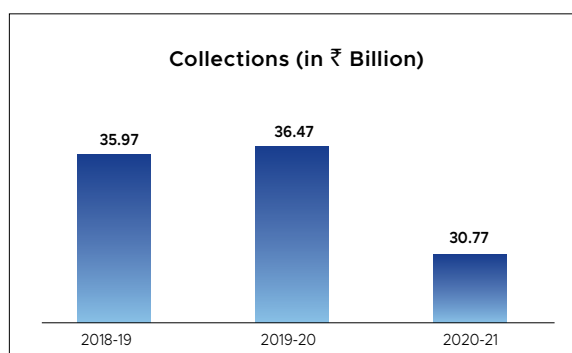
The cash flow summary for financial year 2020-21 under the direct cash flow method is as follows:

₹ in million

Particulars	2020-21
Operational Cash inflow	30,769
Operational Cash outflow	24,379
Net Operational Cash inflow	6,390
Financial Out Flow (Interest and Taxes)	2,830
Net Operational Cash inflow after Financial outflow	3,560
Net Cash flow	2,269

The Company collected ₹30,769 million during the year from its real estate, contractual, and manufacturing activities. After expending on construction expenses for real estate, contractual, manufacturing activities, and overheads, etc. the net operating cash inflows are ₹6,390 million. The Company recorded a net positive cash flow of ₹2,269 million.

The Company utilized ₹2,733 million towards meeting its financial obligations and ₹97 million for income tax.

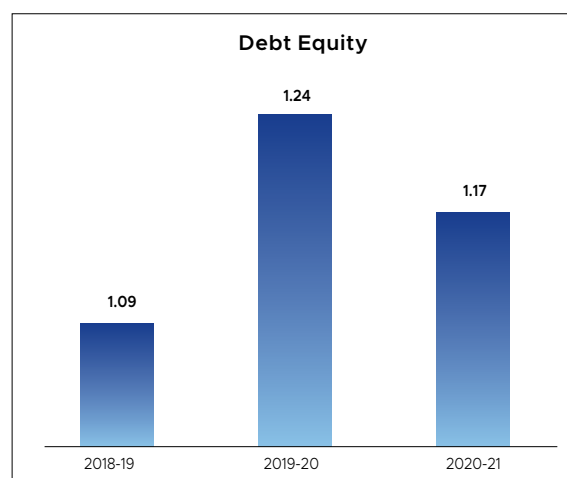
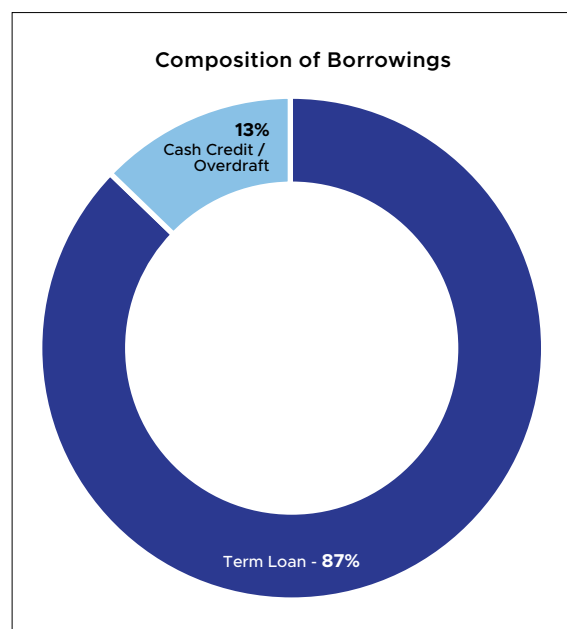


The Company spent ₹382 million towards land payments during the year. In addition, the Company incurred ₹150 million towards capex expenditure, ₹95 million as CSR contribution, and ₹664 million on dividend (including dividend tax).

DEBT

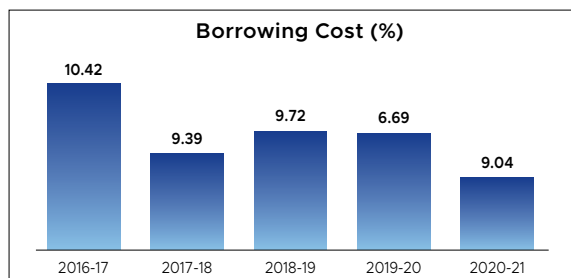
The Company seeks to maintain an optimum balance between low-cost debt and relatively higher cost equity. Debt financing is used for executing various projects - residential, commercial, and contractual.

As on March 31, 2021, the Company's net debt was ₹28,525 million as compared to ₹30,232 million in the previous year. The debt-equity ratio stood at 1.17 at the close of the financial year.



BORROWING COST:

As of March 2021, the average borrowing cost stood at 9.04 per cent.

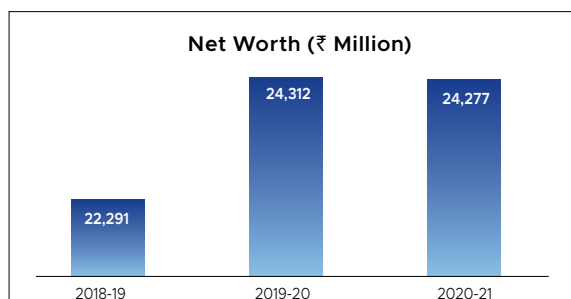


During the year, the Company's borrowings were rated by:

- CRISIL as 'A+' (Stable)
- India Ratings and Research (Ind-Ra) as 'IND AA-' (Stable)

NET WORTH

The Company's net worth as on March 31, 2021 was ₹24,277 million.



FIXED ASSETS

During financial year 2020-21, the gross addition to fixed assets was ₹370 million. This is about a 5 per cent addition year on year on account of investments in scaffolding items and additions to plant and machinery.

CURRENT ASSETS

During financial year 2020-21, the Company's current assets increased by ₹598 million as compared to the previous year.

CURRENT LIABILITIES

During financial year 2020-21, SOBHA's current liabilities increased by ₹842 million.

DIVIDEND

The Company aims to follow a consistent dividend pay-out while striving to achieve a trade-off between deployment of internal accruals for growth and the payment of dividend. The Company has been paying dividend in the range of 25 per cent- 35 per cent of its profits.

The Board of Directors has recommended a dividend of ₹3.50 per equity share for the year.

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER CERTIFICATE

[AS PER REGULATION 17 AND PART B OF SCHEDULE II OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015]

We certify that:

- A. We have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2021 and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee
- (1) significant changes in internal control over financial reporting during the financial year ended March 31, 2021;
 - (2) significant changes in accounting policies during the financial year ended March 31, 2021 and that the same have been disclosed in the notes to the financial statements; and
 - (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Bangalore
Date: June 22, 2021

Sd/-
Subhash Mohan Bhat
Chief Financial Officer

Sd/-
J C Sharma
Vice Chairman & Managing Director

INDEPENDENT AUDITORS' REPORT

To the Members of Sobha Limited Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Sobha Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2021, the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current year. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A. Inquiry from regulator - refer note 39 to the standalone financial statements

Key Audit Matter	How the matter was addressed in our audit
Assessment of certain transactions entered into by the Company and recoverability of balances, on which regulatory enquiries are ongoing	<p>Our audit procedures on the transactions included the following:</p> <ul style="list-style-type: none">• Inquired with senior personnel of the Company to understand the commercial rationale and status of aged receivables and other asset balances outstanding from these transactions;• Verified the correspondence with the various parties to recover the outstanding balance;• Verified the documentation entered into (including subsequent to the balance sheet date) with the parties relating to the various projects and recoverability of the dues;

INDEPENDENT AUDITORS' REPORT (continued)

Key Audit Matter (continued)

Key Audit Matter

The enquiries and consequently the Summons are directed to ascertain if there has been any undue favour towards any individual in these specific business transactions carried out by the Company.

These transactions represent aged receivables and other asset balances recoverable from the counter parties and SEBI has sought responses and evidences for the efforts taken by the Company to recover these amounts.

The Company has consistently responded to SEBI on these transactions and efforts taken by them to recover the outstanding dues and maintains their position that there is no undue favour to any party. The matter has not yet been concluded by SEBI.

Subsequent to the balance sheet date, the Company and the other parties to the transactions have agreed to a manner of settlement of the dues.

Considering the significance of the matter which involves uncertainty of outcome due to ongoing enquiries from SEBI and significant judgements and estimates by the Company on the realizability of these balances, this is considered as a key audit matter.

How the matter was addressed in our audit

- Read the Company's communication to SEBI to ensure consistency with the explanations and documentation / correspondences provided to us;
- Evaluated and challenged the Company's assessment of recoverability of the balances outstanding as at the balance sheet date and the business rationale for these transactions and the timing and manner of settlement, including considering the developments subsequent to the balance sheet date;
- Evaluated the legal opinion obtained by the Company on the enforceability of the documentation with the other parties for recovery of dues;
- Communicated and discussed periodic updates on these transactions to those charged with governance, including the recoverability and business rationale aspects for these transactions;
- Read the minutes of the meetings of the management discussions with the Board of Directors and those charged with governance on this matter; and
- Considered the adequacy of the disclosures in the standalone financial statements.

B. Revenue recognition - refer note 2.2(a)(ii)(a) to the standalone financial statements

Key Audit Matter

Measurement of revenue recorded from sale of residential units

Revenues from sale of residential units represents the largest portion of the total revenues of the Company.

How the matter was addressed in our audit

Our audit procedures on revenue recognition on sale of residential units included the following:

- Evaluation of the Company's accounting policies for revenue recognition on sale of residential units are in line with the applicable accounting standards and their application to customer contracts, including consistent application;
- Identifying and testing operating effectiveness of key controls around approvals of contracts, milestone billing, intimation of handover letters and controls over collection from customers; -

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Key Audit Matter (continued)

Key Audit Matter

Revenue is recognised upon transfer of control of residential units to customers for an amount which reflects the consideration the Company expects to receive in exchange for those units. The point of revenue recognition is normally based on the terms as included in the intimation for the handover of unit to the customer on completion of the project, post which the contract becomes non-cancellable by the parties. The Company records revenue at a point in time upon transfer of control of residential units to the customers.

Considering the volume of the Company's projects, spread across different regions within the country and the competitive business environment, there is a risk of revenue being recorded in an incorrect period (for example, through premature revenue recognition i.e. recording revenue prior to handover of unit to the customers or improperly shifting revenues to a later period) in order to present consistent financial results. Since revenue recognition has direct impact on the Company's profitability, there is a possibility of the Company being biased, hence this is considered as a key audit matter.

How the matter was addressed in our audit

- For samples selected, verifying the underlying documents – handover letter, sale agreement signed by the customer, handover intimation mail sent to the customer and the collections against the units sold;
- Cut-off procedures for recording of revenue in the relevant reporting period;
- Site visits during the year for selected projects to understand the scope, nature, status and progress of the projects; and
- Considering the adequacy of the disclosures in note 2.2(a)(ii)(a) to the standalone financial statements in respect of recognising revenue on sale of residential units.

C. Revenue recognition - refer note 3(b)(i) to the standalone financial statements

Key Audit Matter

Measurement of revenue on contractual construction projects recorded over time which is dependent on the estimates of the costs to complete

Revenue recognition from contractual projects represents a significant portion of the total revenues of the Company.

Revenue recognition from contractual projects involves significant estimates primarily pertaining to measurement of costs to complete the projects. Revenue from projects is recorded based on Company's assessment of the work completed, costs incurred and accrued and the estimate of the balance costs to complete.

How the matter was addressed in our audit

Our audit procedures on revenue recognition on contractual construction projects included the following:

- Evaluation of Company's accounting policies for revenue recognition on contractual projects are in line with the applicable accounting standards and their application to customer contracts, including consistent application;
- Identifying and testing operating effectiveness of key controls around budgeting of project cost, approval of purchase orders, recording of actual cost, raising of invoices and estimating the cost to complete the project;
- For samples selected during the year, verifying the underlying documents – contracts with customers, invoices raised and collections from the customers;

INDEPENDENT AUDITORS' REPORT (continued)

Key Audit Matter (continued)

Key Audit Matter

Due to inherent nature of the projects and significant judgment involved in the estimate of costs to complete, there is risk of overstatement or understatement of revenue, hence this is considered as a key audit matter.

How the matter was addressed in our audit

- Comparing the estimated costs to complete with the budgeted costs and analysis of the variances, if any;
- Sighting approvals for budgeted costs with the rationale for the changes;
- Assessment of costs incurred on projects, which is used by the Company to determine the percentage of completion;
- Considering the adequacy of the disclosures in note 3(b)(i) to the standalone financial statements in respect of judgements taken to recognise revenue for contractual projects; and
- Considering the adequacy of the disclosures in note 41 to the standalone financial statements in respect of revenue recognized, cost incurred, amount received/ retentions due from customers, work in progress, value of inventories and profit recognized till date.

D. Revenue recognition - refer note 2.2(a)(iii) to the standalone financial statements

Key Audit Matter

Measurement of revenue recorded from sale of manufactured products

Revenue is recognised upon transfer of control of products manufactured by the Company to customers for an amount which reflects the consideration the Company expects to receive in exchange for those products. The point of revenue recognition is normally upon transfer of control to the customer on delivery of product.

Considering the competitive business environment, there is a risk of revenue being overstated (for example, through premature revenue recognition i.e. recording revenue prior to transfer of control to the customers) or understated (for example, through improperly shifting revenues to a later period) in order to present consistent financial results.

How the matter was addressed in our audit

Our audit procedures on revenue recognition from sale of manufactured products included the following:

- Evaluation of Company's accounting policies for revenue recognition on sale of products manufactured, are in line with the applicable accounting standards and their application to agreement with customers, including consistent application;
- Identifying and testing operating effectiveness of key controls around approvals of sale order received, invoice raised, intimation of delivery of product, and controls over collection from customers;
- For samples selected, verifying the underlying documents – sales order, invoice raised, good received note authorised by the customer and the collections;
- Cut-off procedures for recording of revenue in the relevant reporting period; and

INDEPENDENT AUDITORS' REPORT (continued)

Key Audit Matter (continued)

Key Audit Matter

Since revenue recognition has direct impact on the Company's profitability, there is a possibility of the Company being biased, hence this is considered as a key audit matter.

How the matter was addressed in our audit

- Considering the adequacy of the disclosures in note 2.2(a)(iii) to the standalone financial statements in respect of recognizing revenue on sale of manufactured products.

E. Inventories - refer note 3(b)(iii) to the standalone financial statements

Key Audit Matter

Assessment of net realisable value (NRV) of inventories

Inventories on construction of residential units comprising ongoing and completed projects, initiated but unlaunched projects and land stock, represents a significant portion of the Company's total assets.

The Company recognises profit on the sale of each residential unit with reference to the overall profit margin depending upon the total cost incurred on the project. A project comprises multiple units, the construction of which is carried out over a number of years. The recognition of profit for sale of a unit, is therefore dependent on the estimate of future selling prices and construction costs. Further, estimation uncertainty and exposure to cyclicalities exists within long-term projects.

Forecasts of future sales are dependent on market conditions, which can be difficult to predict and be influenced by political and economic factors.

Considering the significance of the amount of carrying value of inventories and the involvement of significant estimation and judgement in assessment of NRV, this is considered as a key audit matter.

How the matter was addressed in our audit

Our audit procedures to assess the net realisable value (NRV) of inventories included the following:

- Enquiry with the Company's personnel to understand the basis of computation and justification for the estimated recoverable amounts of the unsold units in both ongoing and completed projects ("the NRV assessment");
- Assessing the Company's valuation methodology for the key estimates, data inputs and assumptions adopted in the valuation. This involved comparing the total cost per sqft with expected average selling prices such as recently transacted prices maintained by the Company. For projects which are not launched and / (or) there are no sales, the total cost per sqft is compared to the selling prices of similar properties located in nearby vicinity of each project
- While analyzing the expected average selling price, we have performed a sensitivity analysis on the selling price and compared this to the budgeted cost;
- For our samples of land stock, obtained the fair valuation reports and published guidance values for assessing the valuation methodology, key estimates and assumptions adopted in the valuation; and
- Verifying the NRV assessment and comparing the estimated construction costs to complete each development with the Company's updated budgets.

INDEPENDENT AUDITORS' REPORT (continued)

Key Audit Matter (continued)

F. Land Advances - refer note 3(b)(iii) to the standalone financial statements

Key Audit Matter

Assessment of recoverability of land advances

Land advances represents a significant portion of the Company's total assets.

Land advance represents the amount paid towards procurement of land parcels to be used in the future for construction of residential projects. These advances are carried at cost less impairment losses. These land advances are converted into land stock as per the terms of the underlying contracts under which these land advances have been given. The carrying value of advances are tested for recoverability by the Company by comparing the valuation of land parcels in the same area for which land advances have been given.

Due to quantum of carrying value of land advances to total assets of the Company and significant estimates and judgements involved in assessing recoverability of land advances, this is considered as a key audit matter.

How the matter was addressed in our audit

Our audit procedures to assess the recoverability of land advances included the following:

- Enquiry with the Company's personnel on the process of providing land advances and testing of key controls over such land advances paid during the year;
- Enquiry with the Company's personnel also covered obtaining explanations on the long-standing land advances and understanding Company's plan for conversion of the land advances to land stock;
- For our samples, verifying the underlying agreements or Memorandum of understanding in possession of the Company, based on which land advances were given, to assess the Company's rights over the land parcels in subject;
- For our samples, obtaining the fair valuation reports of such land parcels for assessing the valuation methodology, key estimates and assumptions adopted in the valuation; and
- For our samples, verifying the published guidance values for the area in which these land parcels are situated.

Information Other than the Standalone Financial Statements and Auditors' Report Thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows

INDEPENDENT AUDITORS' REPORT (Continued)

Auditor's Responsibilities of the Auditor of the Standalone Financial Statements

of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including

INDEPENDENT AUDITORS' REPORT (Continued)

Auditor's Responsibilities of the Auditor of the Standalone Financial Statements

the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
 - e. On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its standalone financial statements - Refer Note 39 to the standalone financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

INDEPENDENT AUDITORS' REPORT (Continued)

Auditor's Responsibilities of the Auditor of the Standalone Financial Statements

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
- iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali

Partner

Membership number: 065155

UDIN: 21065155AAAADI7042

Place: Bengaluru

Date: 22 June 2021

Annexure A to the Independent Auditors' Report on the standalone financial statements of Sobha Limited ('the Company')

With reference to the **Annexure A** referred to in the Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2021, we report the following:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of 3 years, except scaffolding items. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified during the year and no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The Company's inventory includes construction work-in-progress. The requirements under paragraph 3(ii) of the Order are not applicable for construction work-in-progress. The other inventory comprising of raw material and finished goods has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between physical stock and the book records were not material and not adjusted in the books of accounts;
- (iii) The Company has granted unsecured loans to three companies covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act').
 - (a) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the rate of interest and other terms and conditions of unsecured loans granted by the Company to companies covered in the register required to be maintained under Section 189 of the Act are not, prima facie, prejudicial to the interest of the Company.
 - (b) According to the information and explanations given to us and based on the audit procedures conducted by us, the unsecured loans granted to the companies and the interest thereon are repayable on demand or repayable as per contractual terms of the respective agreements. The borrowers have been regular in payment of principal and interest as demanded or as per contractual terms, as applicable.
 - (c) There are no overdue amounts of more than 90 days in respect of the unsecured loans granted to companies by the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act, with respect to loans given, investments made and guarantees given. Further, there are no security given in respect of which provisions of Sections 185 and 186 of the Act are applicable.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules

Annexure A to the Independent Auditors' Report on the standalone financial statements of Sobha Limited ('the Company') (continued)

prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of the construction industry and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

- (vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees state insurance, income-tax, goods and service tax, duty of customs, cess and any other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. As explained to us, the Company did not have any dues on account of sales-tax, service-tax, duty of excise and value added tax during the year.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income-tax, goods and service tax, duty of customs, cess and any other material statutory dues were in arrears, as at 31 March 2021, for a period of more than six months from the date they became payable. As explained to us, the Company did not have any dues on account of sales-tax, service-tax, duty of excise and value added tax during the year.

- (b) According to the information and explanations given to us, there are no dues of income-tax or duty of customs or sales tax or service-tax or duty of excise or value added tax which have not been deposited by the Company on account of disputes except for the following:

Nature of 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	2.05	2002-05	High Court of Andhra Pradesh
Karnataka Sales Tax Act	Basis of charge of sales tax	127.27	2007-08	High Court of Karnataka
Karnataka Sales Tax Act	Basis of charge of sales tax	25.60	2008-09	High Court of Karnataka
Karnataka Sales Tax Act	Basis of charge of sales tax	27.62	2009-10	High Court of Karnataka
Karnataka Sales Tax Act	Basis of charge of sales tax	67.71	2010-11	High Court of Karnataka
Karnataka Sales Tax Act	Basis of charge of sales tax	43.97	2011-12	High Court of Karnataka
Karnataka Sales Tax Act	Basis of charge of sales tax	64.63	2013-14	High Court of Karnataka
Karnataka Sales Tax Act	Basis of charge of sales tax	43.52	2014-15	High Court of Karnataka
Karnataka Sales Tax Act	Basis of charge of sales tax	11.71	2012-13	High Court of Karnataka
Karnataka Sales Tax Act	Basis of charge of sales tax	7.19	2016-17	High Court of Karnataka
Kerala Sales Tax Act	Basis of charge of sales tax	28.57	2013-14	District Commissioner - (Appeals) Thiruvananthapuram
Kerala Sales Tax Act	Basis of charge of sales tax	20.97	2012-13	District Commissioner - (Appeals) Thiruvananthapuram

Annexure A to the Independent Auditors' Report on the standalone financial statements of Sobha Limited ('the Company') (continued)

Nature of statute	Nature of dues	Amount (₹ in million) *	Period to which amount relates	Forum where dispute is pending
Kerala Sales Tax Act	Basis of charge of sales tax	192.02	2014-15	District Commissioner - (Appeals) Thiruvananthapuram
Haryana Sales Tax Act	Basis of charge of sales tax	1.28	2011-12	Commissioner Appeal, Gurgaon
Haryana Sales Tax Act	Basis of charge of sales tax	43.25	2015-16	Commissioner Appeal, Gurgaon
Haryana VAT Act	Basis of charge of sales tax	2.36	2017-18	Excise and Taxation Commissioner
Maharashtra Value Added Tax Act	Basis of charge of sales tax	5.87	2008-09	Joint Commissioner of Sales Tax appeal, Pune
Maharashtra Value Added Tax Act	Basis of charge of sales tax	6.22	2010-11	Joint Commissioner of Sales Tax appeal, Pune
Maharashtra Value Added Tax Act	Basis of charge of sales tax	1.43	2010-11	Joint Commissioner of Sales Tax appeal, Pune
Maharashtra Value Added Tax Act	Basis of charge of sales tax	0.34	2008-09	Joint Commissioner of Sales Tax appeal, Pune
Maharashtra Value Added Tax Act	Basis of charge of sales tax	0.38	2011-12	Commissioner of Central Tax, Pune
Maharashtra Value Added Tax Act	Basis of charge of sales tax	0.85	2011-12	Commissioner of Central Tax, Pune
Maharashtra Value Added Tax Act	Basis of charge of sales tax	0.51	2014-15	Commissioner of Central Tax, Pune
Maharashtra Value Added Tax Act	Basis of charge of sales tax	0.93	2016-17	Commissioner of Central Tax, Pune
Kolkata Value Added Tax Act	Basis of charge of sales tax	1	2009-10	West Bengal Commercial Taxes appellate, Kolkata
Finance Act, 1994 (service tax provisions)	Service tax demand	343.09	2006-12	Central Excise and Service Tax Appellate Tribunal, Bangalore
Finance Act, 1994 (service tax provisions)	Service tax demand	91.47	2008-16	Commissioner of Central Tax, GST Commissioner, Bangalore
Excise duty	Excise duty demand	6.00	2013-15	Central Excise and Service Tax Appellate Tribunal, Bangalore
Customs Act, 1962	Differential tax treatment	1.27	2010-11	Central Excise and Service Tax Appellate Tribunal, Bangalore
Income tax Act	Disallowance	153.21	2005-08	Assistant Commissioner of Income tax, Bangalore
Income tax Act	Disallowance	23.07	2007-15	Income Tax Appellate Tribunal, Bangalore

*Net of Rs. 337.15 million in total paid under protest

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions and banks during the year. The Company did not have any outstanding loans or borrowings from government or dues to debenture holders during the year.
- (ix) According to the information and explanations given to us and based on examination of the records of the Company, the term loans obtained during the year were applied for the purpose for which they

Annexure A to the Independent Auditors' Report on the standalone financial statements of Sobha Limited ('the Company') (continued)

were obtained. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.

- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.
- (xi) According to the information and explanations given to us and based on examination of the records of the Company, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of all transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered non-cash transactions with directors or persons connected with him.
- (xvi) According to the information and explanation given to us and in our opinion the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali

Partner

Membership number: 065155

UDIN: 21065155AAAADI7042

Place: Bengaluru

Date: 22 June 2021

Annexure B to the Independent Auditors' report on the standalone financial statements of Sobha Limited ('the Company') for the year ended 31 March 2021

Report on the Internal Financial Controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (A) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to standalone financial statements of Sobha Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

Annexure B to the Independent Auditors' report on the standalone financial statements of Sobha Limited ('the Company') for the year ended 31 March 2021 (continued)

Meaning of Internal Financial controls with Reference to Standalone Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Standalone Financial Statements

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

for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali

Partner

Membership number: 065155

UDIN: 21065155AAAADI7042

Place: Bengaluru

Date: 22 June 2021

SOBHA LIMITED

STANDALONE BALANCE SHEET

		in ₹ million	
Particulars	Note	As at 31 March 2021	As at 31 March 2020
Assets			
Non-current assets			
Property, plant and equipment	4	2,647.77	2,841.75
Investment property	5	1,691.59	-
Investment property under construction	6	700.58	2,323.14
Intangible assets	7	0.21	0.38
Right of use assets	8	245.99	128.19
Financial assets			
Investments	10	3,975.63	3,674.05
Trade receivables	11	423.99	141.02
Other non-current financial assets	12	1,414.40	249.28
Other non-current assets	13	5,200.77	5,283.17
		16,300.93	14,640.98
Current assets			
Inventories	9	67,515.27	64,235.06
Financial assets			
Trade receivables	11	1,934.98	3,521.91
Cash and cash equivalents	14	1,572.88	597.48
Bank balance other than cash and cash equivalents	15	392.61	207.02
Other current financial assets	12	6,021.52	8,486.99
Other current assets	13	13,802.75	13,742.05
		91,240.01	90,790.51
Total assets		107,540.94	105,431.49
Equity and liabilities			
Equity			
Equity share capital	16	948.46	948.46
Other equity	17	21,922.28	21,924.31
Equity attributable to owners of the Company		22,870.74	22,872.77
Non-controlling interest		-	-
Total equity		22,870.74	22,872.77
Non-current liabilities			
Financial liabilities			
Borrowings	19	2,767.76	1,575.38
Lease liabilities	19	67.97	60.64
Provisions	21	151.46	144.67
Deferred tax liabilities (net)	22	258.67	264.02
		3,245.86	2,044.71
Current liabilities			
Financial liabilities			
Borrowings	19	26,104.02	28,345.05
Lease liabilities	19	61.98	73.56
Trade payables			
Total outstanding dues of micro enterprises and small enterprises; and	23	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	23	7,339.81	9,596.51
Other current financial liabilities	20	5,644.09	4,287.08
Other current liabilities	24	42,048.86	37,791.39
Provisions	21	138.50	151.39
Liabilities for current tax (net)	22	87.08	269.03
		81,424.34	80,514.01
Total liabilities		84,670.20	82,558.72
Total equity and liabilities		107,540.94	105,431.49
Summary of significant accounting policies	2.2		

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

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali

Partner

Membership No.: 065155

Place: Bengaluru, India

Date: 22 June 2021

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

Ravi PNC Menon

Chairman

DIN: 02070036

Subhash Bhat

Chief Financial Officer

Place: Bengaluru, India

Date: 22 June 2021

T P Seetharam

Whole-time Director

DIN: 08391622

Vigneshwar G Bhat

Company Secretary and Compliance Officer

SOBHA LIMITED

STANDALONE STATEMENT OF PROFIT AND LOSS

in ₹ million

Particulars	Note	For the year ended 31 March 2021"	For the year ended 31 March 2020"
Income			
Revenue from operations	25	20,966.96	37,558.40
Finance income	27	451.73	446.70
Other income	26	492.82	299.77
Total income		21,911.51	38,304.87
Expenses			
Land purchase cost		2,148.20	4,257.15
Cost of raw materials and components consumed	28	1,861.96	3,001.53
Purchase of project materials		4,009.55	7,296.54
Changes in Inventories of Raw materials, Land stock, Work in progress, Stock in trade and Finished goods	29	(3,383.09)	(3,164.09)
Subcontractor and other charges		5,093.60	8,832.71
Employee benefits expense	30	1,771.27	2,464.19
Finance costs	34	5,759.58	6,732.28
Depreciation and amortization expense	31	754.96	673.52
Other expenses	32	3,148.84	3,800.26
Total expenses		21,164.87	33,894.09
Profit before tax		746.64	4,410.78
Tax expenses			
Current tax	22	98.78	444.49
Deferred tax (credit) /charge	22	(7.53)	1,071.50
Income tax expense		91.25	1,515.99
Profit for the year		655.39	2,894.79
Other comprehensive income			
Item that will not be reclassified to profit or loss in subsequent periods:			
Re-measurement on defined benefit plan	37	6.50	4.61
Other comprehensive income for the year, net of tax		6.50	4.61
Total comprehensive income for the year		661.89	2,899.40
Earnings per equity share [nominal value of ₹ 10 fully paid (31 March 2020 - ₹ 10 fully paid)]			
Basic and diluted (amount in ₹)	38	6.91	30.52
Summary of significant accounting policies	2.2		

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

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali

Partner

Membership No.: 065155

Place: Bengaluru, India

Date: 22 June 2021

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

Ravi PNC Menon

Chairman

DIN: 02070036

Subhash Bhat

Chief Financial Officer

Place: Bengaluru, India

Date: 22 June 2021

T P Seetharam

Whole-time Director

DIN: 08391622

Vighneshwar G Bhat

Company Secretary and Compliance Officer

SOBHA LIMITED

STANDALONE STATEMENT OF CHANGES IN EQUITY

a. Equity share capital

	No. of shares in million	Amount in ₹ million
Equity shares of ₹ 10 each issued, subscribed and fully paid		
Balance as at 1 April 2019	94.84	948.46
Balance as at 31 March 2020	94.84	948.46
Balance as at 1 April 2020	94.84	948.46
Balance as at 31 March 2021	94.84	948.46

b. Other equity

	Attributable to owners of the Company						in ₹ million
	Reserves and Surplus					Items of OCI	Total
	Capital redemption reserve	Securities premium	Debenture redemption reserve	General reserve	Retained earnings	Other items of OCI	
As at 1 April 2019	119.47	9,328.92	300.22	3,530.59	6,558.55	(12.45)	19,825.30
Profit for the year	-	-	-	-	2,894.79	-	2,894.79
Other comprehensive income (net of tax)	-	-	-	-	-	4.61	4.61
Total comprehensive income	119.47	9,328.92	300.22	3,530.59	9,453.34	(7.84)	22,724.70
Transfer to other reserves							
Debenture redemption reserve	-	-	49.82	-	(49.82)	-	-
Debentures redeemed during the year	-	-	(350.04)	350.04	-	-	-
General reserve	-	-	-	289.48	(289.48)	-	-
Total transfer to other reserves	-	-	(300.22)	639.52	(339.30)	-	-
Transaction with owners, recorded directly in equity							
Distribution to owners							
Dividend (including dividend distribution tax) refer note 18	-	-	-	-	(800.39)	-	(800.39)
Total distribution to owners	-	-	-	-	(800.39)	-	(800.39)
As at 31 March 2020	119.47	9,328.92	-	4,170.11	8,313.65	(7.84)	21,924.31
As at 1 April 2020	119.47	9,328.92	-	4,170.11	8,313.65	(7.84)	21,924.31
Profit for the year	-	-	-	-	655.39	-	655.39
Other comprehensive income (net of tax)	-	-	-	-	-	6.50	6.50
Total comprehensive income	119.47	9,328.92	-	4,170.11	8,969.04	(1.34)	22,586.20
Transfer to other reserves							
General reserve	-	-	-	65.54	(65.54)	-	-
Total transfer to other reserves	-	-	-	65.54	(65.54)	-	-
Transaction with owners, recorded directly in equity							
Distribution to owners							
Dividend (including dividend distribution tax) refer note 18	-	-	-	-	(663.92)	-	(663.92)
Total distribution to owners	-	-	-	-	(663.92)	-	(663.92)
As at 31 March 2021	119.47	9,328.92	-	4,235.65	8,239.58	(1.34)	21,922.28
Summary of significant accounting policies	2.2						

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

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali

Partner

Membership No.: 065155

Place: Bengaluru, India

Date: 22 June 2021

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

Ravi PNC Menon

Chairman

DIN: 02070036

Subhash Bhat

Chief Financial Officer

Place: Bengaluru, India

Date: 22 June 2021

T P Seetharam

Whole-time Director

DIN: 08391622

Vighneshwar G Bhat

Company Secretary and Compliance Officer

SOBHA LIMITED

STANDALONE STATEMENT OF CASH FLOWS

in ₹ million		
Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Cash flows from operating activities		
Profit before tax	746.64	4,410.78
Adjustments to reconcile profit before tax to net cash flows from operating activities		
Depreciation and amortization expense	656.30	673.52
Depreciation of investment properties	98.66	-
Gain on sale of property, plant and equipment	(1.69)	(4.41)
Finance income (including fair value change in financial instruments)	(451.73)	(446.70)
Finance costs (including fair value change in financial instruments)	5,759.58	6,513.00
Allowance for credit loss	191.70	239.33
Share of profit from sale of interest in partnership firm	(144.25)	-
Share of (profit)/ loss from investment in partnership firm	(138.43)	(16.84)
Working capital adjustments		
Decrease / (Increase) in trade receivables	1,299.97	(647.55)
Increase in inventories	(3,280.21)	(3,022.53)
Decrease / (Increase) in other financial assets	1,388.32	(2,303.41)
Decrease in other assets	53.83	3,255.92
Decrease in trade payables and other financial liabilities	(1,223.81)	(1,723.21)
(Decrease) / Increase in provisions	(6.10)	24.88
Increase/(decrease) in other non-financial liabilities	1,742.50	(5,098.34)
Cash generated from operating activities	6,691.28	1,854.44
Income tax paid (net of refund)	(280.73)	(1,029.43)
Net cash flows from/ (used in) operating activities (A)	6,410.55	825.01
Cash flows from investing activities		
Purchase of property, plant and equipment	(444.73)	(1,129.62)
Proceeds from sale of property, plant and equipment	2.03	4.93
Proceeds from sale of interest in partnership firm	144.25	-
Investment in subsidiary	-	(10.00)
Loan to subsidiaries	(126.77)	(176.68)
(Contribution to) / proceeds from partnership current account	(440.01)	482.01
Investments in fixed deposits (net)	(184.04)	(127.19)
Interest received	132.26	108.46
Net cash flows used in investing activities (B)	(917.01)	(848.09)
Cash flows from financing activities		
Proceeds from long-term borrowings	1,718.45	-
Repayment of long-term borrowings	(174.73)	(1,624.98)
Proceeds from short-term borrowings	14,167.21	24,689.22
Repayment of short-term borrowings	(16,436.47)	(19,985.24)
Lease payments	(22.70)	(50.06)
Finance cost paid	(3,105.80)	(3,213.08)
Dividend paid on equity shares	(664.10)	(663.74)
Tax on dividend paid	-	(136.47)
Net cash flows used in financing activities (C)	(4,518.14)	(984.35)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	975.40	(1,007.43)
Cash and cash equivalents at the beginning of the year (refer note 14)	597.48	1,604.91
Cash and cash equivalents at the end of the year (refer note 14)	1,572.88	597.48
Summary of significant accounting policies	2.2	

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

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali

Partner

Membership No.: 065155

Place: Bengaluru, India

Date: 22 June 2021

for and on behalf of the Board of Directors of

Sobha Limited

Ravi PNC Menon

Chairman

DIN: 02070036

Subhash Bhat

Chief Financial Officer

Place: Bengaluru, India

Date: 22 June 2021

T P Seetharam

Whole-time Director

DIN: 08391622

Vighneshwar G Bhat

Company Secretary and Compliance Officer

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1 Corporate information

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

The Company is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The registered office is located at Bangalore. The Company's shares and debentures are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

The standalone financial statements are approved for issue by the Company's Board of Directors on 22 June 2021.

2 Significant accounting policies

2.1 Basis of preparation

These financial statements are separate financial statements prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provision of the Act.

The standalone financial statements have been prepared on the historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

The standalone financial statements are presented in ₹ and all values are rounded to the nearest millions, except when otherwise indicated.

2.2 Summary of significant accounting policies

a) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue includes excise duty, since the recovery of excise duty flows to the Company on its own account. However, sales tax/ value added tax (VAT)/Goods and Services Tax(GST) is not received by the Company on its own account. These taxes are collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

i. Recognition of revenue from contractual projects

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

ii. Recognition of revenue from real estate projects

a. Recognition of revenue from property development

Revenue is recognized upon transfer of control of residential units to customers, in an amount that reflects the consideration the Company expects to receive in exchange for those residential units. The Company shall determine the performance obligations associated with the contract with customers at contract inception and also determine whether they satisfy the performance obligation over time or at a point in time. In case of residential units, the Company satisfies the performance obligation and recognises revenue at a point in time i.e., upon handover/deemed handover of the residential units.

Deemed handover of the residential units is considered upon intimation to the customers about receipt of occupancy certificate and receipt of total sale consideration.

To estimate the transaction price in a contract, the Company adjusts the promised amount of consideration for the time value of money if that contract contains a significant financing component. The Company when adjusting the promised amount of consideration for a significant financing component is to recognise revenue at an amount that reflects the cash selling price of the transferred residential unit.

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

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

iii. Recognition of revenue from manufacturing division

Revenue from sale of materials is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which coincides with dispatch of goods to the customers. Service income is recognised on the basis of completion of a physical proportion of the contract work/ based upon the contracts/ agreements entered into by the Company with its customers.

iv. Dividend income

Revenue is recognised when the shareholders' or unit holders' right to receive payment is established, which is generally when shareholder approve the dividend.

v. Share in profits of partnership firm investments

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

vi. Interest income

Interest income, including income arising from other financial instruments, is recognised using the effective interest rate method.

b) Property, plant and equipment

Property, plant and equipment are stated at their cost of acquisition/construction, net of

accumulated depreciation and impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

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

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the property, plant and equipment is derecognised.

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the statement of profit and loss.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

c) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in statement of profit and loss as incurred.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from

their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in statement of profit and loss in the period of derecognition.

d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets, comprising of software and intellectual property rights are amortized on a straight line basis over a period of 3 years, which is estimated to be the useful life of the asset and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

e) Depreciation on property, plant and equipment

Depreciation is calculated on written down value basis using the following useful lives prescribed under Schedule II of the Act, except where specified.

Particulars	Useful lives estimated by the management (in years)
Property, plant and equipment	
Factory buildings	30
Buildings - other than factory buildings	60
Buildings - temporary structure for precast plant	8
Buildings - temporary structure	3
Plant and machinery	
i. General plant and machinery	15
ii. Plant and machinery - Civil construction	12
iii. Plant and machinery - Electrical installations	10
Furniture and fixtures	10
Motor vehicles	8
Computers	
i. Computer equipment	3
ii. Servers and network equipment	6
Office equipment	5
Investment property	
Buildings - other than factory buildings	60
Plant and machinery	
i. General plant and machinery	15
ii. Plant and machinery - Civil construction	12
iii. Plant and Machinery - Electrical installations	10
Furniture and fixtures	10

Steel scaffolding items are depreciated using straight line method over a period of 6 years, which is estimated to be the useful life of the asset by the management based on planned usage and technical advice thereon. These lives are higher than those indicated in Schedule II.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

f) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that any non-financial asset may be impaired. If any indication exists, or when annual impairment testing for a non-financial asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss.

g) Impairment of financial assets

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

h) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

The Group classifies all other liabilities as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The real estate development projects undertaken by the Group generally run over a period ranging up to 5 years. Operating assets and liabilities relating to such projects are classified as current based on an operating cycle of up to 5 years. Borrowings in connection with such projects are classified as short-term (i.e. current) since they are payable over the term of the respective projects.

Assets and liabilities, other than those discussed above, are classified as current to the extent they are expected to be realised / are contractually repayable within 12 months from the balance sheet date and as non-current, in other cases.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

i) Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

j) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets

not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Classification and subsequent measurement

On initial recognition, financial asset is classified as measured at:

- amortised cost
- fair value through other comprehensive income (FVTOCI) - debt investment
- fair value through other comprehensive income (FVTOCI) - equity investment
- fair value through profit or loss (FVTPL)

Financial assets at amortised cost

A 'financial asset' is measured at the amortised cost if both the following conditions are met and is not designated as FVTPL:

- a) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

Debt investment at Fair value through Other comprehensive income (FVTOCI)

A 'Debt investment' is classified as at the FVTOCI if both of the following criteria are met and is not designated as FVTPL:

- a) the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt investment included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI)

Financial assets at Fair Value Through Profit or Loss (FVTPL)

FVTPL is a residual category for financial assets. Any financial assets, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. financial assets included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss. In addition, the Company may elect to designate a financial asset, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any financial asset as at FVTPL.

Equity investments in subsidiaries and joint ventures

The Company has availed the option available in Ind AS 27 separate financial statements to carry its investment in subsidiaries and joint ventures at cost. Impairment recognized, if any, is reduced from the carrying value.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Classification, subsequent measurement and gains and losses

The financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading or it is as derivative or designated as such on initial recognition. Financial liabilities measured as FVTPL are measured at fair value and net gains or losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

k) Borrowing costs

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

l) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

m) Employee benefits

i. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

ii. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income (OCI). The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and

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other expenses related to defined benefit plans are recognised in the statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The Company makes contributions to Sobha Developers Employees Gratuity Trust ('the trust') to discharge the gratuity liability to employees. Provision towards gratuity, a defined benefit plan, is made for the difference between actuarial valuation by an independent actuary and the fund balance, as at the year-end. The cost of providing benefits under gratuity is determined on the basis of actuarial valuation using the projected unit credit method at each year end.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of

- The date of the plan amendment or curtailment, and
- The date that the company recognises related restructuring costs. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

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

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

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

n) Provisions

A provision is recognized when an enterprise has a present obligation (legal or constructive) as result of past event and it is probable that an outflow of embodying economic benefits of resources will be required to settle a reliably assessable obligation. Provisions are

determined based on best estimate required to settle each obligation at each balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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) Earnings per share

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

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

q) Foreign currency transactions

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

r) 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

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condition for its intended use is charged to the statement of profit and loss. Direct and other expenditure is determined based on specific identification to the construction and real estate activity. Cost incurred/ items purchased specifically for projects are taken as consumed as and when incurred/ received.

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

Related to manufacturing activity

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

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

s) Land

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

Land/ development rights received under joint development arrangements is measured at the fair value of the estimated construction service rendered to the land owner and the same is accounted on launch of the project. Further, non-refundable deposit amount paid by the Company under joint development arrangements is recognised as land advance under other assets and on the launch of the project, the non-refundable amount is transferred as land cost to work-in-progress.

t) 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.

Right of use 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.

finance lease note and disclosure required

u) Cash dividend to equity holders of the Company

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

3 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgements, estimates and assumptions that affect the reported balances of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) Judgements

In the process of applying the accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Classification of property

The Company determines whether a property is classified as investment property or inventory property:

Investment property comprises land and buildings (principally offices, commercial warehouse and retail property) that are not occupied substantially for use by, or in the operations of, the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental

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income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business.

Inventory property comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Company develops and intends to sell before or on completion of construction.

b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i) Revenue recognition, contract costs and valuation of unbilled revenue

The Company uses the percentage-of-completion method for recognition of revenue, accounting for unbilled revenue and contract cost thereon for its contractual projects. The percentage of completion is measured by reference to the stage of the projects and contracts determined based on the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Significant assumptions are required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost and the recoverability of the contracts. These estimates are based on events existing at the end of each reporting date.

ii) Income taxes

Income tax expense comprises of current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

Current income tax

Current income tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred income tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

iii) Accounting for advance from customer considering the time value of money

When determining whether a contract includes a significant financing component, the Company considers the period between performance and payment for that performance. For contracts where revenue is recognised at a point in time, the period considered is that between transfer of control of the good and the payment. Therefore, if payment for a property is made before the date on which control is transferred, an assessment is required of whether the contract includes a significant financing component, especially if the period is greater than twelve months.

Advanced payments from the customer lead to higher amount of revenue being recognised than the contract price because the Company accepts a lower amount in return for financing. As the entity recognises the interest expense related to the financing component, the corresponding amount is recorded as a contract liability/revenue.

iv) Estimation of net realisable value for inventory property (including land advances)

Inventory property is stated at the lower of cost and net realisable value (NRV).

NRV for completed inventory property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Company, based on comparable transactions identified by the Company for properties in the same geographical market serving the same real estate segment.

NRV in respect of inventory property under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and an estimate of the time value of money to the date of completion.

With respect to land advance given, the net recoverable value is based on the present value of future cash flows, which depends on the estimate of, among other things, the likelihood that a project will be completed, the expected date of completion, the discount rate used and the estimation of sale prices and construction costs.

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4. Property, plant and equipment

Particulars	Freehold land	Factory buildings	Other buildings	Plant and machinery	Scaffolding items	Furniture and fixtures	Vehicles	Computers	Office equipment	Total
in ₹ million										
Cost										
As at 1 April 2019	81.90	643.24	1,181.19	1,393.12	1,266.16	40.15	9.95	110.40	22.97	4,749.08
Additions during the year	-	16.14	17.99	259.12	312.81	1.06	0.37	14.91	5.44	627.84
Deletions during the year	-	-	-	(3.86)	(6.24)	-	(1.72)	(9.32)	(0.46)	(21.60)
As at 31 March 2020	81.90	659.38	1,199.18	1,648.38	1,572.73	41.21	8.60	115.99	27.95	5,355.32
Additions during the year	-	2.23	6.57	58.23	289.36	2.70	1.78	28.21	1.88	390.96
Deletions during the year	-	-	-	(4.35)	(0.43)	(0.02)	-	(0.16)	(0.04)	(5.00)
As at 31 March 2021	81.90	661.61	1,205.75	1,702.26	1,861.66	43.89	10.38	144.04	29.79	5,741.28
Accumulated depreciation										
As at 1 April 2019	-	284.24	236.16	563.71	723.96	22.38	6.80	67.71	12.66	1,917.62
Charge for the year	-	107.01	74.25	205.82	187.39	3.76	0.76	31.55	6.49	617.03
Deletions during the year	-	-	-	(3.51)	(6.23)	-	(1.65)	(9.25)	(0.44)	(21.08)
As at 31 March 2020	-	391.25	310.41	766.02	905.12	26.14	5.91	90.01	18.71	2,513.57
Charge for the year	-	105.64	59.05	206.26	184.03	3.41	0.59	21.28	4.34	584.60
Deletions during the year	-	-	-	(4.02)	(0.43)	(0.01)	-	(0.16)	(0.04)	(4.66)
As at 31 March 2021	-	496.89	369.46	968.26	1,088.72	29.54	6.50	111.13	23.01	3,093.51
Carrying amount										
As at 31 March 2021	81.90	164.72	836.29	734.00	772.94	14.35	3.88	32.91	6.78	2,647.77
As at 31 March 2020	81.90	268.13	888.77	882.36	667.61	15.07	2.69	25.98	9.24	2,841.75

Note:

a) Capitalised borrowing costs

The amount of borrowing costs capitalised during the year ended 31 March 2021 was ₹ Nil million (31 March 2020 - ₹ 224.23 million). The rate used to determine the amount of borrowing costs eligible for capitalisation was 9.45% (31 March 2020 - 9.97%), which is the effective interest rate of the specific borrowing.

b) Property, plant and equipment

Property, plant and equipment with a carrying amount of ₹ 1,420.16 million (31 March 2020 - ₹ 1,046.44 million) are subject to a first charge to secure the Company's bank loans.

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5. Investment property

	in ₹ million			
	Other assets forming part of Building			Total
	Other buildings	Plant and machinery	Furniture and fixtures	
Cost				
As at 1 April 2019	-	-	-	-
Additions during the year	-	-	-	-
As at 31 March 2020	-	-	-	-
Additions during the year	1,652.99	137.26	-	1,790.25
As at 31 March 2021	1,652.99	137.26	-	1,790.25
Accumulated depreciation				
As at 1 April 2019	-	-	-	-
Charge for the year	-	-	-	-
As at 31 March 2020	-	-	-	-
Charge for the year	73.82	24.84	-	98.66
As at 31 March 2021	73.82	24.84	-	98.66
Carrying amount				
As at 31 March 2021	1,579.17	112.42	-	1,691.59
As at 31 March 2020	-	-	-	-

Investment property with a carrying amount of ₹ 1,691.59 million (31 March 2020 - ₹ 1,623.14 million) are subject to a first charge to secure the Company's loans.

Note:

Information regarding income and expenditure of investment property	31 March 2021 ₹ million	31 March 2020 ₹ million
Rental income derived from investment properties	121.08	-
Direct operating expenses (including repairs and maintenance) generating rental income	(29.85)	-
Profit arising from investment properties before depreciation and indirect expenses	91.23	-
Less:- Depreciation	(98.66)	-
Profit arising from investment properties before indirect expenses	(7.43)	-

The fair value of Investment property is ₹ 3,967 million (31 March 2020 - ₹ NIL million). These valuations are based on valuations performed by an independent valuer. Fair value hierarchy for investment properties have been provided in Note 47b.

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

6 Investment property under construction

	in ₹ million
	Investment property under construction
Balance as at 1 April 2019	1,900.37
Additions during the year (refer note 46)	422.77
Balance as at 31 March 2020	2,323.14
Additions during the year (refer note 46)	167.68
Capitalised as investment property during the year (refer note 46)	(1,790.24)
Balance as at 31 March 2021	700.58

7 Intangible assets

	in ₹ million		
	Software	Intellectual property rights	Total
Cost			
Balance as at 1 April 2019	15.23	0.05	15.28
Additions during the year	0.10	-	0.10
Balance as at 31 March 2020	15.33	0.05	15.38
Additions during the year	-	-	-
Balance as at 31 March 2021	15.33	0.05	15.38
Amortization and impairment			
Balance as at 1 April 2019	14.53	0.05	14.58
Charge for the year	0.42	-	0.42
Balance as at 31 March 2020	14.95	0.05	15.00
Charge for the year	0.17	-	0.17
Balance as at 31 March 2021	15.12	0.05	15.17
Carrying amount			
Balance as at 31 March 2021	0.21	-	0.21
Balance as at 31 March 2020	0.38	-	0.38

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

8 Right of use assets

	in ₹ million			
	Other buildings	Vehicles	Plant and machinery	Total
Cost				
Balance as at 1 April 2019	-	-	-	-
Additions during the year	-	93.53	90.73	184.26
Balance as at 31 March 2020	-	93.53	90.73	184.26
Additions during the year	143.77	45.56	-	189.33
Deletions during the year	-	(15.14)	-	(15.14)
Balance as at 31 March 2021	143.77	123.95	90.73	358.45
Accumulated depreciation				
Balance as at 1 April 2019	-	-	-	-
Charge for the year	-	33.73	22.34	56.07
Balance as at 31 March 2020	-	33.73	22.34	56.07
Charge for the year	19.04	30.28	22.21	71.53
Deletions during the year	-	(15.14)	-	(15.14)
Balance as at 31 March 2021	19.04	48.87	44.55	112.46
Carrying amount				
Balance as at 31 March 2021	124.73	75.08	46.18	245.99
Balance as at 31 March 2020	-	59.80	68.39	128.19

9 Inventories (valued at lower of cost and net realisable value)

	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Raw materials and components	545.68	648.56
Building materials	77.55	91.59
Land stock *	12,037.89	10,391.08
Work-in-progress *	43,437.87	40,816.00
Stock in trade - flats *	11,362.75	12,232.21
Finished goods	53.53	55.62
	67,515.27	64,235.06

* Carrying amount of inventories pledged as securities against borrowings as at 31 March 2021 - ₹ 34,653.23 million (31 March 2020 - ₹ 40,447.03 million)

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

10 Investments

	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Non-current investments:		
Investments carried at cost		
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity shares		
<i>Investment in subsidiaries</i>		
199,999 (31 March 2020 - 199,999) Class A equity shares of ₹10 each fully paid-up in Sobha Highrise Ventures Private Limited	2.00	2.00
10,200,000 (31 March 2020 - 10,200,000) Class C equity shares of ₹ 33.90 each fully paid-up in Sobha Highrise Ventures Private Limited	345.78	345.78
2,500,000 (31 March 2020 - 2,500,000) Class D equity shares of ₹ 10 each fully paid-up in Sobha Highrise Ventures Private Limited	25.00	25.00
526,320 (31 March 2020 - 526,320) equity shares of ₹ 1 each fully paid-up in Sobha Developers (Pune) Limited	986.41	986.41
50,000 (31 March 2020 - 50,000) equity shares of ₹ 10 each fully paid-up in Sobha Nandambakkam Developers Limited	13.74	13.74
50,002 (31 March 2020 - 50,002) equity shares of ₹ 10 each fully paid-up in Sobha Tambaram Developers Limited	2.24	2.24
10,000 (31 March 2020 - 10,000) equity shares of ₹ 10 each fully paid-up in Sobha Assets Private Limited	0.10	0.10
10,00,000 (31 March 2020 - 10,00,000) equity shares of ₹ 10 each fully paid-up in Sobha Construction Products Private Limited	10.00	10.00
Unquoted preference instruments (in the nature of equity)		
<i>Investment in subsidiary</i>		
7,700,000 (31 March 2020 - 7,700,000) compulsorily convertible preference shares of ₹ 10 each fully paid-up in Sobha Highrise Ventures Private Limited	77.00	77.00
Investment in the capital of partnership firm (Subsidiary)		
99% (31 March 2020 - 99%) share in the profits of partnership firm:		
Sobha City - Capital account	399.99	399.99
Sobha City - Current account	842.77	541.19
Consideration paid for additional share in capital and profit of the partnership firm	128.00	128.00
Investment in the capital of partnership firm (Joint Venture)		
50% (31 March 2020 - 50%) share in the profits of partnership firm:		
Kondhwa Projects LLP - Current account	1,142.52	1,142.52
Total investments carried at cost	3,975.55	3,673.97
Investments carried at fair value through profit and loss (FVTPL)		
<i>Investments at amortized cost</i>		
<i>Government and trust securities (unquoted)</i>		
National savings certificates	0.08	0.08
Investments at fair value through profit or loss		
Total investments carried at amortised cost	0.08	0.08
Total investments	3,975.63	3,674.05
Aggregate amount of unquoted investments	3,975.63	3,674.05
Aggregate amount of impairment in value of investments	-	-

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

11 Trade receivables

	in ₹ million			
	Current		Non-current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Trade receivables				
Unsecured, considered good	1,934.98	3,521.91	423.99	141.02
Unsecured, considered doubtful	638.09	534.40	-	-
	2,573.07	4,056.31	423.99	141.02
Less: Allowances for credit loss	(638.09)	(534.40)	-	-
Net trade receivables	1,934.98	3,521.91	423.99	141.02

12 Other financial assets

	in ₹ million			
	Current		Non-current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good				
Refundable deposit towards joint development agreement	3,677.32	6,052.36	1,152.66	-
Less: Allowances for credit loss	(73.02)	-	-	-
	3,604.30	6,052.36	1,152.66	-
Unsecured, considered good				
Security deposits	126.66	129.66	201.14	187.13
Loans to related parties (refer note 35)	303.45	176.68	-	-
Others	1,987.11	2,128.29	-	-
Non-current bank balances*	-	-	60.60	62.15
	6,021.52	8,486.99	1,414.40	249.28

* Bank deposits due to mature after twelve months from the reporting date.

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

13 Other assets

in ₹ million

	Current		Non-current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good				
Capital advances	-	-	298.61	281.95
Land advances (refer note 35)*	8,925.49	9,282.31	4,852.69	4,857.45
Advances recoverable in kind (refer note 35)**	418.99	903.75	-	-
Prepaid expenses	344.40	224.67	49.47	143.77
Balances with statutory/ government authorities	1,019.31	1,270.61	-	-
Contract assets	3,094.56	2,060.71	-	-
	13,802.75	13,742.05	5,200.77	5,283.17

*Advances for land though unsecured, are considered good as the advances have been given based on arrangements/ memorandum of understanding executed by the Company and the Company/ seller/ intermediary is in the course of obtaining clear and marketable title, free from all encumbrances, including for certain properties under litigation.

**Advances recoverable in cash or kind due by Directors or other officers or companies in which Directors are interested

in ₹ million

	Current		Non-current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Advances recoverable in cash or kind				
Dues from Sobha Projects & Trade Private Limited, in which the Company's director is a director and a member	-	13.17	-	-
Dues from Sobha Assets Private Limited, in which the Company's director is a director	87.24	84.24	-	-

14 Cash and cash equivalents

in ₹ million

	Non-current	
	As at 31 March 2021	As at 31 March 2020
Cash on hand	8.10	7.91
Cheques/ drafts on hand	147.66	52.66
Balances with banks:		
– On current accounts	1,417.12	536.91
	1,572.88	597.48

15 Bank balance other than cash and cash equivalents

in ₹ million

	Non-current	
	As at 31 March 2021	As at 31 March 2020
Bank balance other than cash and cash equivalents		
– On unclaimed dividend account	2.33	2.52
– Margin money deposit	390.28	204.50
	392.61	207.02

Margin money deposits given as security

Margin money deposits with a carrying amount of ₹ 450.88 million (31 March 2020 - ₹ 266.65 million) are subject to first charge to secure the Company's borrowings.

Short-term deposits are made for varying periods of between seven day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

16 Equity share capital

	in ₹ million			
	As at 31 March 2021	As at 31 March 2020		
Authorised shares				
150,000,000 (31 March 2020 - 150,000,000) equity shares of ₹10 each	1,500.00	1,500.00		
5,000,000 (31 March 2020 - 5,000,000) 7% redeemable preference shares of ₹100 each	500.00	500.00		
Issued, subscribed and fully paid-up shares				
94,845,853 (31 March 2020 - 94,845,853) equity shares of ₹10 each fully paid up	948.46	948.46		
Total issued, subscribed and fully paid-up share capital	948.46	948.46		
(a) Reconciliation of the equity shares outstanding at the end of the reporting year				
	31 March 2021		31 March 2020	
	No of shares	₹ million	No of shares	₹ million
Equity shares				
At the beginning of the year	94,845,853	948.46	94,845,853	948.46
Outstanding at the end of the year	94,845,853	948.46	94,845,853	948.46

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share fully paid up. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	31 March 2021		31 March 2020	
	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	28.73	30.29%	28.73	30.29%
Mr. P.N.C. Menon	11.06	11.66%	12.06	12.72%
Mr. P.N.C. Menon (inclusive of joint holding with Mrs. Sobha Menon)	5.29	5.58%	5.29	5.58%
Anamudi Real Estates LLP	9.48	10.00%	-	-
Schroder International Selection Fund Emerging Asia	6.24	6.58%	5.25	5.54%
Franklin India Focused Equity Fund	4.80	5.06%	8.33	8.78%

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 represents both legal and beneficial ownership of shares.

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17 Other equity

	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Capital redemption reserve		
Balance at the beginning and end of the year	119.47	119.47
Closing balance	119.47	119.47
Debenture redemption reserve [Refer note (a) below]		
Balance at the beginning of the year	-	300.22
Add: Amount transferred from surplus balance in the statement of profit and loss	-	49.82
Less: Transfer to general reserve on redemption of debentures	-	(350.04)
Closing balance	-	-
Securities premium		
Balance at the beginning and end of the year	9,328.92	9,328.92
Closing balance	9,328.92	9,328.92
General reserve		
Balance at the beginning of the year	4,170.11	3,530.59
Add: Transfer from statement of profit and loss	65.54	289.48
Add: Transfer from Debenture redemption Reserve	-	350.04
Closing balance	4,235.65	4,170.11
Surplus in the statement of profit and loss		
Balance at the beginning of the year	8,305.81	6,546.10
Profit for the year	655.39	2,894.79
Other comprehensive income		
Re-measurement gains/ (loss) on defined benefit plans	6.50	4.61
Less: Appropriations		
Dividend (including dividend distribution tax) refer note 18	(663.92)	(800.39)
Transfer to debenture redemption reserve	-	(49.82)
Transfer to general reserve	(65.54)	(289.48)
Net surplus in the statement of profit and loss	8,238.24	8,305.81
Total other equity	21,922.28	21,924.31

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Nature and purpose of reserve

(a) **Capital redemption reserve**

The Company had issued redeemable non-convertible debentures. Accordingly, the Companies (Share capital and Debentures) Rules, 2014 (as amended), require the Company to create Debenture Redemption Reserve (DRR) out of profits of the Company available for payment of dividend. DRR is required to be created for an amount which is equal to 25% of the value of debentures issued. The Company has created the DRR of ₹ Nil million (31 March 2020 - ₹ Nil million), as the debentures have been redeemed during the previous year.

(b) **Debenture redemption reserve**

The Company had issued redeemable non-convertible debentures. Accordingly, the Companies (Share capital and Debentures) Rules, 2014 (as amended), require the Company to create Debenture Redemption Reserve (DRR) out of profits of the Company available for payment of dividend. DRR is required to be created for an amount which is equal to 25% of the value of debentures issued. The Company has created the DRR of Nil million (31 March 2020 - million), as the debentures have been redeemed during the previous year.

(c) **Securities premium**

Securities premium reserve is used to record the premium received on issue of shares by the Company. The reserve can be utilised in accordance with the provision of Section 52(2) of Companies Act, 2013.

(d) **General reserve**

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in general reserve will not be reclassified subsequently to profit and loss.

(e) **Surplus in the statement of profit and loss**

The cumulative gain or loss arising from the operations which is retained by the Company is recognised and accumulated under the heading of retained earnings. At the end of the year, the profit after tax is transferred from the Standalone statement of profit and loss to Surplus in the statement of profit and loss account.

18 Distribution made and proposed

	31 March 2021	31 March 2020
Cash dividend on equity shares paid		
Final dividend paid during the year ended 31 March 2020- ₹ 7 per share (31 March 2019- ₹ 7 per share)	663.92	663.92
Dividend distribution tax on final dividend	-	136.47
	663.92	800.39
Proposed dividend on equity shares		
Final dividend for the year ended 31 March 2021- ₹3.5 per share (31 March 2020- ₹7 per share)	331.96	663.92
	331.96	663.92

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

19 Borrowings

	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Non-current borrowings		
Secured loans		
Term loans from banks	3,187.76	1,675.06
Term loans from financial institutions	-	-
Finance lease obligations	67.97	60.64
Equipment loans	-	0.19
	3,255.73	1,735.89
Amount disclosed under the head "other current financial liabilities" (refer note 20)	(420.00)	(99.87)
Total non-current borrowings	2,835.73	1,636.02
Current borrowings		
Secured loans		
Term loans from banks*	15,992.65	16,927.23
Term loans from financial institutions*	6,270.66	8,209.48
Finance lease obligations	61.98	73.56
Cash credit from banks	3,840.71	3,208.34
Total current borrowings	26,166.00	28,418.61

* Term loan from banks and financial institutions represents amount repayable within the operating cycle amounting to ₹ 26,104.02 million (31 March 2020 - ₹ 28,345.05 million)

As at 31 March 2021, the Company is not in breach of any covenants as defined in the loan agreements.

Terms and repayment schedule

Non-current borrowings Secured loans

Particulars	in ₹ million		Effective interest rate	Security Details	Repayment terms
	31 March 2021	31 March 2020			
Term loans from banks	-	49.87	9%-11%	Secured by equitable mortgage of fixed assets and receivables of the Company.	Twelve quarterly instalments of ₹25 million commencing at end of 15th month from the date of first disbursement.
Term loans from banks	1,576.82	1,625.19	7%-9%	Secured by equitable mortgage of project specific inventory and certain receivables of the Company and maintaining Debt Service Reserve account equal to 2 months interest & principal.	153 Structured Monthly instalments, starting at the end of Moratorium 3 months from the date of disbursement - June -2020
Term loans from banks	518.94	-	8%-10%	Secured by equitable mortgage of fixed assets of the Company.	Repayable in 16 equal quarterly instalments of ₹ 37.50 million afrom the date of disbursement.

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Term loans from banks	1,092.00	-	9%-11%	Secured by equitable mortgage of certain land of the company	Repayable in 20 equal quarterly instalments starting from 7th Month from the date of disbursement after 6 month moratorium period
Equipment loan	-	0.19	13%-15%	Hypothecation against specific equipment.	Thirty five monthly instalments commencing from the month the loan is availed.

Current borrowings Secured loans

in ₹ million

Particulars	Carrying amount as at		Effective interest rate	Security Details	Repayment terms
	31 March 2021	31 March 2020			
Term loans from banks	-	599.88	9%-11%	Secured by equitable mortgage of 61.10% of the project land stock, building to be constructed on the land stock and first charge on project cash flow/receivables including escrow account	Three structured quarterly instalments commencing after initial moratorium period of eleven quarters from the date of first disbursement.
Term loans from banks	-	149.90	9%-11%	Secured by equitable mortgage of land stock and hypothecation pari-passu charge on the entire escrow receivables of the project.	Repayable in 36 equal monthly instalments commencing from 13th month from the date of disbursement.
Term loans from banks	697.79	694.85	7%-9%	Secured by charge on specific project inventory, current assets and receivables of the Company.	Repayable on demand(Sub limit of Cash Credit)
Term loans from banks	86.92	166.25	9%-11%	Secured by equitable mortgage of certain land stock of the Company.	Repayable in 12 quarterly instalments commencing from 30 June 2018.
Term loans from banks	-	1,000.00	9%-11%	Secured by equitable mortgage of receivables of the Group.	One instalment in every ninety days.
Term loans from banks	260.72	415.72	9%-11%	Secured by equitable mortgage of certain land stock of the Company.	Repayable in 12 quarterly instalments commencing from 30 September 2018.
Term loans from banks	681.70	1,591.00	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in equal monthly instalments after 30 months moratorium period commencing from first disbursement.
Term loans from banks	1,985.76	1,493.15	8%-10%	Secured by equitable mortgage of certain land stock , project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company.	Repayable on demand (Sub limit of Cash Credit)
Term loans from banks	48.09	232.07	8%-10%	Secured by equitable mortgage of certain land stock of the Company.	Repayable in equal monthly instalments after 12 months moratorium period commencing from first disbursement.
Term loans from banks	1,122.16	1,639.23	9%-11%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in equal quarterly instalments after 9 quarter moratorium period commencing from first disbursement.

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Current borrowings Secured loans (continued)

in ₹ million

Particulars	Carrying amount as at		Effective interest rate	Security Details	Repayment terms
	31 March 2021	31 March 2020			
Term loans from banks	1,044.25	1,148.70	8%-10%	Secured by equitable mortgage of certain land stock of the Company.	Repayable in 12 quarterly instalments commencing from 30 September 2018.
Term loans from banks	923.37	648.03	7%-9%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on receivables of the projects.	Repayable in 5 quarterly equal instalments commencing Q-12 to Q-16 from first disbursement.
Term loans from banks	3,033.19	2,492.82	7%-9%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on receivables of the projects.	Repayable in 10 quarterly equal instalments commencing Q-14 to Q-23 from first disbursement.
Term loans from banks	-	590.50	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 10 quarterly unequal instalments commencing Q-11 to Q-20 from first disbursement.
Term loans from banks	136.66	350.77	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 10 quarterly equal instalments commencing Q-12 to Q-16 from first disbursement.
Term loans from banks	347.87	434.47	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 10 quarterly unequal instalments commencing Q-8 to Q-26 from first disbursement.
Term loans from banks	1,042.19	721.29	7%-9%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 10 quarterly equal instalments commencing Q-15 to Q-24 from first disbursement.
Term loans from banks	510.00	960.00	8%-10%	Secured by equitable mortgage of certain land stock and receivables of the Company.	Repayable on demand(Sub limit of Cash Credit)
Term loans from banks	300.00	300.00	8%-10%	Secured by equitable mortgage of certain land stock and receivables of the Company.	Repayable on demand(Sub limit of Cash Credit)
Term loans from banks	574.27	487.84	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on receivables of the projects.	Repayable in 10 quarterly equal instalments commencing Q-11 to Q-20 from first disbursement.
Term loans from banks	1,001.64	660.78	8%-10%	Secured by equitable mortgage of property, hypothecation on scheduled company's share of receivables, Escrow account and maintaining of Debt Service Reserve account equal to three months interest.	Repayable in 24 monthly instalments commencing from 15 June 2022.

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Current borrowings

Secured loans (continued)

in ₹ million

Particulars	Carrying amount as at		Effective interest rate	Security Details	Repayment terms
	31 March 2021	31 March 2020			
Term loans from banks	148.81	150.00	8%-10%	Secured by equitable mortgage of property, hypothecation on scheduled company's share of receivables, Escrow account and maintaining of Debt Service Reserve account equal to three months interest.	Repayable in 24 monthly instalments commencing from 15 June 2022.
Term loans from banks	500.00	-	8%-10%	Secured by equitable mortgage of certain land and receivables of the Company.	Repayable Rs.50Cr on 30.04.2021
Term loans from banks	16.67	-	7%-9%	Secured by equitable mortgage of certain land, specific project inventory, and receivables of the Company.	Repayable in 6 Monthly instalments starting from 7th Month from the date of disbursement after 6 month moratorium period
Term loans from banks	83.33	-	9%-11%	Secured by equitable mortgage of certain land and receivables of the Company.	Repayable in 18 Monthly instalments starting from 7th Month from the date of disbursement after 6 month moratorium period
Term loans from banks	476.63	-	9%-11%	Secured by equitable mortgage of certain land, specific project inventory, and receivables of the Company.	Repayable in 30 quarterly instalments starting from 31st quarter from the date of disbursement after 30 month moratorium period
Term loans from banks	193.62	-	8%-10%	Secured by equitable mortgage of certain land, specific project inventory, and receivables of the Company.	Repayable in 16 quarterly instalments starting from 31st quarter from the date of disbursement after 30 month moratorium period
Term loans from banks	187.06	-	8%-10%	Secured by equitable mortgage of certain land and receivables of the Company.	Repayable in 8 quarterly instalments starting from 13th Month from the date of disbursement after 12 month moratorium period
Term loans from banks	442.04	-	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 24 Monthly instalments starting from 31st Month from the date of disbursement after 30 month moratorium period
Term loans from banks	147.91	-	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 30 Monthly instalments starting from 31st Month from the date of disbursement after 30 month moratorium period
Term loans from financial institutions	-	61.77	9%-11%	Secured by equitable mortgage of land stock and hypothecation pari-passu charge on the entire escrow receivables of the project.	Repayable in equal monthly instalments starting from 12th month moratorium starts from date of first disbursement.

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Current borrowings Secured loans (continued)

in ₹ million

Particulars	Carrying amount as at		Effective interest rate	Security Details	Repayment terms
	31 March 2021	31 March 2020			
Term loans from financial institutions	142.22	362.96	9%-11%	Secured by equitable mortgage of certain land stock , building and project specific inventory of the Company, leasehold rights of the company and hypothecation of receivables and Escrow account of the Company. Corporate guarantee of Group Company.	Repayable in 30 monthly instalments after principle moratorium period of 18 months.
Term loans from financial institutions	-	250.91	9%-11%	Secured by equitable mortgage of certain land stock and immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 36 monthly instalments after principle moratorium period of 18 months from first disbursement.
Term loans from financial institutions	124.68	807.21	9%-11%	Secured by equitable mortgage of certain land stock and immovable properties, building and other assets of the project and first charge on receivables of the projects.	Repayable in 36 monthly instalments after principle moratorium period of 18 months from first disbursement.
Term loans from financial institutions	530.02	506.32	9%-11%	Secured by equitable mortgage of certain land stock and first charge on receivables certain projects.	Repayable in 18 monthly instalments after principle moratorium period of 24 months from first disbursement.
Term loans from financial institutions	746.89	712.30	9%-11%	Secured by equitable mortgage of certain land stock and first charge on receivables certain projects.	Repayable in 18 monthly instalments after principle moratorium period of 24 months from first disbursement.
Term loans from financial institutions	1,410.46	1,458.20	10%-12%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on receivables of company's share of receivables of the projects.	Repayable in 24 monthly instalments after principle moratorium period of 30 months from first disbursement.
Term loans from financial institutions	-	461.22	9%-11%	Secured by equitable mortgage of certain land stock and immovable properties, building and other assets of the project and first charge on receivables company's share of receivables of the projects.	Repayable in 24 monthly instalments 3.75cr each & 30 monthly instalments 2.67cr each after principle moratorium period of 30 months from first disbursement.
Term loans from financial institutions	889.03	903.05	10%-12%	Secured by equitable mortgage of certain land stock and first charge on receivables certain projects.	Repayable in 18 monthly instalments after principle moratorium period of 24 months from first disbursement.
Term loans from financial institutions	816.61	972.69	9%-11%	Secured by equitable mortgage of certain land stock and first charge on receivables certain projects.	Repayable in equal monthly instalments starting from 7 the month from first disbursement.
Term loans from financial institutions	278.51	292.94	9%-11%	Secured by equitable mortgage of land stock and hypothecation pari-passu charge on the entire escrow receivables of the project.	Repayable in 48 unequal monthly instalments

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Current borrowings Secured loans (continued)

in ₹ million

Particulars	Carrying amount as at		Effective interest rate	Security Details	Repayment terms
	31 March 2021	31 March 2020			
Term loans from financial institutions	447.08	494.20	9%-11%	Secured by equitable mortgage of certain land stock and first charge on receivables certain projects.	Repayable in 11 quarterly instalments after principle moratorium period of 3 months from first disbursement.
Term loans from financial institutions	885.16	925.69	9%-11%	Secured by equitable mortgage of certain land stock and first charge on receivables certain projects.	Repayable in 24 Monthly instalments after principle moratorium period of 24 months from first disbursement.
Cash credit	1,949.44	993.40	9%-11%	Secured by way of equitable mortgage of certain land stock and certain receivables of the Group Company.	Repayable on demand
Cash credit	175.72	41.33	7%-9%	Secured by equitable mortgage of certain land stock , specific project inventory, and receivables of the Company.	Repayable on demand
Cash credit	9.41	29.36	7%-9%	Secured by equitable mortgage of certain land stock , specific project inventory, and receivables of the Company.	Repayable on demand
Cash credit	-	2.91	7%-9%	Secured by equitable mortgage of certain land stock , specific project inventory, and receivables of the Company.	Repayable on demand
Cash credit	1.63	300.78	10%-12%	Secured by equitable mortgage of certain land stock and receivables of the Company.	Repayable on demand
Cash credit	197.42	508.51	8%-10%	Secured by equitable mortgage of certain land stock and receivables of the Company.	Repayable on demand
Cash credit	7.71	3.00	8%-10%	Secured by equitable mortgage of certain land stock , project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company.	Repayable on demand
Cash credit	-	104.27	9%-11%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 10 quarterly unequal instalments commencing Q-11 to Q-20 from first disbursement.
Cash credit	181.22	192.66	8%-10%	Secured by equitable mortgage of certain land stock and receivables of the Company.	Repayable on demand
Cash credit	538.82	659.86	9%-11%	Secured by equitable mortgage of certain land stock and receivables of the Company.	Repayable on demand
Cash credit	102.67	53.09	8%-10%	Secured by equitable mortgage of property, hypothecation on scheduled company's share of receivables, Escrow account and maintaining of Debt Service Reserve account equal to three months interest.	Repayable in 24 monthly instalments commencing from 15 June 2022.

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Current borrowings Secured loans (continued)

in ₹ million

Particulars	Carrying amount as at		Effective interest rate	Security Details	Repayment terms
	31 March 2021	31 March 2020			
Cash credit	-	0.02	7%-9%	Secured by equitable mortgage of certain land stock , specific project inventory, and receivables of the Company.	Repayable on demand
Cash credit	8.64	0.26	8%-10%	Secured by equitable mortgage of certain land stock , project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company. Corporate guarantee of Group Company.	Repayable on demand
Cash credit	0.84	1.77	8%-10%	Secured by equitable mortgage of certain land stock , project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company. Corporate guarantee of Group Company.	Repayable on demand
Cash credit	-	305.96	8%-10%	Secured by equitable mortgage of certain land stock , project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company. Corporate guarantee of Group Company.	Repayable on demand
Cash credit	-	2.57	8%-10%	Secured by equitable mortgage of certain land stock , project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company. Corporate guarantee of Group Company.	Repayable on demand
Cash credit	21.25	8.59	8%-10%	Secured by equitable mortgage of certain land stock , project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company. Corporate guarantee of Group Company.	Repayable on demand
Cash credit	645.94	-	8%-10%	Secured by equitable mortgage of certain land and receivables of the Company.	Repayable on demand
Total borrowings	29,291.78	30,020.30			

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

Nature of loan	Carrying amount as at		Year of maturity	Name of the Company
	31 March 2021	31 March 2020		
Term loans	1,279.21	1,224.00	2022	Sri Durga Devi Property Management Private Limited
Term loans				Sri Parvathy Land Developers Private Limited
Term loans	4,189.16	4,290.00	On Demand	Kilai Builders Private Limited
Term loans	1,100.00	-	2026	Sobha Interior Private Limited

20 Other financial liabilities

	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Current		
Current maturities of long-term borrowings (refer note 19)	420.00	99.87
Letter of credit payable	2,459.77	1,776.84
Book overdraft from scheduled banks	240.39	4.01
Interest accrued but not due on borrowings	30.85	63.35
Unclaimed dividend*	2.33	2.52
Lease deposit	64.15	-
Deferred Lease Rental	7.82	-
Non-trade payable	207.18	302.73
Security deposit towards lease and maintenance services	2,034.35	1,882.94
Payable to related parties (refer note 35)	156.41	143.30
Payable for purchase of property, plant and equipment	20.84	11.52
Revenue share payable	-	-
Total other financial liabilities	5,644.09	4,287.08

*Investor Protection and Education Fund is credited for unclaimed dividends when due.

21 Provisions

	in ₹ million			
	Current		Non-current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Provision for employee benefits				
Provision for gratuity (refer note 37)	66.50	68.64	151.46	144.67
Provision for compensated absence	72.00	82.75	-	-
	138.50	151.39	151.46	144.67

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

22 Income taxes

The major components of income tax expense for the years ended 31 March 2021 and 31 March 2020 are:

A. Amounts charged to statement of profit and loss

Particulars	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Current income tax:		
Current income tax charge	98.78	444.49
Adjustments in respect of current income tax of previous year	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	(7.53)	1,071.50
Income tax expense reported in the statement of profit and loss	91.25	1,515.99

B. Income tax recognised in other comprehensive income

	in ₹ million	
	31 March 2021	31 March 2020
Net loss/(gain) on remeasurements of defined benefit plans	-	-
Income tax charge to other comprehensive income	-	-

C. Reconciliation of effective tax rate

Particulars	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Accounting profit before income tax	746.64	4,410.78
Tax on accounting profit at statutory income tax rate 25.17% (31 March 2020: 25.17%)*	187.93	1,110.19
Adjustments in respect of current income tax of previous years	-	-
Non-deductible expenses for tax purposes:		
Permanent disallowances	(147.53)	60.11
Others	16.01	42.50
Non taxable income for tax purposes:		
Tax impact on profit/ (loss) from partnership firm	34.84	4.24
Other:		
Effect of increase in surcharge	-	-
MAT credit reversal/(entitlement)	-	298.95
At the effective income tax rate of 12.22% (31 March 2020: 34.37%)	91.25	1,515.99
Tax expense reported in the statement of profit and loss	91.25	1,515.99

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

D. Deferred tax

Deferred tax assets and liabilities relates to the following

	in ₹ million				
	Balance as at 1 April 2019	Movement during 2019-20	Balance as at 31 March 2020	Movement during 2020-21	Balance as at 31 March 2021
Interest u/s 36(1)(iii)-interest inventorised/capitalised in the books but claimed as expense in tax	(3,457.09)	967.46	(2,489.63)	(139.97)	(2,629.60)
Property, plant and equipment	147.28	(10.22)	137.06	(0.19)	136.87
Provision for compensated absence	26.90	(6.07)	20.83	(2.71)	18.12
Provision for gratuity	67.86	(14.17)	53.69	1.17	54.86
Provision for doubtful debts	47.24	(10.36)	36.88	64.28	101.16
Difference of finance lease depreciation and interest as per books and rent allowed as per IT Act	-	1.51	1.51	0.57	2.08
Deferred tax adjustment on adoption of Ind AS 115	4,188.66	(2,213.02)	1,975.64	82.20	2,057.84
Deferred tax adjustment for periods Ind AS adjustments*	(50.66)	50.66	-	-	-
Deferred tax expense / (income)	-	(1,234.21)	-	5.35	-
Net deferred tax assets / (liabilities)	970.19	-	(264.02)	-	(258.67)

(*) adjusted against current tax liability

Reconciliation of deferred tax assets/(liabilities), net:

	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Balance at the beginning of the year	(264.02)	970.19
Tax income/(expense) during the period recognised in profit or loss	(7.53)	1,071.50
Deferred tax adjustment on adoption of Ind AS 115	12.88	(2,305.71)
Tax income/(expense) during the period recognised in OCI	-	-
Closing balance	(258.67)	(264.02)

E. Liabilities for current tax (net)

	in ₹ million	
Particulars	As at 31 March 2021	As at 31 March 2020
Current income tax:		
Opening	269.03	555.02
Add: Additions during the year	98.78	444.49
Less: MAT credit adjustment	-	-
Less: Payments during the year	(280.73)	(730.48)
	87.08	269.03

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

23 Trade payables

	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Trade payables		
Land cost payable	200.00	200.00
Others*	7,139.81	9,396.51
	7,339.81	9,596.51

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 30 to 60 day terms. For explanations on the Company's credit risk management processes, refer to note 48.

24 Other liabilities

	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Advance from customers	41,868.07	37,653.26
Withholding taxes payable	75.04	52.91
Others	105.75	85.22
	42,048.86	37,791.39

Breakup of financial liabilities carried at amortised cost

	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Borrowings (refer note 19)	29,001.73	30,054.63
Other financial liabilities (refer note 20)	5,644.09	4,287.08
Trade payables (refer note 23)	7,339.81	9,596.51
Total financial liabilities carried at amortised cost	41,985.63	43,938.22

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

25 Revenue from operations

	in ₹ million	
	For the year ended 31 March 2021	For the year ended 31 March 2020
Sale of products/ finished goods		
Income from property development	12,285.06	21,762.11
Income from sale of land and development rights	249.18	508.43
Income from glazing works	1,452.35	2,193.53
Income from interior works	805.76	1,870.97
Income from concrete blocks	410.59	485.71
Sale of services		
Income from contractual activity - Subsidiaries	287.54	514.94
Income from contractual activity - Others	5,324.63	10,181.49
Rental income from operating leases	121.08	3.95
Other operating revenue		
Scrap sales	30.77	37.27
	20,966.96	37,558.40

26 Other income

	in ₹ million	
	For the year ended 31 March 2021	For the year ended 31 March 2020
Other non-operating income (net of expenses directly attributable to such income)	352.65	276.51
Share in profits/ (loss) of partnership firm investments (post tax)	138.43	16.84
Gain on foreign exchange difference (net)	0.05	2.01
Profit on sale of property, plant and equipment (net)	1.69	4.41
	492.82	299.77

27 Finance income

	in ₹ million	
	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest income on		
Bank deposits	132.26	108.46
Unwinding of discount on deposits	319.47	338.24
	451.73	446.70

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

28 Cost of raw material and components consumed

	in ₹ million	
	For the year ended 31 March 2021	For the year ended 31 March 2020
Raw material at the beginning of the year	648.56	584.03
Add: Purchases during the year	1,759.08	3,066.06
Less: Raw Material at the end of the year	545.68	648.56
Cost of raw material and components consumed	1,861.96	3,001.53

29 Changes in Inventories of Raw Materials, Land stock, Work in Progress, Stock in Trade and Finished Goods

	in ₹ million	
	For the year ended 31 March 2021	For the year ended 31 March 2020
Inventories at the end of the year		
Building materials	77.55	91.59
Land stock	12,037.89	10,391.08
Work-in-progress	43,437.87	40,816.00
Stock in trade - flats	11,362.75	12,232.21
Finished goods	53.53	55.62
	66,969.59	63,586.50
Inventories at the beginning of the year		
Building materials	91.59	78.35
Land stock	10,391.08	8,346.47
Work-in-progress	40,816.00	50,084.02
Stock in trade - flats	12,232.21	3,604.71
Finished goods	55.62	46.16
	63,586.50	62,159.71
Less: Transferred to other assets for development charges recoverable at cost from customers	-	1,737.30
	63,586.50	60,422.41
(Increase)/ decrease	(3,383.09)	(3,164.09)

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

30 Employee benefits expense

	in ₹ million	
	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries, wages and bonus	1,612.64	2,250.42
Contribution to provident and other funds	63.54	79.35
Gratuity expenses (refer note 37)	36.35	36.72
Compensated absence	9.59	34.02
Staff welfare expenses	49.15	63.68
	1,771.27	2,464.19

31 Depreciation and amortization expense

	in ₹ million	
	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation of property, plant and equipment	656.13	673.10
Amortization of intangible assets	0.17	0.42
Depreciation of investment properties	98.66	-
	754.96	673.52

32 Other expenses

	in ₹ million	
	For the year ended 31 March 2021	For the year ended 31 March 2020
License fees and plan approval charges	177.72	57.23
Power and fuel	374.11	536.51
Water charges	33.80	44.54
Freight and forwarding charges	159.88	245.90
Rent (refer note 35)	194.69	259.58
Rates and taxes	88.93	148.24
Insurance	91.22	80.13
Property maintenance expenses	162.72	98.26
Repairs and maintenance		
Plant and machinery	30.21	44.84
Others	60.61	56.15
Advertising and sales promotion	422.38	540.09
Brokerage and discounts	129.08	141.03
Donation	91.20	185.10
Travelling and conveyance	178.61	235.11
Printing and stationery	29.18	44.31
Legal and professional fees	190.23	245.09
Directors' commission and sitting fees (refer note 35)	7.29	6.85
Payment to auditor (Refer details below)*	10.88	10.36
Allowance for credit loss	191.70	239.33
Security charges	180.45	196.60
Miscellaneous expenses	343.95	385.01
	3,148.84	3,800.26

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

*Payment to auditor

	in ₹ million	
	For the year ended 31 March 2021	For the year ended 31 March 2020
As auditor:		
Audit fees [including fees for limited review ₹ 4.20 million (31 March 2020 - ₹ 4.20 million)]	10.00	9.00
In other capacity:		
Reimbursement of expenses	0.88	1.36
	10.88	10.36

33 Details of CSR expenditure:

Gross amount required to be spent during the year was ₹77.03 million (31 March 2020 ₹ 62.62 million)

	In Cash	Yet to be paid in cash
Amount spent during the year ended 31 March 2021:		
Construction/acquisition of any asset (in ₹ million)	-	-
On purposes other than above (in ₹ million)	90.70	-
	90.70	-

Amount spent during the year ended 31 March 2020:		
Construction/acquisition of any asset (in ₹ million)	-	-
On purposes other than above (in ₹ million)	149.60	-
	149.60	-

34 Finance costs

	in ₹ million	
	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest		
- On borrowings	2,696.01	2,602.42
- Others	2,892.26	4,134.82
Other borrowing cost and bank charges	171.31	219.28
	5,759.58	6,956.52
Less: Interest inventorised on qualifying assets	-	(224.24)
Total finance costs	5,759.58	6,732.28

SOBHA LIMITED

Notes to the standalone financial statements for the year ended 31 March 2021

35 Related party disclosures

a) Name of the related parties and the nature of its relationship with the Company's as below

Subsidiaries

Direct Subsidiaries

Sobha City
Sobha Highrise Ventures Private Limited
Sobha Developers (Pune) Limited
Sobha Assets Private Limited
Sobha Tambaram Developers Limited
Sobha Nandambakkam Developers Limited
Sobha Construction Products Private Limited

Subsidiaries of Sobha City

Vayaloor Properties Private Limited
Vayaloor Builders Private Limited
Vayaloor Developers Private Limited
Vayaloor Real Estate Private Limited
Vayaloor Realtors Private Limited
Valasai Vettikadu Realtors Private Limited

Subsidiaries of Sobha Highrise Ventures Private Limited

Sobha Contracting Private Limited
Annalakshmi Land Developers Pvt Ltd (with effect from 19.01.2021)

Subsidiaries of Sobha Developers (Pune) Limited

Kilai Builders Private Limited
Kuthavakkam Builders Private Limited
Kuthavakkam Realtors Private Limited
Sobha Interiors Private Limited

Joint Venture

Kondhwa Projects LLP

Key Shareholder

Mr. P. N. C. Menon
Mrs. Sobha Menon

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Key Management Personnel ('KMP')

Mr. Ravi PNC Menon - Chairman

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

Mr. T P Seetharam - Whole-time Director

Mr. Jagadish Nangineni - Deputy Managing Director (till 25 February 2021)

Additional related parties ('KMP's) as per Companies Act, 2013 with whom transactions have taken place

Mr. Subhash Bhat - Chief Financial Officer

Mr. Vighneshwar G Bhat - Company Secretary

Other Directors

Mr. Anup Shah

Mr. R V S Rao

Mrs. Srivathsala KN

Mr. Sumeet Jagdish Puri

Relatives of key management personnel

Mrs. Sudha Menon

Other related parties [Enterprise owned or significantly influenced by key management personnel]

C.V.S.Tech Park Private Limited

CVS TechZone LLP

Divyakaushal Properties LLP

Mannur Properties Private Limited

Mannur Real Estate Private Limited

Punkunnam Builders and Developers Private Limited

Puzhakkal Developers Private Limited

SBG Housing Private Limited

Sobha Aviation and Engineering Services Private Limited

Sobha Contracting LLC, Dubai

Sobha Glazing & Metal Works Private Limited

Sobha Projects & Trade Private Limited

Sobha Puravankara Aviation Private Limited

Sobha Renaissance Information Technology Private Limited

Sobha Space Private Limited

Sobha Technocity Private Limited

Sri Durga Devi Property Management Private Limited

Sri Kanakadurga Property Developers Private Limited

Sri Kurumba Educational and Charitable Trust

Sri Parvathy Land Developers Private Limited

Technobuild Developers Private Limited

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

b) Details of the transactions with the related parties:

Particulars	in ₹ million	
	For the year ended 31.03.2021	For the year ended 31.03.2020
I. Transaction with wholly owned subsidiaries		
Income from contractual activity		
Sobha City	108.56	260.40
Sobha Developers (Pune) Limited	-	26.32
Sobha Highrise Ventures Private Limited	6.63	5.31
Income from other services		
Sobha Highrise Ventures Private Limited	7.94	7.51
Purchase of project items		
Sobha Highrise Ventures Private Limited	1.34	-
Share in profit/ (loss) of partnership firm		
Sobha City	138.43	16.84
Interest income on unsecured loans to related parties		
Sobha Highrise Ventures Private Limited	8.39	1.21
Sobha Developers (Pune) Limited	0.56	-
Amount contributed to partnership current account		
Sobha City	301.58	-
Amount withdrawn from partnership current account		
Sobha City	-	513.21
Payments made on behalf of related party		
Sobha Assets Private Limited	3.00	1.40
Sobha Construction Products Privated Limited	-	0.22
Unsecured loans		
Sobha Highrise Ventures Private Limited	89.90	61.09
Sobha Developers (Pune) Limited	13.91	-
II. Transaction with Joint venture		
Amount contributed to partnership current account		
Kondhwa Projects LLP	-	14.36

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Particulars	in ₹ million	
	For the year ended 31.03.2021	For the year ended 31.03.2020
III. Transaction with other related parties		
Income from contractual activity		
Sobha Projects & Trade Private Limited	42.00	623.42
Kilai Builders Private Limited	25.87	-
Sobha Contracting Private Limited	56.13	81.88
Mr. Ravi PNC Menon	19.58	-
Income from glazing works		
Sri Kurumba Educational and Charitable Trust	-	0.37
Mr. Ravi PNC Menon	18.04	-
Income from interior works		
Sri Kurumba Educational and Charitable Trust	-	0.45
Mr. Anup Shah	4.56	-
Mr. Ravi PNC Menon	15.20	-
Interest income on unsecured loans to related parties		
Sobha Contracting Private Limited	12.03	6.22
Investment in partnership firm		
CVS TechZone LLP	3.59	-
Sale of interest in partnership firm		
CVS TechZone LLP	144.25	-
Purchase of project items		
Sobha Projects & Trade Private Limited	179.78	746.08
Aircraft hire charges		
Sobha Puravankara Aviation Private Limited	61.38	60.20
CSR expenditure - Donation		
Sri Kurumba Educational and Charitable Trust	91.20	149.60
Unsecured loans		
Sobha Contracting Private Limited	22.96	115.59
Land advance		
Technobuild Developers Private Limited	41.36	85.11
Advance paid towards purchase of goods or services		
Sobha Projects & Trade Private Limited	-	731.59
Sobha Puravankara Aviation Private Limited	-	-

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Particulars	in ₹ million	
	For the year ended 31.03.2021	For the year ended 31.03.2020
Puzhakkal Developers Private Limited	0.03	73.52
Sri Parvathy Land Developers Private Limited	-	3.24
Sri Durga Devi Property Management Private Limited	0.13	-
Refund of advance by the related party		
Technobuild Developers Private Limited	14.71	749.36
Sobha Projects & Trade Private Limited	13.17	-
Puzhakkal Developers Private Limited	-	171.72
Rent paid		
Sobha Interiors Private Limited	14.05	14.05
Sobha Glazing & Metal Works Private Limited	5.06	5.52
Directors' remuneration		
Mr. J. C. Sharma	19.92	70.21
Mr. Ravi PNC Menon	51.15	121.40
Mr.T P Seetharam	6.71	7.56
Mr. Jagadish Nangineni (till 25 February 2021)	6.46	10.06
Dividend paid (payment basis)		
Mr. Ravi PNC Menon	21.74	20.75
Mr. J. C. Sharma	0.75	0.16
Salary (including perquisites)		
Mr. Subhash Bhat	10.35	11.34
Mr. Vighneshwar G Bhat	3.45	3.94
Directors' sitting fees and commission		
Mr. Anup Shah	1.79	1.89
Mr. R V S Rao	1.83	1.85
Dr. Punita Kumar Sinha	-	0.91
Mr. Sumeet Jagdish Puri	1.89	1.33
Mrs. Srivathsala KN	1.78	0.87

IV. Transaction with key shareholders

Dividend paid (payment basis)

Mr. P. N. C. Menon	84.43	84.43
Mrs. Sobha Menon	201.08	201.08
Mr. P. N. C. Menon and Mrs. Sobha Menon (jointly held shares)	37.02	37.02

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

c) Details of balances receivable from and payable to related parties are as follows:

Particulars	in ₹ million	
	As at 31.03.2021	As at 31.03.2020
I. Balances receivable from and payable to wholly owned subsidiaries		
Investment in unquoted equity shares		
Sobha Highrise Ventures Private Limited	372.78	372.78
Sobha Developers (Pune) Limited	986.41	986.41
Sobha Nandambakkam Developers Limited	13.74	13.74
Sobha Tambaram Developers Limited	2.24	2.24
Sobha Assets Private Limited	0.10	0.10
Sobha Construction Products Private Limited	10.00	10.00
Investment in the capital of partnership firm		
Sobha City - Capital account	399.99	399.99
Sobha City - Consideration paid for additional share in capital	128.00	128.00
Investment in subsidiaries - current account		
Sobha City - partner current account	842.77	541.19
Investment in preference shares		
Sobha Highrise Ventures Private Limited	77.00	77.00
Advances recoverable in cash or in kind		
Sobha Assets Private Limited	87.24	84.24
Sobha Construction Products Private Limited	0.22	0.22
Sobha Nandambakkam Developers Limited	0.09	-
Trade receivables		
Sobha Highrise Ventures Private Limited	4.18	20.60
Sobha Developers (Pune) Limited	40.31	74.90
Advance from customers		
Sobha Nandambakkam Developers Limited	-	0.31
Sobha Tambaram Developers Limited	7.45	7.45
Unsecured loan to related parties		
Sobha Highrise Ventures Private Limited	150.98	61.09
Sobha Developers (Pune) Limited	13.91	-
Guarantees & Collaterals provided		
Sobha Assets Private Limited	227.32	227.32
Sobha City	1,498.78	1,153.30

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	in ₹ million	
Particulars	As at 31.03.2021	As at 31.03.2020
II. Balances receivable from and payable to joint ventures		
Investment in partners current account		
Kondhwa Projects LLP	1,142.52	1,142.52
III. Balances receivable from and payable to other related parties		
Unsecured loan to related parties		
Sobha Contracting Private Limited	138.56	115.59
Land advance		
Technobuild Developers Private Limited	8,539.36	8,512.72
Puzhakkal Developers Private Limited	52.20	52.17
Sri Parvathy Land Developers Private Limited	164.43	164.43
Sri Durga Devi Property Management Private Limited	43.05	42.92
Rent deposit		
Sobha Interiors Private Limited	107.83	95.71
Sobha Glazing & Metal Works Private Limited	42.36	37.60
III. Balances receivable from and payable to other related parties		
Advances recoverable in cash or in kind		
Sobha Projects & Trade Private Limited	-	13.17
Sobha Puravankara Aviation Private Limited	189.91	221.84
Punkunnam Builders and Developers Private Limited	0.05	0.05
Sobha Aviation and Engineering Services Private Limited	0.01	0.01
Mannur Properties Private Limited	0.02	0.02
Sobha Technocity Private Limited	0.02	0.02
Moolamcode Traders Private Limited	0.02	0.02
Trade receivables		
Sri Kurumba Educational and Charitable Trust	15.42	15.74
Sobha Projects & Trade Private Limited	361.96	695.06
Sobha Contracting Private Limited	153.22	185.03

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Particulars	in ₹ million	
	As at 31.03.2021	As at 31.03.2020
Trade payables		
Kilai Builders PriSvate Ltd	36.38	38.47
SBG Housing Private Limited	2.67	2.67
Sobha Projects & Trade Private Limited	14.80	-
Divyakaushal Properties LLP	0.60	0.66
Guarantees & Collaterals received		
Sri Durga Devi Property Management Private Limited	1,500.00	1,500.00
Sri Parvathy Land Developers Private Limited	1,500.00	1,500.00
Kilai Builders Private Ltd	5,250.00	5,250.00
Sobha Interiors Private Limited	1,100.00	-

IV. Balances receivable from and payable to key managerial personnel

Non-trade payable	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Mr. J. C. Sharma	11.81	80.59
Mr. Ravi PNC Menon	2.00	18.62

d) Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. The above related party transactions have been approved by the Board of Directors. Outstanding balances at the year-end are unsecured and interest free (except for loans taken mentioned in (d) and investment in debentures of subsidiaries) and settlement occurs in cash. For the year ended 31 March 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2020 - ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

e) Compensation of key management personnel of the Company

Particulars	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Short-term employee benefits	79.08	106.98
Commission to independent directors	7.29	6.85
Other benefits*	18.96	117.53
	105.33	231.36

*As the liability for gratuity and leave encashment is provided on actuarial basis for the Company as whole, the amount pertaining to the directors are not included above.

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

f) Also, refer note 18 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.

36 Segment information

Basis of segmentation

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segments and assess their performance. The Company has two reportable segments, as described below, which are the Company's strategic business units. These business units offer different products and services, and are managed separately because they require different marketing strategies. For each of the business units, the Company's CEO reviews internal management reports on at least a quarterly basis.

The CEO monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Accordingly, the Group has identified following as its reportable segment for the purpose of Ind AS 108:

- a) Real estate segment;
- b) Contractual and manufacturing segment.

Real Estate segment (RE) comprises development, sale, management and operation of all or any part of townships, housing projects, also includes leasing of self owned commercial premises.

The operation of the Contractual and Manufacturing segment (CM) comprises development of commercial premises and other related activities, also includes manufacturing activities related to interiors, glazing and metal works and concrete products.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Also, the Company's financing (including finance costs and finance income) and income taxes are managed on an overall basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

The following tables present revenue and profit information for the Company's operating segments for the year ended 31 March 2021 and 31 March 2020 respectively:

Business segments		in ₹ million	
Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020	
Segment revenue			
Real estate	12,686.09	22,311.76	
Contractual and manufacturing	8,979.02	16,415.27	
Total Segment revenue	21,665.11	38,727.03	
Inter segment revenues	(698.15)	(1,168.63)	
Net revenue from operations	20,966.96	37,558.40	
Segment result			
Real estate	3,331.72	9,781.58	
Contractual and manufacturing	1,417.98	2,966.43	
Total Segment results	4,749.70	12,748.01	
Finance costs	(3,244.61)	(6,732.28)	
Other unallocable expenditure	(1,703.00)	(2,351.42)	
Share of profits/ (losses) in a subsidiary partnership firm	138.43	16.84	
Other income (including finance income)	806.12	729.63	
Profit before taxation	746.64	4,410.78	
Income taxes	(91.25)	(1,515.99)	
Profit after taxation	655.39	2,894.79	

The following table presents assets and liabilities information for the Company's operating segments as at 31 March 2021 and 31 March 2020 respectively:-

Segment assets			
Real estate	86,635.67	90,032.63	
Contractual and manufacturing	10,397.00	8,071.84	
Total segment assets	97,032.67	98,104.47	
Unallocated assets	10,508.27	7,327.02	
Total assets	107,540.94	105,431.49	
Segment liabilities			
Real estate	49,732.42	45,790.45	
Contractual and manufacturing	4,264.96	5,205.40	
Total segment liabilities	53,997.38	50,995.85	
Unallocated liabilities	30,672.82	31,562.87	
Total liabilities	84,670.20	82,558.72	
Capital employed			
Real estate	36,903.25	44,242.18	
Contractual and manufacturing	6,132.04	2,866.45	
Unallocated capital employed	(20,164.55)	(24,235.86)	
Total capital employed	22,870.74	22,872.77	

Finance income and costs, and fair value gains and losses on financial assets pertaining to individual segments are allocated to respective segments.

Current taxes, deferred taxes and certain financial assets and liabilities are considered as unallocated as they are also managed on a Company basis.

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Particulars	in ₹ million	
	For the year ended 31 March 2021	For the year ended 31 March 2020
Capital expenditure		
Real estate	69.60	249.67
Contractual and manufacturing	293.46	378.17
Unallocated capital expenditure	202.92	726.02
Total capital expenditure	565.98	1,353.86

Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment property under development.

Information of revenue and non-current operating assets based on location has not been furnished since there are no revenue generated from business activities outside India and there are no non-current operating assets held by the Company outside India.

Reconciliations to amounts reflected in the financial statements

(i) Reconciliation of assets

Particulars	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Segment assets	97,032.67	98,104.47
Investment (refer note 10)	3,975.63	3,674.05
Prepaid expenses (refer note 13)	393.87	368.44
Balances with statutory/ government authorities (refer note 13)	1,019.31	1,270.61
Cash and bank balances (refer note 14 and 15)	1,965.49	804.50
Non-current bank balances (refer note 12)	60.60	62.15
Other unallocable assets	3,093.37	1,147.27
Total assets	107,540.94	105,431.49

(ii) Reconciliation of liabilities

Particulars	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Segment liabilities	53,997.38	50,995.85
Borrowings (refer note 19)	29,001.73	30,054.63
Provisions (refer note 21)	289.96	296.06
Deferred tax liabilities (refer note 22)	258.67	264.02
Liabilities for current tax (net) (refer note 22)	87.08	269.03
Withholding taxes payable (refer note 24)	75.04	52.91
Others payable (refer note 24)	105.75	85.22
Other unallocable liabilities	854.59	541.00
Total liabilities	84,670.20	82,558.72

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

37 Employment benefit plans

Particulars	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Net benefit liability-gratuity	217.96	213.31
Non-current	151.46	144.67
Current	66.50	68.64

The Company has a defined benefit gratuity plan in India ('the Plan'), governed by the Payment of Gratuity Act, 1972. The Plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days on salary for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned.

The defined benefit plan for gratuity is administered by a single gratuity fund that is legally separate from the Company. The board of the gratuity fund comprises three employees. The board of the gratuity fund is required by law to act in the best interests of the plan participants and is responsible for setting certain policies (e.g. investment and contribution policies) of the fund.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans:

Particulars	in ₹ million	
	31 March 2021	31 March 2020
Reconciliation of present value defined benefit obligation		
Obligation at the beginning of the year	215.46	196.34
Service cost	23.13	22.84
Interest cost	13.44	13.88
Benefits settled	(23.02)	(11.41)
Actuarial (gain)/loss (through OCI)	(8.65)	(6.19)
Obligation at the end of the year	220.36	215.46
Reconciliation of present value of planned assets		
Plan assets at the beginning of the year, at fair value	2.15	2.13
Interest income	0.13	0.15
Actuarial gain/(loss) (through OCI)	0.04	(0.02)
Contributions paid into the plan	23.10	11.30
Transfer		
Benefits settled	(23.02)	(11.41)
Plan assets at the end of the year, at fair value	2.40	2.15
Present value of defined benefit obligation at the end of the year	220.36	215.46
Less: Fair value of plan assets at the end of the year	2.40	2.15
Net liability recognised in the balance sheet	217.96	213.31

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in ₹ million

Particulars	31 March 2021	31 March 2020
Expenses recognised in statement of profit and loss		
Service cost	23.13	22.99
Interest cost (net)	13.31	13.73
Gratuity cost	36.44	36.72
Capitalised to property plant and equipment	(0.09)	(0.15)
Net gratuity cost	36.35	36.57
Re-measurement gains/ (losses) in OCI		
Actuarial gain / (loss) due to demographic assumption changes	-	-
Actuarial gain / (loss) due to financial assumption changes	(1.62)	(7.12)
Actuarial gain / (loss) due to experience adjustments	10.27	13.31
Return on plan assets greater (less) than discount rate	0.04	(0.02)
Deferred tax charge	(2.19)	(1.56)
Total expenses routed through OCI	6.50	4.61

The major categories of plan assets as a percentage of the fair value of the total plan assets are as follows:

Particulars	31 March 2021	31 March 2020
Investment in insurance fund	100%	100%

Actuarial assumptions

Particulars	31 March 2021	31 March 2020
Discount rate	6.06%	6.24%
Future salary growth	5.00%	5.00%
Employee turnover	15.00%	15.00%
Estimated rate of return on plan assets	6.24%	7.07%

Assumptions regarding future mortality are based on Indian Assured Lives Mortality (2006-08)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	31 March 2021	31 March 2020
Effect of + 1% change in rate of discounting	(8.67)	(8.51)
Effect of - 1% change in rate of discounting	9.53	9.35
Effect of + 1% change in rate of salary growth	8.68	8.47
Effect of - 1% change in rate of salary growth	(8.13)	(7.91)
Effect of + 1% change in rate of employee turnover	0.17	0.24
Effect of - 1% change in rate of employee turnover	(0.22)	(0.30)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on projected benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

The following payments are expected contributions to the projected benefit plan in future years:

Particulars	in ₹ million	
	31 March 2021	31 March 2020
Within the next 12 months	42.77	39.51
Between 2 and 5 years	109.01	107.43
Between 5 and 10 years	81.27	82.92
Total expected payments	233.05	229.86

38 Earnings per share ['EPS']

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	31 March 2021	31 March 2020
Profit after tax attributable to shareholders (amount in ₹ million)	655.39	2,894.79
Weighted average number of equity shares of ₹10 each fully paid outstanding during the year used in calculating basic and diluted EPS	94,845,853	94,845,853
Earnings per share - Basic and diluted (amount in ₹)*	6.91	30.52

* The Company does not have any potential dilutive equity shares and therefore basic and diluted EPS are same.

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

39 Leases

Operating lease - Company as lessor

The Company has entered into commercial property leases on its property, plant and equipment. These operating leases have variable terms ranging from 12 months to 36 months up to eleven years. All leases include a clause to enable upward revision of the lease rental on periodical basis and includes variable rent determined based on percentage of sales of lessee.

The Company has recognised ₹ 121.08 million (31 March 2020 - ₹ 3.95 million) during the year towards lease rental income.

Minimum lease payments receivable in respect of these leases for non-cancellable period are as follows:

Particulars	in ₹ million	
	31 March 2021	31 March 2020
Within one year	181.12	157.78
After one year but not more than five years	555.72	466.63
More than five years	65.02	-
	801.86	624.41

Operating lease - Company as lessee

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

The Company has paid ₹ 176.47 million (31 March 2020 - ₹ 259.58 million) during the year towards minimum lease payments.

Future minimum rentals payable under non-cancellable operating lease are as follows:

Particulars	in ₹ million	
	31 March 2021	31 March 2020
Within one year	77.92	66.75
After one year but not more than five years	164.56	140.21
More than five years	66.91	88.49
	309.39	295.45

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Notes to the standalone financial statements for the year ended 31 March 2021

40 Contingent liabilities

Contingent liabilities (to the extent not provided for)

Particulars	in ₹ million	
	31 March 2021	31 March 2020
i Guarantees given by the Company	3,331.97	3,956.40
ii Income tax matters in dispute	250.42	176.28
iii Sales tax matters in dispute	727.26	526.52
iv Service tax matters in dispute	434.56	459.53
v Excise duty matters in dispute	7.27	7.27
	4,751.48	5,126.00

The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position. The Company does not expect any reimbursements in respect of the above contingent liabilities.

In respect of matters relating to certain transactions entered into by the Company in earlier years, the Company was asked to provide contracts, documents, correspondences, business rationale and justification for these transactions by regulatory authorities, the Company has been responding to the same from time to time. Further, in the current year, the Company has also received Summons from SEBI under section 11(2), and 11C(2), 11C(3) of the SEBI Act, 1992 on the same transactions. The Company has duly responded to the e-mail queries and the Summons within the time allotted.

These transactions have been entered into by the Company in the normal course of business and includes construction of residence, joint development of residential and commercial properties and advances given for land acquisition. The Company has receivables and other balances outstanding as at the balance sheet date from these transactions and expects to recover the same from the other parties in its normal course of business. The Company collected Rs 2 crores during the year against the construction of residence for the counter party and Rs 6.5 crores was outstanding as at the balance sheet date. Further, the Company had paid a refundable deposit of Rs 51 crores to the counter parties, which will be due to be received by the Company on completion of its obligation on the contract that is expected to happen in fiscal year 2022. Subsequent to the balance sheet date, the Company has agreed, with the other parties, for a manner of settlement of the remaining dues amounting to Rs 57.8 crores. Based on this, Rs 27.8 crores has been settled by transfer of other parties' units of an ongoing launched project (Project 1). The Company intends to sell these units in its normal course of business, so transferred, and realise the amount. The realization terms of the balance, i.e. Rs 30 crores has been renegotiated and agreed to be settled through the landowners' revenue share in sales proceeds of another project (Project 2), which is expected to be launched by next year. The Company has a consent / confirmation from the other party for appropriation of the landowners' revenue share in sales proceeds of another project (Project 2), settlement of this due which is supported by a legal advice on its enforceability. Based on the best estimate of the management, this will be realized over a period of 2 – 4 years.

Based on the Company's overall assessment including legal advice on enforceability of the manner of settlement, the outstanding amounts are considered fully recoverable and the terms of the aforesaid transactions are not prejudicial to the interests of the Company and will not have any adverse impact on the financial statements.

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

41 Commitments and other litigations

a. Commitments

(a) The estimated amount of contracts, net of advances remaining to be executed on capital account is ₹ 0.07 million (31 March 2020 - ₹ 8.19 million).

(b) At 31 March 2021, the Company has given ₹ 13,778.18 million (31 March 2020 - ₹ 14,139.76 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 agreements.

(c) The Company has entered into joint development agreements with owners of land for its construction and development. Under the agreements, the Company is required to pay deposits to the owners of the land and share in area/ revenue from such development in exchange of undivided share in land as stipulated under the agreements. As of 31 March 2021, the Company has paid ₹ 4,829.98 million (31 March 2020 - ₹ 6,052.36 million) as refundable deposit (undiscounted) against the joint development agreements.

(d) The Company has entered into an aircraft usage agreement with a party wherein the Company along with certain other parties has committed minimum usage of aircraft. During the year ended 31 March 2021, the Company incurred ₹ 61.38 million (31 March 2020 - ₹ 60.20 million) towards aircraft usage as per the agreement.

b. Other litigations

(a) Claims have been levied on the Company by Bruhat Bengaluru Mahanagara Palike ('BBMP') towards certain statutory charges which includes betterment charges, ground rent charges, etc. on certain real estate projects undertaken by the Company, the impact of which is not quantifiable. These claims are pending with various courts and are scheduled for hearings. Based on internal assessment, the management is confident that the matter would be decided in its favour, accordingly no provisions has made in this regard.

(b) The Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business, including certain litigation for lands acquired by it for construction purposes, either through joint development agreements or through outright purchases, the impact of which is not quantifiable. These cases are pending with various courts and are scheduled for hearings. After considering the circumstances and legal advice received, management believes that these cases will not adversely effect its financial statements.

Service tax matters in dispute includes demands raised for joint development agreements, the tax impact of which for future years is not ascertainable. The Company has evaluated such arrangements for tax compliance and based on experts opinion, the management is of the view that the tax positions are appropriate.

42 Construction contracts

Particulars	in ₹ million	
	31 March 2021	31 March 2020
Contract revenue recognised as revenue for the year ended	17,922.74	32,002.23
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to for all the contracts in progress	72,663.02	67,752.59
The amount of customer advances outstanding for contracts in progress for which revenue has been recognised	8,229.27	11,638.12
The amount of work-in-progress and value of inventories	24,330.29	23,771.96
The amount of retentions due from customers for contracts in progress	514.35	199.40

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

43 Contract balances

The following table discloses the movement in contract assets

	in ₹ million	
Particulars	31 March 2021	31 March 2020
Opening balance	2,060.71	396.81
Revenue recognised during the year	3,094.56	2,060.71
Invoices during the year	(2,060.71)	(396.81)
Closing balance	3,094.56	2,060.71

44 Derivative instruments and unhedged foreign currency exposure

	in ₹ million	
Particulars	31 March 2021	31 March 2020
Foreign currency exposure that are not hedged by derivative instruments or otherwise:		
Trade payables	11.40	19.02

- 45** Based on the information available with the Company, there are no suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as at 31 March 2021.

46 Capitalization of expenditure

During the year, the Company has capitalized the following expenses of revenue nature to capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

	in ₹ million	
Particulars	31 March 2021	31 March 2020
Opening capital work in progress	2,323.14	1,900.37
Add: Expenses incurred during the year		
Purchase of project materials	103.65	50.09
Subcontractor and other charges	37.94	94.89
Salaries, wages and bonus	4.89	11.51
Rent	0.95	17.41
Others	20.25	248.87
Sub-total	167.68	422.77
Less: Expenses capitalised as investment property	1,790.24	-
Closing capital work in progress	700.58	2,323.14

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

47 Fair value measurements

a. The carrying amounts of financial instruments by categories is as follows:

Particulars	in ₹ million					
	As at 31 March 2021			As at 31 March 2020		
	At cost	Fair value through profit or loss	At amortised cost	At cost	Fair value through profit or loss	At amortised cost
Financial assets						
Investments (refer note 10)	3,975.55	-	0.08	3,673.97	-	0.08
Trade receivables (refer note 11)	-	-	2,358.97	-	-	3,662.93
Cash and bank balances (refer note 14 and 15)	-	-	1,965.49	-	-	804.50
Other financial assets (refer note 12)	-	-	7,435.92	-	-	8,736.27
Total	3,975.55	-	11,760.46	3,673.97	-	13,203.78
Financial liabilities						
Borrowings (refer note 19)	-	-	29,001.73	-	-	30,054.63
Trade payables (refer note 23)	-	-	7,339.81	-	-	9,596.51
Other financial liabilities (refer note 20)	-	-	5,644.09	-	-	4,287.08
Total	-	-	41,985.63	-	-	43,938.22

b. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities

Particulars	in ₹ million							
	As at 31 March 2021				As at 31 March 2020			
	Carrying amount	Fair value			Carrying amount	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial assets								
Investments carried at fair value through profit and loss	-	-	-	-	-	-	-	-
Investments at amortized cost	0.08	-	-	0.08	0.08	-	-	0.08
	0.08	-	-	0.08	0.08	-	-	0.08
Assets for which fair value are disclosed								
Investment properties								
	1,691.59			3,967.00	-	-	-	-
	1,691.59	-	-	3,967.00	-	-	-	

Notes:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

There have been no transfers between the levels during the year.

Financial instruments carried at amortised cost such as instruments, trade receivables, cash and other financial assets, borrowings, trade payables and other financial liabilities are considered to be same as their fair values, due to their short term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

48 Financial risk management objectives and policies

The Company's principal financial liabilities comprise borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to finance and support Company's operations. The Company's principal financial assets include instruments, trade and other receivables, cash and bank balances, land advances and refundable deposits that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a risk management committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The risk management committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

A. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and other price risk, such as equity price risk and commodity/ real estate risk. Financial instruments affected by market risk include borrowings and refundable deposits.

The sensitivity analysis in the following sections relate to the position as at 31 March 2021 and 31 March 2020. The sensitivity analyses have been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rates of the debt.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions.

The below assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2021 and 31 March 2020.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate of borrowings. The Company does not enter into any interest rate swaps.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

		in ₹ million
	Increase/ decrease in interest rate	Effect on profit before tax * ₹ million
31 March 2021		
INR	+1%	(292.92)
INR	-1%	292.92
31 March 2020		
INR	+1%	(300.76)
INR	-1%	300.76

* determined on gross basis i.e. with out considering inventorisation of such borrowing cost.

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

B. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including refundable joint development deposits, security deposits, loans to employees and other financial instruments.

Trade receivables

(a) Receivables resulting from sale of properties: Customer credit risk is managed by requiring customers to pay advances before transfer of ownership, therefore, substantially eliminating the Company's credit risk in this respect.

(b) Receivables resulting from other than sale of properties: Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. The impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company's credit period generally ranges from 30-60 days.

(c) Revenue from one customer individually accounted for more than 10% of the company's revenue for the year ended 31 March 2021 and 31 March 2020. No single customer individually accounted for more than 10% of the trade receivable balance of the company as at 31 March 2021 and 31 March 2020.

Movement in allowance for credit losses

Particulars	in ₹ million	
	31 March 2021	31 March 2020
Opening balance	534.40	332.01
Amounts written off	-	(36.94)
Net remeasurement of loss allowance	103.69	239.33
Closing balance	638.09	534.40

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 March 2021 and 31 March 2020 is the carrying amounts.

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

C. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	in ₹ million					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
31 March 2021						
Borrowings (refer note 19)	3,846.01	1,797.08	4,791.00	17,488.16	1,079.48	29,001.73
Trade payables (refer note 23)	200.00	5,691.26	1,150.07	250.67	47.81	7,339.81
Other financial liabilities (refer note 20)	206.54	2,336.06	3,101.49	-	-	5,644.09
	4,252.55	9,824.40	9,042.56	17,738.83	1,127.29	41,985.63
31 March 2020						
Borrowings (refer note 19)	6,656.33	2,365.14	4,586.97	15,230.20	1,215.99	30,054.63
Trade payables (refer note 23)	-	6,991.17	2,340.26	232.16	32.92	9,596.51
Other financial liabilities (refer note 20)	305.25	1,356.81	2,625.02	-	-	4,287.08
	6,961.58	10,713.12	9,552.25	15,462.36	1,248.91	43,938.22

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

49 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing borrowings, trade payables and other financial liabilities (excluding liability under JDA), less cash and bank balances.

	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Borrowings (long-term and short-term, including current maturities of long term borrowings) (Note 19 & 20)	29,421.73	30,154.50
Trade payables (Note 23)	7,339.81	9,596.51
Other financial liabilities (current and non-current, excluding current maturities of long term borrowings) (Note 20)	5,224.09	4,187.21
Other liabilities (Note 24)	42,048.86	37,791.39
Less: Cash and bank balances (Note 14 and 15)	(1,965.49)	(804.50)
Net debt	82,069.00	80,925.11
Equity share capital (Note 16)	948.46	948.46
Other equity (Note 17)	21,922.28	21,924.31
Total capital	22,870.74	22,872.77
Capital and net debt	104,939.74	103,797.88
Gearing ratio	78.21%	77.96%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

50 Impact due to outbreak of COVID-19

During the year ended 31 March 2021, the Company had to suspend the operations in all ongoing projects at different times in compliance with the lockdown instructions issued by the Central and respective State Governments. This impacted the normal business operations of the Company by way of interruption in projects execution, supply chain disruption and unavailability of personnel during the lock-down period.

The Company has considered the possible impacts on the carrying value of assets. The Company, as at the date of these financial results has used internal and external sources of information to assess the expected future performance of the Company. The Company has also performed a sensitivity analysis on the assumptions used and based on the current estimates, the Company expects that the carrying amount of these assets reported in the balance sheet as at 31 March 2021 are fully recoverable. The Company has also estimated the future cash flows with the possible effects that may result from the COVID-19 pandemic and does not foresee any adverse impact on realising its assets and meeting its liabilities as and when they fall due. The actual impact of the COVID-19 pandemic may be different from that estimated as at the date of approval of these financial results. During the year ended 31 March 2021, the Management has also made a detailed assessment of the progress of construction work on its ongoing projects during the period of lockdown and has concluded that the same was only a temporary slowdown in activities and has accordingly capitalised/ inventorised the borrowing costs incurred in accordance with Ind AS 23.

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

for and on behalf of the Board of Directors of

Sobha Limited

Amrit Bhansali

Partner

Membership No.: 065155

Ravi PNC Menon

Chairman

DIN: 02070036

T P Seetharam

Whole-time Director

DIN: 08391622

Subhash Bhat

Chief Financial Officer

Vighneshwar G Bhat

Company Secretary and
Compliance Officer

Place: Bengaluru, India

Date: 22 June 2021

Place: Bengaluru, India

Date: 22 June 2021

INDEPENDENT AUDITORS' REPORT

To the Members of Sobha Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Sobha Limited (hereinafter referred to as the 'Holding Company') and subsidiaries, including step down subsidiaries (Holding Company and subsidiaries, including step down subsidiaries together referred to as "the Group") and its joint venture, which comprise the consolidated balance sheet as at 31 March 2021, the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries and joint venture as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its joint venture as at 31 March 2021, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its joint venture in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A. Inquiry from regulator - refer note 39 to the consolidated financial statements

Key Audit Matter

Assessment of certain transactions entered into by the Holding Company and recoverability of balances, on which Summons have been received from SEBI

How the matter was addressed in our audit

Our audit procedures on the transactions included the following:

- Inquired with senior personnel of the Holding Company to understand the commercial rationale and status of aged receivables and other asset balances outstanding from these transactions;

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Key Audit Matters (continued)

Key Audit Matter

During the current and previous years, the Holding Company has received enquiries from Securities and Exchange Board of India (SEBI) about certain transactions entered into by the Holding Company in earlier years. Further, in the current year, the Holding Company has also received Summons from SEBI under section 11(2), and 11C(2), 11C(3) of the SEBI Act, 1992 for production of documents and responses in respect of the aforesaid transactions.

The enquiries and consequently the Summons are directed to ascertain if there has been any undue favour towards any individual in these specific business transactions carried out by the Holding Company.

These transactions represent aged receivables and other asset balances recoverable from the counter parties and SEBI has sought responses and evidences for the efforts taken by the Holding Company to recover these amounts.

The Holding Company has consistently responded to SEBI on these transactions and efforts taken by them to recover the outstanding dues and maintains their position that there is no undue favour to any party. The matter has not yet been concluded by SEBI.

Subsequent to the balance sheet date, the Holding Company and the other parties to the transactions have agreed to a manner of settlement of the dues.

Considering the significance of the matter, which involves uncertainty of outcome due to ongoing enquiries from SEBI and involvement of significant judgements and estimates by the Holding Company on the realizability of these balances, this is considered as a key audit matter.

How the matter was addressed in our audit

- Verified the correspondence with various parties to recover the outstanding balance;
- Verified the documentation entered into (including subsequent to the balance sheet date) with the parties relating to the various projects and recoverability of the dues;
- Read the Holding Company's communication to SEBI to ensure consistency with the explanations and documentation / correspondences provided to us;
- Evaluated and challenged the Holding Company's assessment of recoverability of the balances outstanding as at the balance sheet date and the business rationale for these transactions and the timing and manner of settlement, including considering the developments subsequent to the balance sheet date;
- Evaluated the legal opinion obtained by the Holding Company on the enforceability of documentation with the other parties for recovery of dues;
- Communicated and discussed periodic updates on these transactions to those charged with governance, including the recoverability and business rationale aspects for these transactions;
- Read the minutes of the meetings of the management discussions with the Board of Directors and those charged with governance on this matter; and
- Considered the adequacy of the disclosure in the consolidated financial statements.

B. Revenue recognition - refer note 2.2(a)(ii)(a) to the consolidated financial statements

Key Audit Matter

Measurement of revenue recorded from sale of residential units

How the matter was addressed in our audit

Our audit procedures on revenue recognition on sale of residential units included the following:

- Evaluation of the Group's accounting policies for revenue recognition on sale of residential units are in line with the applicable accounting standards and their application to customer contracts, including consistent application;

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Key Audit Matters (continued)

Key Audit Matter

Revenues from sale of residential units represents the largest portion of the total revenues of the Group.

Revenue is recognised upon transfer of control of residential units to customers for an amount which reflects the consideration the Group expects to receive in exchange for those units. The point of revenue recognition is normally based on the terms as included in the intimation for the handover of unit to the customer on completion of the project, post which the contract becomes non-cancellable by the parties. The Group records revenue at a point in time upon transfer of control of residential units to the customers.

Considering the volume of the Group's projects, spread across different regions within the country and the competitive business environment, there is a risk of revenue being overstated (for example, through premature revenue recognition i.e. recording revenue prior to handover of unit to the customers) or understated (for example, through improperly shifting revenues to a later period) in order to present consistent financial results. Since revenue recognition has direct impact on the Group's profitability, there is a possibility of the Group being biased, hence this is considered as a key audit matter.

How the matter was addressed in our audit

- Identifying and testing operating effectiveness of key controls around approvals of contracts, milestone billing, intimation of handover letters and controls over collection from customers;
- For samples selected, verifying the underlying documents – handover letter, sale agreement signed by the customer, handover intimation mail sent to the customer and the collections against the units sold;
- Cut-off procedures for recording of revenue in the relevant reporting period;
- Site visits during the year for selected projects to understand the scope, nature, status and progress of the projects; and
- Considering the adequacy of the disclosures in note 2.2(a)(ii)(a) to the consolidated financial statements in respect of recognising revenue on sale of residential units.

C. Revenue recognition - refer note 3(b)(i) to the consolidated financial statements

Key Audit Matter

Measurement of revenue on contractual construction projects recorded over time which is dependent on the estimates of the costs to complete

Revenue recognition from contractual projects represents a significant portion of the total revenues of the Group.

How the matter was addressed in our audit

Our audit procedures on revenue recognition on contractual construction projects included the following:

- Evaluation of Group's accounting policies for revenue recognition on contractual projects are in line with the applicable accounting standards and their application to customer contracts, including consistent application;
- Identifying and testing operating effectiveness of key controls around budgeting of project cost, approval of purchase orders, recording of actual cost, raising of invoices and estimating the cost to complete the project;

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Key Audit Matters (continued)

Key Audit Matter

Revenue recognition from contractual projects involves significant estimates primarily pertaining to measurement of costs to complete the projects. Revenue from projects is recorded based on Group's assessment of the work completed, costs incurred and accrued and the estimate of the balance costs to complete.

Due to inherent nature of the projects and significant judgment involved in the estimate of costs to complete, there is risk of overstatement or understatement of revenue, hence this is considered as a key audit matter.

How the matter was addressed in our audit

- For samples selected during the year, verifying the underlying documents – contracts with customers, invoices raised and collections from the customers;
- Comparing the estimated costs to complete with the budgeted costs and analysis of the variances, if any;
- Sighting approvals for budgeted costs with the rationale for the changes; and
- Assessment of costs incurred on projects, which is used by the Group to determine the percentage of completion.
- Considering the adequacy of the disclosures in note 3(b)(i) to the consolidated financial statements in respect of judgements taken to recognise revenue for contractual projects.
- Considering the adequacy of the disclosures in note 41 to the consolidated financial statements in respect of revenue recognized, cost incurred, amount received/ retentions due from customers, work in progress, value of inventories and profit recognized till date.

D. Revenue recognition - refer note 2.2(a)(iii) to the consolidated financial statements

Key Audit Matter

Measurement of revenue recorded from sale of manufactured products

Revenue is recognised upon transfer of control of products manufactured by the Group to customers for an amount which reflects the consideration the Group expects to receive in exchange for those products. The point of revenue recognition is normally upon transfer of control to the customer on delivery of product.

How the matter was addressed in our audit

Our audit procedures on revenue recognition from sale of manufactured products included the following:

- Evaluation of Group's accounting policies for revenue recognition on sale of products manufactured, are in line with the applicable accounting standards and their application to agreement with customers, including consistent application;
- Identifying and testing operating effectiveness of key controls around approvals of sale order received, invoice raised, intimation of delivery of product, and controls over collection from customers;
- For samples selected, verifying the underlying documents – sales order, invoice raised, good received note authorised by the customer and the collections;

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Key Audit Matters (continued)

Key Audit Matter

Considering the competitive business environment, there is a risk of revenue being overstated (for example, through premature revenue recognition i.e. recording revenue prior to transfer of control to the customers) or understated (for example, through improperly shifting revenues to a later period) in order to present consistent financial results.

Since revenue recognition has direct impact on the Group's profitability, there is a possibility of the Group being biased, hence this is considered as a key audit matter.

How the matter was addressed in our audit

- Cut-off procedures for recording of revenue in the relevant reporting period; and
- Considering the adequacy of the disclosures in note 2.2(a)(iii) to the consolidated financial statements in respect of recognizing revenue on sale of manufactured products.

E. Inventories - refer note 3(b)(iii) to the consolidated financial statements

Key Audit Matter

Assessment of net realisable value (NRV) of inventories

Inventories on construction of residential units comprising ongoing and completed projects, initiated but unlaunched projects and land stock, represents a significant portion of the Group's total assets.

The Group recognises profit on the sale of each residential unit with reference to the overall profit margin depending upon the total cost incurred on the project. A project comprises multiple units, the construction of which is carried out over a number of years. The recognition of profit for sale of a unit, is therefore dependent on the estimate of future selling prices and construction costs. Further, estimation uncertainty and exposure to cyclicalities exists within long- term projects.

Forecasts of future sales are dependent on market conditions, which can be difficult to predict and be influenced by political and economic factors.

Considering the significance of the amount of carrying value of inventories and the involvement of significant estimation and judgement in assessment of NRV, this is considered as a key audit matter.

How the matter was addressed in our audit

Our audit procedures to assess the net realisable value (NRV) of inventories included the following:

- Enquiry with the Group's personnel to understand the basis of computation and justification for the estimated recoverable amounts of the unsold units in both ongoing and completed projects ("the NRV assessment");
- Assessing the Group's valuation methodology for the key estimates, data inputs and assumptions adopted in the valuation. This involved comparing the total cost per sqft with expected average selling prices such as recently transacted prices maintained by the Group. For projects which are not launched and / (or) there is no sales, the total cost per sqft is compared to the selling prices of similar properties located in nearby vicinity of each project
- While analyzing the expected average selling price, we have performed a sensitivity analysis on the selling price and compared this to the budgeted cost;
- For our samples of land stock, obtained the fair valuation reports and published guidance values for assessing the valuation methodology, key estimates and assumptions adopted in the valuation; and
- Verifying the NRV assessment and comparing the estimated construction costs to complete each development with the Group's updated budgets.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Key Audit Matters (continued)

F. Land Advances - refer note 3(b)(iii) to the consolidated financial statements

Key Audit Matter	How the matter was addressed in our audit
Assessment of recoverability of land advances <p>Land advances represents a significant portion of the Group's total assets.</p> <p>Land advance represents the amount paid towards procurement of land parcels to be used in the future for construction of residential projects. These advances are carried at cost less impairment losses. These land advances are converted into land stock as per the terms of the underlying contracts under which these land advances have been given. The carrying value of advances are tested for recoverability by the Group by comparing the valuation of land parcels in the same area for which land advances have been given.</p> <p>Due to quantum of carrying value of land advances to total assets of the Group and significant estimates and judgements involved in assessing recoverability of land advances, this is considered as a key audit matter.</p>	<p>Our audit procedures to assess the recoverability of land advances included the following:</p> <ul style="list-style-type: none">• Enquiry with the Group's personnel on the process of providing land advances and testing of key controls over such land advances paid during the year;• Enquiry with the Group's personnel also covered obtaining explanations on the long-standing land advances and understanding Group's plan for conversion of the land advances to land stock;• For our samples, verifying the underlying agreements or Memorandum of understanding in possession of the Group, based on which land advances were given, to assess the Group's rights over the land parcels in subject;• For our samples, obtaining the fair valuation reports of such land parcels for assessing the valuation methodology, key estimates and assumptions adopted in the valuation; and• For our samples, verifying the published guidance values for the area in which these land parcels are situated.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors'/Designated Partners Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Key Audit Matters (continued)

presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies / Designated Partners of limited liability partnership included in the Group and of its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company, and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies / Designated Partners of limited liability partnership included in the Group and of its joint venture are responsible for assessing the ability of each company / limited liability partnership to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors / Designated Partners either intends to liquidate the Company / limited liability partnership or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies / Designated Partners of limited liability partnership included in the Group and of its joint venture is responsible for overseeing the financial reporting process of each company / limited liability partnership.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Key Audit Matters (continued)

- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint venture to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its joint venture to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in sub-paragraph (a) of the section titled 'Other Matters' in this audit report.
- We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements of 19 subsidiaries (including step down subsidiaries), whose financial statements reflect total assets (before consolidation adjustments) of ₹8,285.66 million as at 31 March 2021, total revenues (before consolidation adjustments) of ₹470.12 million and net cash outflows amounting to ₹13.09 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit/loss (and other comprehensive income) (before consolidation adjustments) of ₹ Nil for the year ended 31 March 2021, in respect of a joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Key Audit Matters (continued)

to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

- A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries and joint venture as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
 - On the basis of the written representations received from the directors of the Holding Company as on 31 March 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
 - With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries and joint venture, as noted in the 'Other Matters' paragraph:
- The consolidated financial statements disclose the impact of pending litigations as at 31 March 2021 on the consolidated financial position of the Group and its joint venture. Refer Note 40 to the consolidated financial statements;
 - The Group and its joint venture did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2021.
 - There has been no delay in transferring amounts to the Investor Education and Protection Fund by

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Key Audit Matters (continued)

the Holding Company or its subsidiary companies and joint venture incorporated in India during the year ended 31 March 2021;

- iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2021; and

- C. With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali

Partner

Membership number: 065155

UDIN: 21065155AAAADH8733

Place: Bengaluru

Date: 22 June 2021

Annexure A to the Independent Auditors' report on the consolidated financial statements of Sobha Limited for the period ended 31 March 2021.

Report on the Internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (A) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2021 we have audited the internal financial controls with reference to consolidated financial statements of Sobha Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors

of the relevant subsidiary companies in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

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

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to 19 subsidiary companies (including step down subsidiaries), which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali

Partner

Membership number: 065155

UDIN: 21065155AAAADH8733

Place: Bengaluru

Date: 22 June 2021

SOBHA LIMITED

CONSOLIDATED BALANCE SHEET

		in ₹ million	
Particulars	Note	As at 31 March 2021	As at 31 March 2020
Assets			
Non-current assets			
Property, plant and equipment	4	4,415.00	4,630.71
Investment property	5	3,529.21	1,880.95
Investment property under construction	6	700.58	2,323.14
Intangible assets	7	232.13	231.74
Right of use assets	8	157.42	128.19
Financial assets			
Investments	10	1,142.70	1,142.69
Trade receivables	11	423.99	141.02
Other non-current financial assets	12	1,418.24	162.32
Other non-current assets	13	5,200.77	5,180.55
Current tax assets (net)	22	96.75	113.44
Deferred tax asset (net)	22	19.21	20.56
		17,336.00	15,955.31
Current assets			
Inventories	9	71,246.35	67,044.90
Financial assets			
Trade receivables	11	1,937.18	3,604.63
Cash and cash equivalents	14	1,637.38	675.09
Bank balance other than cash and cash equivalents	15	404.11	208.80
Other current financial assets	12	5,718.07	8,310.31
Other current assets	13	13,822.43	14,323.22
		94,765.52	94,166.95
Total assets		112,101.52	110,122.26
Equity and liabilities			
Equity			
Equity share capital	16	948.46	948.46
Other equity	17	23,328.89	23,363.55
Equity attributable to owners of the Company		24,277.35	24,312.01
Non-controlling interest		-	-
Total equity		24,277.35	24,312.01
Non-current liabilities			
Financial liabilities			
Borrowings	19	3,504.33	2,377.64
Lease liabilities	19	67.97	60.64
Provisions	21	151.46	144.67
Deferred tax liabilities (net)	22	341.75	311.33
		4,065.51	2,894.28
Current liabilities			
Financial liabilities			
Borrowings	19	26,396.34	28,625.05
Lease liabilities	19	61.98	73.56
Trade payables			
Total outstanding dues of micro enterprises and small enterprises; and	23	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	23	7,317.59	9,566.88
Other current financial liabilities	20	6,562.97	4,937.06
Other current liabilities	24	43,194.17	39,292.99
Provisions	21	138.50	151.39
Liabilities for current tax (net)	22	87.11	269.04
		83,758.66	82,915.97
Total liabilities		87,824.17	85,810.25
Total equity and liabilities		112,101.52	110,122.26

Summary of significant accounting policies

2.4

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

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No.: 065155

Place: Bengaluru, India
Date: 22 June 2021

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

Ravi PNC Menon
Chairman
DIN: 02070036

Subhash Bhat
Chief Financial Officer

Place: Bengaluru, India
Date: 22 June 2021

T P Seetharam
Whole-time Director
DIN: 08391622

Vigneshwar G Bhat
Company Secretary and Compliance Officer

SOBHA LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

		in ₹ million	
Particulars	Note	For the year ended 31 March 2021	For the year ended 31 March 2020
Income			
Revenue from operations	25	21,097.79	37,538.52
Finance income	27	419.81	429.92
Other income	26	386.40	288.15
Total income		21,904.00	38,256.59
Expenses			
Land purchase cost		2,543.94	4,268.33
Cost of raw materials and components consumed	28	1,861.96	3,001.53
Purchase of project materials		3,920.98	7,215.95
Changes in Inventories of Raw materials, Land stock, Work in progress, Stock in trade and Finished goods	29	(4,169.41)	(3,412.49)
Subcontractor and other charges		5,124.14	8,836.30
Employee benefits expense	30	1,771.27	2,464.19
Finance costs	34	6,012.14	6,816.03
Depreciation and amortization expense	31	793.67	722.85
Other expenses	32	3,293.46	4,012.35
Total expenses		21,152.15	33,925.04
Profit before tax		751.85	4,331.55
Tax expenses			
Current tax	22	100.81	451.90
Deferred tax charge	22	28.28	1,062.96
Income tax expense		129.09	1,514.86
Profit for the year		622.76	2,816.69
Other comprehensive income			
Item that will not be reclassified to profit or loss in subsequent periods:			
Re-measurement on defined benefit plan	37	6.50	4.61
Income tax effect		-	-
Other comprehensive income for the year, net of tax		6.50	4.61
Total comprehensive income for the year attributable to owners of the Company		629.26	2,821.30
Profit for the year attributable to :			
Owners of the Company		622.76	2,816.69
Non-controlling interests		-	-
		622.76	2,816.69
Total comprehensive income for the year attributable to :			
Owners of the Company		629.26	2,821.30
Non-controlling interests		-	-
		629.26	2,821.30
Earnings per equity share [nominal value of ₹ 10 fully paid (31 March 2020 - ₹ 10 fully paid)]			
Basic and diluted (amount in ₹)	38	6.57	29.69
Summary of significant accounting policies	2.4		

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

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No.: 065155

Place: Bengaluru, India
Date: 22 June 2021

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

Ravi PNC Menon
Chairman
DIN: 02070036

Subhash Bhat
Chief Financial Officer

Place: Bengaluru, India
Date: 22 June 2021

T P Seetharam
Whole-time Director
DIN: 08391622

Vighneshwar G Bhat
Company Secretary and Compliance Officer

SOBHA LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

a. Equity share capital

	Number of shares in million	Amount in ₹ million
Equity shares of ₹10 each issued, subscribed and fully paid		
Balance as at 1 April 2019	94.84	948.46
Balance as at 31 March 2020	94.84	948.46
Balance as at 1 April 2020	94.84	948.46
Balance as at 31 March 2021	94.84	948.46

b. Other equity

	Attributable to owners of the Company						in ₹ million
	Reserves and Surplus					Items of OCI	Total
	Capital redemption reserve	Securities premium	Debenture redemption reserve	General reserve	Retained earnings	Other items of OCI	
As at 1 April 2019	119.47	9,328.92	300.22	3,530.59	8,074.05	(10.61)	21,342.64
Profit for the year	-	-	-	-	2,816.69	-	2,816.69
On account of adoption of Ind AS 115	-	-	-	-	-	-	-
Other comprehensive income (net of tax)	-	-	-	-	-	4.61	4.61
Total comprehensive income	119.47	9,328.92	300.22	3,530.59	10,890.74	(6.00)	24,163.94
Transfer to other reserves							
Debenture redemption reserve	-	-	49.82	-	(49.82)	-	-
Debentures redeemed during the year	-	-	(350.04)	350.04	-	-	-
General reserve	-	-	-	289.48	(289.48)	-	-
Total transfer to other reserves	-	-	(300.22)	639.52	(339.30)	-	-
Transaction with owners, recorded directly in equity							
Distribution to owners							
Dividend (including dividend distribution tax) (refer note 18)	-	-	-	-	(800.39)	-	(800.39)
Total distribution to owners	-	-	-	-	(800.39)	-	(800.39)
As at 31 March 2020	119.47	9,328.92	-	4,170.11	9,751.05	(6.00)	23,363.55
As at 1 April 2020	119.47	9,328.92	-	4,170.11	9,751.05	(6.00)	23,363.55
Profit for the year	-	-	-	-	622.76	-	622.76
Other comprehensive income (net of tax)	-	-	-	-	-	6.50	6.50
Total comprehensive income	119.47	9,328.92	-	4,170.11	10,373.81	0.50	23,992.81
Transfer to other reserves							
General reserve	-	-	-	65.54	(65.54)	-	-
Total transfer to other reserves	-	-	-	65.54	(65.54)	-	-
Transaction with owners, recorded directly in equity							
Distribution to owners							
Dividend (including dividend distribution tax) refer note 18	-	-	-	-	(663.92)	-	(663.92)
Total distribution to owners	-	-	-	-	(663.92)	-	(663.92)
As at 31 March 2021	119.47	9,328.92	-	4,235.65	9,644.35	0.50	23,328.89

Summary of significant accounting policies 2.4

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

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No.: 065155

Place: Bengaluru, India
Date: 22 June 2021

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

Ravi PNC Menon
Chairman
DIN: 02070036

Subhash Bhat
Chief Financial Officer

Place: Bengaluru, India
Date: 22 June 2021

T P Seetharam
Whole-time Director
DIN: 08391622

Vigneshwar G Bhat
Company Secretary and Compliance Officer

SOBHA LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

	in ₹ million	
	For the year ended 31 March 2021	For the year ended 31 March 2020
Cash flows from operating activities		
Profit before tax	751.85	4,331.55
Adjustments to reconcile profit before tax to net cash flows from operating activities		
Depreciation and amortization expense	651.68	679.39
Depreciation of investment properties	141.99	43.46
Gain on sale of property, plant and equipment	(1.69)	(4.41)
Finance income (including fair value change in financial instruments)	(419.81)	(429.92)
Finance costs (including fair value change in financial instruments)	6,012.14	6,595.35
Allowance for credit loss	191.70	239.33
Share of profit from sale of interest in partnership firm	(144.25)	-
Bad debts written off	-	8.80
Working capital adjustments:		
Decrease / (Increase) in trade receivables	1,405.57	(623.35)
Increase in inventories	(4,187.60)	(3,157.76)
Decrease / (Increase) in other financial assets	1,180.73	(2,222.05)
Decrease in other assets	512.70	3,019.16
Decrease in trade payables and other financial liabilities	(945.29)	(1,742.28)
(Decrease) / Increase in provisions	(6.10)	24.88
Increase/(decrease) in other non-financial liabilities	1,250.87	(2,755.68)
Cash generated from operating activities	6,394.49	4,006.47
Income tax paid (net of refund)	(266.05)	(1,062.94)
Net cash flows from/ (used in) operating activities (A)	6,128.44	2,943.53
Cash flows from investing activities		
Purchase of property, plant and equipment	(413.72)	(2,913.84)
Purchase of intangible assets	(4.12)	(102.27)
Proceeds from sale of property, plant and equipment	23.04	4.93
Proceeds from sale of interest in partnership firm	144.25	-
Purchase of investment properties	-	(19.28)
Contribution to partnership current account	-	(14.45)
Investment in Mutual funds	(0.01)	-
Investments in fixed deposits (net)	(193.76)	(127.88)
Interest received	112.46	102.44
Net cash flows used in investing activities (B)	(331.86)	(3,070.35)
Cash flows from financing activities		
Proceeds from long-term borrowings	1,718.45	-
Repayment of long-term borrowings	(245.78)	(1,624.98)
Proceeds from short-term borrowings	14,185.29	24,969.22
Repayment of short-term borrowings	(16,414.27)	(20,039.50)
Lease payments	(22.70)	(50.06)
Finance cost paid	(3,391.17)	(3,298.80)
Dividend paid on equity shares	(664.11)	(663.74)
Tax on dividend paid	-	(136.47)
Net cash flows used in financing activities (C)	(4,834.29)	(844.33)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	962.29	(971.15)
Cash and cash equivalents at the beginning of the year (refer note 14)	675.09	1,644.54
Cash inflow due to acquisition of subsidiary	-	1.70
Cash and cash equivalents at the end of the year (refer note 14)	1,637.38	675.09

Summary of significant accounting policies

2.4

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

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali

Partner

Membership No.: 065155

Place: Bengaluru, India

Date: 22 June 2021

for and on behalf of the Board of Directors of

Sobha Limited

Ravi PNC Menon

Chairman

DIN: 02070036

Subhash Bhat

Chief Financial Officer

Place: Bengaluru, India

Date: 22 June 2021

T P Seetharam

Whole-time Director

DIN: 08391622

Vighneshwar G Bhat

Company Secretary and Compliance Officer

1 Corporate information

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

The Company is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The registered office is located at Bangalore. The Company's shares and debentures are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

The consolidated financial statements are approved for issue by the Board of Directors on 22 June 2021.

2 Significant accounting policies

2.1 Basis of preparation

The financial statements are separate financial statements prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provision of the Act.

The consolidated financial statements have been prepared on the historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

The consolidated financial statements are presented in ₹ and all values are rounded to the nearest millions, except when otherwise indicated.

2.2 Group information

The consolidated financial statements of the Group includes subsidiaries listed in the table below:

Name of investee	Principal activities	Country of incorporation	Percentage of ownership/ voting rights	
			31 March 2021	31 March 2020
Subsidiaries				
Annalakshmi Land Developers Pvt Ltd (with effect from 19.01.2021)	Real estate development	India	100%	0%
Sobha City ['Partnership firm']		India	100%	100%
Sobha Contracting Pvt Ltd		India	100%	100%
Sobha Developers (Pune) Limited		India	100%	100%
Sobha Assets Private Limited		India	100%	100%
Sobha Highrise Ventures Private Limited		India	100%	100%
Sobha Interiors Private Limited		India	100%	100%
Sobha Nandambakkam Developers Limited		India	100%	100%
Sobha Tambaram Developers Limited		India	100%	100%
Sobha Construction Products Private Limited		India	100%	100%
Kilai Builders Private Limited		India	100%	100%
Kondhwa Projects LLP ['Partnership firm']		India	50%	50%
Kuthavakkam Builders Private Limited		India	100%	100%
Kuthavakkam Realtors Private Limited		India	100%	100%
Vayaloor Properties Private Limited		India	100%	100%
Vayaloor Builders Private Limited		India	100%	100%
Vayaloor Developers Private Limited		India	100%	100%
Vayaloor Real Estate Private Limited		India	100%	100%
Vayaloor Realtors Private Limited		India	100%	100%
Valasai Vettikadu Realtors Private Limited		India	100%	100%

The consolidated financial statements also includes the result of a joint venture, Kondhwa Projects LLP, which has been accounted for under the equity method of accounting.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company, its subsidiaries and a joint venture. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March 2021.

Consolidation procedure

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the

parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

- (c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.
- (d) Include the results, i.e. profit or loss from the joint venture in the consolidated Statement of profit and loss.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.4 Summary of significant accounting policies

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

b) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue includes excise duty, since the recovery of excise duty flows to the Group on its own account. However, sales tax/ value added tax (VAT)/Goods and Services Tax(GST) is not received by the Group on its own account. These taxes are collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

i. Recognition of revenue from contractual projects

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

ii. Recognition of revenue from real estate projects**a. Recognition of revenue from property development**

Revenue is recognized upon transfer of control of residential units to customers, in an amount that reflects the consideration the Group expects to receive in exchange for those residential units. The Group shall determine the performance obligations associated with the contract with customers at contract inception and also determine whether they satisfy the performance obligation over time or at a point in time. In case of residential units, the Group satisfies the performance obligation and recognises revenue at a point in time i.e., upon handover/deemed handover of the residential units.

Deemed handover of the residential units is considered upon intimation to the customers about receipt of occupancy certificate and receipt of total sale consideration.

To estimate the transaction price in a contract, the Group adjusts the promised amount of consideration for the time value of money if that contract contains a significant financing component. The Group when adjusting the promised amount of consideration for a significant financing component is to recognise revenue at an amount that reflects the cash selling price of the transferred residential unit.

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

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

iii. Recognition of revenue from manufacturing division

Revenue from sale of materials is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which coincides with dispatch of goods

to the customers. Service income is recognised on the basis of completion of a physical proportion of the contract work/ based upon the contracts/ agreements entered into by the Group with its customers.

iv. Dividend income

Revenue is recognised when the shareholders' or unit holders' right to receive payment is established, which is generally when shareholders approve the dividend.

v. Rental income from operating leases

Rental income receivable under operating leases (excluding variable rental income) is recognized in the statement of profit and loss on a straight-line basis over the term of the lease including lease income on fair value of refundable security deposits. Rental income under operating leases having variable rental income is recognized as per the terms of the contract.

vi. Interest income

Interest income, including income arising from other financial instruments, is recognised using the effective interest rate method.

c) Property, plant and equipment

Property, plant and equipment are stated at their cost of acquisition/construction, net of accumulated depreciation and impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

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

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the property, plant and equipment is derecognised.

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the statement of profit and loss.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

d) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in statement of profit and loss as incurred.

Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in statement of profit and loss in the period of derecognition.

e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets, comprising of software and intellectual property rights are amortized on a straight line basis over a period of 3 years, which is estimated to be the useful life of the asset and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

f) Depreciation on property, plant and equipment

Depreciation is calculated on written down value basis using the following useful lives prescribed under Schedule II of the Act, except where specified.

Particulars	Useful lives estimated by the management (in years)
Property, plant and equipment	
Factory buildings	30
Buildings - other than factory buildings	60
Buildings - temporary structure for precast plant	8
Buildings - temporary structure	3
Plant and machinery	
i. General plant and machinery	15
ii. Plant and machinery - Civil construction	12
iii. Plant and machinery - Electrical installations	10
Furniture and fixtures	10
Motor vehicles	8

Particulars	Useful lives estimated by the management (in years)
Computers	
i. Computer equipment	3
ii. Servers and network equipment	6
Office equipment	5
Investment property	
Buildings - other than factory buildings	60
Plant and machinery	
i. General plant and machinery	15
ii. Plant and machinery - Civil construction	12
iii. Plant and Machinery - Electrical installations	10
Furniture and fixtures	10

Steel scaffolding items are depreciated using straight line method over a period of 6 years, which is estimated to be the useful life of the asset by the management based on planned usage and technical advice thereon. This estimate of useful life is higher than those indicated in Schedule II.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

g) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that any non-financial asset may be impaired. If any indication exists, or when annual impairment testing for a non-financial asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss.

h) Impairment of financial assets

The Group assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Group recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected

credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

i) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The real estate development projects undertaken by the Group generally run over a period ranging up to 5 years. Operating assets and liabilities relating to such projects are classified as current based on an operating cycle of up to 5 years. Borrowings in connection with such projects are classified as short-term (i.e. current) since they are payable over the term of the respective projects.

Assets and liabilities, other than those discussed above, are classified as current to the extent they are expected to be realised / are contractually repayable within 12 months from the balance sheet date and as non-current, in other cases.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

j) Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which

sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

k) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Classification and subsequent measurement

On initial recognition, financial asset is classified as measured at:

- amortised cost
- fair value through other comprehensive income (FVTOCI) - debt investment
- fair value through other comprehensive income (FVTOCI) - equity investment
- fair value through profit or loss (FVTPL)

Financial assets at amortised cost

A 'financial asset' is measured at the amortised cost if both the following conditions are met and is not designated as FVTPL:

a) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and b) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are

recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

Debt instrument at Fair value through Other comprehensive income (FVTOCI)

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met and is not designated as FVTPL:

- a) the objective of the business model is achieved both by collecting contractual cash flows and selling the financial instrument, and
- b) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt investment included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

Financial assets at Fair Value Through Profit or Loss (FVTPL)

FVTPL is a residual category for financial assets. Any financial assets, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss. In addition, the Group may elect to designate a financial asset, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any financial asset as at FVTPL.

Equity investments in joint ventures

Interests in joint ventures are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of joint ventures until the date on which significant influence or joint control ceases.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the

associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Classification, subsequent measurement and gains and losses

The financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading or it is as derivative or designated as such on initial recognition. Financial liabilities measured as FVTPL are measured at fair value and net gains or losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

l) Borrowing costs

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

m) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

n) Employee benefits

i. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards

Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the statement of profit and loss in the periods during which the related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

ii. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income (OCI). The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The Group makes contributions to Sobha Developers Employees Gratuity Trust ('the Trust') to discharge the gratuity liability to employees. Provision towards gratuity, a defined benefit plan, is made for the difference between actuarial valuation by an independent actuary and the fund balance, as at the year-end. The cost of providing benefits under gratuity is determined on the basis of actuarial valuation using the projected unit credit method at each year end.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

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

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

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

o) Provisions

A provision is recognized when an enterprise has a present obligation (legal or constructive) as result of past event and it is probable that an outflow of embodying economic benefits of resources will be required to settle a reliably assessable obligation. Provisions are determined based on best estimate required to settle each obligation at each balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

p) Contingent liabilities

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

q) Earnings per share

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

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

r) Foreign currency transactions

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

s) Inventories

Related to contractual and real estate activity

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

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

Related to manufacturing activity

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

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

t) Land

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

Land/ development rights received under joint development arrangements is measured at the fair value of the estimated construction service rendered to the land owner and the same is accounted on launch of the project. Further, non-refundable deposit amount paid by the Group under joint development arrangements is recognised as land advance under other assets and on the launch of the project, the non-refundable amount is transferred as land cost to work-in-progress.

u) 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.

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

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

Where the Group is lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease, unless the lease agreement explicitly states that increase is on account of inflation. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

v) Cash dividend to equity holders of the Group

The Group recognises a liability to make cash distributions to equity holders of the Group when the distribution is authorised and the distribution is no longer at the discretion of the Group. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Group's Board of Directors.

3 Significant accounting judgements, estimates and assumptions

The preparation of these consolidated financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgements, estimates and assumptions that affect the reported balances of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) Judgements

In the process of applying the accounting policies, Management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

i) Classification of property

The Group determines whether a property is classified as investment property or inventory property:

Investment property comprises land and buildings (principally offices, commercial warehouse and retail property) that are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business.

Inventory property comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Group develops and intends to sell before or on completion of construction.

ii) Business combination

The Group has granted land advances to a land aggregator Group, named Technobuild Developers Private Limited ('Technobuild'), wherein Technobuild is engaged in business of acquiring large parcels of lands and transferring it for development for consideration to the Group. In order to protect the right of the Company to recover the advance, the shareholders of Technobuild have signed a non-disposal undertaking with the Company. The management assessed whether or not the Company has control over Technobuild based on such non-disposal undertaking. In exercising its judgement, management considers, that rights are only protective rights to safeguard the Group's interest to the extent of land advances granted by it to Technobuild. Further, such rights will get terminated once the entire land parcels are transferred to the Company as per the terms of the arrangement. Also the Group does not exercise any control/ power over the entire financial and business operations of Technobuild since it neither holds (directly/Indirectly) any shareholding/ voting rights in Technobuild nor it exercises any board control to demonstrate any power or ability to use its power over the operations of Technobuild, which could impact the returns of the Company. The undertaking provided by the shareholders of Technobuild does not provide substantive rights to the Group to participate in the business operations of Technobuild, since such rights are only protective in nature, hence management has concluded that the Company does not have sufficient dominant vesting interest to exert control over Technobuild.

b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

i) Revenue recognition, contract costs and valuation of unbilled revenue

The Group uses the percentage-of-completion method for recognition of revenue, accounting for unbilled revenue and contract cost thereon for its contractual projects. The percentage of completion is measured by reference to the stage of the contracts determined based on the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs. Use of the percentage-of-completion method requires the Group to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Significant assumptions are required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost and the recoverability of the contracts. These estimates are based on events existing at the end of each reporting date.

ii) Accounting for advance from customer considering the time value of money

When determining whether a contract includes a significant financing component, the Group considers the period between performance and payment for that performance. For contracts where revenue is recognised at a point in time, the period considered is that between transfer of control of the good and the payment. Therefore, if payment for a property is made before the date on which control is transferred, an assessment is required of whether the contract includes a significant financing component, especially if the period is greater than twelve months.

Advanced payments from the customer lead to higher amount of revenue being recognised than the contract price because the Group accepts a lower amount in return for financing. As the entity recognises the interest expense related to the financing component, the corresponding amount is recorded as a contract liability/revenue.

iii) Income taxes

Income tax expense comprises of current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

Current income tax

Current income tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred income tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

iv) Estimation of net realisable value for inventory property (including land advances)

Inventory property is stated at the lower of cost and net realisable value (NRV).

NRV for completed inventory property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Group, based on comparable transactions identified by the Group for properties in the same geographical market serving the same real estate segment.

NRV in respect of inventory property under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and an estimate of the time value of money to the date of completion.

With respect to land advance given, the net recoverable value is based on the present value of future cash flows, which depends on the estimate of, among other things, the likelihood that a project will be completed, the expected date of completion, the discount rate used and the estimation of sale prices and construction costs.

4 Property, plant and equipment

	Freehold land	Factory buildings	Other buildings	Plant and machinery	Scaffolding items	Furniture and fixtures	Vehicles	Computers	Office equipment	Total
in ₹ million										
Cost										
As at 1 April 2019	92.42	643.24	1,181.19	1,393.12	1,266.16	40.15	9.95	110.40	22.97	4,759.60
Additions during the year	1,719.40	72.11	17.99	260.05	312.81	7.73	0.37	14.97	6.72	2,412.15
Deletions during the year	-	-	-	(3.86)	(6.24)	-	(1.72)	(9.32)	(0.46)	(21.60)
As at 31 March 2020	1,811.82	715.35	1,199.18	1,649.31	1,572.73	47.88	8.60	116.05	29.23	7,150.15
Additions during the year	-	2.23	6.57	58.26	289.36	2.70	1.78	29.79	5.42	396.11
Deletions during the year	(21.01)	-	-	(4.35)	(0.43)	(0.02)	-	(0.16)	(0.04)	(26.01)
As at 31 March 2021	1,790.81	717.58	1,205.75	1,703.22	1,861.66	50.56	10.38	145.68	34.61	7,520.25
Accumulated depreciation										
As at 1 April 2019	-	284.24	236.16	563.71	723.96	22.38	6.80	67.71	12.66	1,917.62
Charge for the year	-	112.23	74.25	205.88	187.39	4.24	0.76	31.57	6.58	622.90
Deletions during the year	-	-	-	(3.51)	(6.23)	-	(1.65)	(9.25)	(0.44)	(21.08)
As at 31 March 2020	-	396.47	310.41	766.08	905.12	26.62	5.91	90.03	18.80	2,519.44
Charge for the year	-	110.37	59.05	206.31	184.03	4.04	0.59	21.36	4.72	590.47
Deletions during the year	-	-	-	(4.02)	(0.43)	(0.01)	-	(0.16)	(0.04)	(4.66)
As at 31 March 2021	-	506.84	369.46	968.37	1,088.72	30.65	6.50	111.23	23.48	3,105.25

Carrying amount

As at 31 March 2021	1,790.81	210.74	836.29	734.85	772.94	19.91	3.88	34.45	11.13	4,415.00
As at 31 March 2020	1,811.82	318.88	888.77	883.23	667.61	21.26	2.69	26.02	10.43	4,630.71

Note:**a) Capitalised borrowing costs**

The amount of borrowing costs capitalised during the year ended 31 March 2021 was ₹ Nil million (31 March 2020 - ₹ 224.23 million). The rate used to determine the amount of borrowing costs eligible for capitalisation was 9.45% (31 March 2020 - 9.97%), which is the effective interest rate of the specific borrowing.

b) Property, plant and equipment

Property, plant and equipment with a carrying amount of ₹ 1,420.16 million (31 March 2020 - ₹ 1,046.44 million) are subject to a first charge to secure the Group's loans.

SOBHA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

5 Investment property

in ₹ million

	Freehold land	Other buildings	Other assets forming part of Building		Total
			Plant and machinery	Furniture and fixtures	
Cost					
As at 1 April 2019	132.47	1,714.23	164.45	24.31	2,035.46
Additions during the year	-	7.54	-	11.74	19.28
As at 31 March 2020	132.47	1,721.77	164.45	36.05	2,054.74
Additions during the year	-	1,652.99	137.26	-	1,790.25
As at 31 March 2021	132.47	3,374.76	301.71	36.05	3,844.99
Accumulated depreciation					
As at 1 April 2019	-	85.58	37.64	7.11	130.33
Charge for the year	-	28.20	12.58	2.68	43.46
As at 31 March 2020	-	113.78	50.22	9.79	173.79
Charge for the year	-	102.02	36.54	3.43	141.99
As at 31 March 2021	-	215.80	86.76	13.22	315.78
Carrying amount					
As at 31 March 2021	132.47	3,158.96	214.95	22.83	3,529.21
As at 31 March 2020	132.47	1,607.99	114.23	26.26	1,880.95

Investment property with a carrying amount of ₹ 3,529.21 million (31 March 2020 - ₹ 3,504.09 million) are subject to a first charge to secure the Group's loans.

Note:

Information regarding income and expenditure of investment property	31 March 2021 ₹ million	31 March 2020 ₹ million
Rental income derived from investment properties	301.34	295.57
Direct operating expenses (including repairs and maintenance) generating rental income	(115.54)	(144.84)
Profit arising from investment properties before depreciation and indirect expenses	185.80	150.73
Less:- Depreciation	(141.99)	(43.46)
Profit arising from investment properties before indirect expenses	43.81	107.27

The fair value of Investment property is ₹ 6,890 million (31 March 2020 - ₹ 2,805 million). These valuations are based on valuations performed by an independent valuer. Fair value hierarchy for investment properties have been provided in Note 47b.

6 Investment property under construction

	in ₹ million
	Investment property under construction
Balance as at 1 April 2019	1,900.37
Additions during the year (refer note 46)	422.77
Balance as at 31 March 2020	2,323.14
Additions during the year (refer note 46)	167.68
Capitalised as investment property during the year (refer note 46)	(1,790.24)
Balance as at 31 March 2021	700.58

7 Intangible assets

	in ₹ million			
	Goodwill	Software	Intellectual property rights	Total
Cost				
Balance as at 1 April 2019	127.14	17.28	0.05	144.47
Additions during the year	94.95	7.32	-	102.27
Balance as at 31 March 2020	222.09	24.60	0.05	246.74
Additions during the year	1.23	2.89	-	4.12
Balance as at 31 March 2021	223.32	27.49	0.05	250.86
Amortization and impairment				
Balance as at 31 March 2019	-	14.53	0.05	14.58
Charge for the year	-	0.42	-	0.42
Balance as at 31 March 2020	-	14.95	0.05	15.00
Charge for the year	-	3.73	-	3.73
Balance as at 31 March 2021	-	18.68	0.05	18.73
Carrying amount				
Balance as at 31 March 2021	223.32	8.81	-	232.13
Balance as at 31 March 2020	222.09	9.65	-	231.74

8 Right of use assets

	in ₹ million			
	Other buildings	Vehicles	Plant and machinery	Total
Cost				
Balance as at 1 April 2019	-	-	-	-
Additions during the year	-	93.53	90.73	184.26
Deletions during the year	-	-	-	-
Balance as at 31 March 2020	-	93.53	90.73	184.26
Additions during the year	41.15	45.56	-	86.71
Deletions during the year	-	(15.14)	-	(15.14)
Balance as at 31 March 2021	41.15	123.95	90.73	255.83
Accumulated depreciation				
Balance as at 1 April 2019	-	-	-	-
Charge for the year	-	33.73	22.34	56.07
Balance as at 31 March 2020	-	33.73	22.34	56.07
Charge for the year	4.99	30.28	22.21	57.48
Deletions during the year	-	(15.14)	-	(15.14)
Balance as at 31 March 2021	4.99	48.87	44.55	98.41
Carrying amount				
Balance as at 31 March 2021	36.16	75.08	46.18	157.42
Balance as at 31 March 2020	-	59.80	68.39	128.19

9 Inventories (valued at lower of cost and net realisable value)

	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Raw materials and components	545.68	648.56
Building materials	77.55	91.59
Land stock *	13,982.28	11,992.28
Work-in-progress *	44,840.41	41,913.65
Stock in trade - flats *	11,684.87	12,301.52
Finished goods	115.56	97.30
	71,246.35	67,044.90

* Carrying amount of inventories pledged as securities against borrowings as at 31 March 2021 - ₹ 35,388.27 million (31 March 2020 - ₹ 41,046.35 million)

10 Investments

	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Investment in the capital of partnership firm (Joint Venture)		
50% (31 March 2020 - 50%) share in the profits of partnership firm:		
Kondhwa Projects LLP - Current account	1,142.52	1,142.52
Total investments carried at cost	1,142.52	1,142.52
	As at 31 March 2021	As at 31 March 2020
Investments carried at fair value through profit and loss (FVTPL)		
Investments at amortized cost		
Government and trust securities (unquoted)		
National savings certificates	0.08	0.08
Investment in Mutual funds	0.10	0.09
Investments at fair value through profit or loss		
Total investments carried at amortised cost	0.18	0.17
Total investments	1,142.70	1,142.69
Aggregate amount of unquoted investments	1,142.70	1,142.69
Aggregate amount of impairment in value of investments	-	-
Details of investments in partnership firms		
Investment in Kondhwa Projects LLP		
Name of Partner	Share of partner in profits (%)	
	31 March 2021	31 March 2020
Sobha Limited	50	50
Total capital of the firm (₹ million)	1,142.52	1,142.52

11 Trade receivables

	in ₹ million			
	Current		Non-current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Trade receivables				
Unsecured, considered good	1,937.18	3,604.63	423.99	141.02
Unsecured, considered doubtful	638.09	534.40	-	-
	2,575.27	4,139.03	423.99	141.02
Less: Allowances for credit loss	(638.09)	(534.40)	-	-
	1,937.18	3,604.63	423.99	141.02
Net trade receivables	1,937.18	3,604.63	423.99	141.02

12 Other financial assets

	in ₹ million			
	Current		Non-current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good				
Refundable deposit towards joint development agreement	3,677.32	6,052.36	1,152.66	-
Less: Allowances for credit loss	(73.02)	-	-	-
	3,604.30	6,052.36	1,152.66	-
Unsecured, considered good				
Security deposits	126.66	129.66	204.98	100.17
Others	1,987.11	2,128.29	-	-
Non-current bank balances*	-	-	60.60	62.15
	5,718.07	8,310.31	1,418.24	162.32

* Bank deposits due to mature after twelve months from the reporting date.

13 Other assets

	in ₹ million			
	Current		Non-current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good				
Capital advances	-	-	298.61	281.95
Land advances (refer note 35)*	8,958.99	9,636.64	4,852.69	4,857.45
Advances recoverable in kind (refer note 35)**	374.04	917.50	-	-
Prepaid expenses	345.08	212.10	49.47	41.15
Balances with statutory/ government authorities	1,097.26	1,624.48	-	-
Contract assets	3,047.06	1,932.50	-	-
	13,822.43	14,323.22	5,200.77	5,180.55

*Advances for land though unsecured, are considered good as the advances have been given based on arrangements/ memorandum of understanding executed by the Group and the Group/ seller/ intermediary is in the course of obtaining clear and marketable title, free from all encumbrances, including for certain properties under litigation.

**Advances recoverable in cash or kind due by Directors or other officers or companies in which Directors are interested

	in ₹ million			
	Current		Non-current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Advances recoverable in cash or kind				
Dues from Sobha Projects & Trade Private Limited, in which the Company's director is a director and a member	-	13.17	-	-

14 Cash and cash equivalents

	in ₹ million	
	Current	
	As at 31 March 2021	As at 31 March 2020
Cash on hand	8.46	8.40
Cheques/ drafts on hand	147.66	52.66
Balances with banks:		
– On current accounts	1,481.26	614.03
	1,637.38	675.09

15 Bank balance other than cash and cash equivalents

	in ₹ million	
	Current	
	As at 31 March 2021	As at 31 March 2020
Bank balance other than cash and cash equivalents		
– On unclaimed dividend account	2.33	2.52
– Margin money deposit	401.78	206.28
	404.11	208.80

Margin money deposits given as security

Margin money deposits with a carrying amount of ₹ 450.88 million (31 March 2020 - ₹ 266.65 million) are subject to first charge to secure the Group's borrowings.

Short-term deposits are made for varying periods of between seven day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

16 Equity share capital

	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Authorised shares		
150,000,000 (31 March 2020 - 150,000,000) equity shares of ₹10 each	1,500.00	1,500.00
5,000,000 (31 March 2020 - 5,000,000) 7% redeemable preference shares of ₹100 each	500.00	500.00
Issued, subscribed and fully paid-up shares		
94,845,853 (31 March 2020 - 94,845,853) equity shares of ₹10 each fully paid up	948.46	948.46
Total issued, subscribed and fully paid-up share capital	948.46	948.46

(a) Reconciliation of the equity shares outstanding at the end of the reporting year

	31 March 2021		31 March 2020	
	No of shares	₹ million	No of shares	₹ million
<i>Equity shares</i>				
At the beginning of the year	94,845,853	948.46	94,845,853	948.46
Outstanding at the end of the year	94,845,853	948.46	94,845,853	948.46

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share fully paid up. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	31 March 2021		31 March 2020	
	No of shares in million	Holding percentage	No of shares in million	Holding percentage
<i>Equity shares of ₹10 each fully paid up</i>				
Mrs. Sobha Menon	28.73	30.29%	28.73	30.29%
Mr. P.N.C. Menon	11.06	11.66%	12.06	12.72%
Mr. P.N.C. Menon (inclusive of joint holding with Mrs. Sobha Menon)	5.29	5.58%	5.29	5.58%
Anamudi Real Estates LLP	9.48	10.00%	-	-
Schroder International Selection Fund Emerging Asia	6.24	6.58%	5.25	5.54%
Franklin India Focused Equity Fund	4.80	5.06%	8.33	8.78%

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 represents both legal and beneficial ownership of shares.

17 Other equity

	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Capital redemption reserve		
Balance at the beginning and end of the year	119.47	119.47
Closing Balance	119.47	119.47
Debenture redemption reserve [Refer note (a) below]		
Balance at the beginning of the year	-	300.22
Add: Amount transferred from surplus balance in the consolidated statement of profit and loss	-	49.82
Less: Transfer to general reserve on redemption of debentures	-	(350.04)
Closing balance	-	-
Securities premium		
Balance at the beginning and end of the year	9,328.92	9,328.92
General reserve		
Balance at the beginning of the year	4,170.11	3,530.59
Add: Transfer from consolidated statement of profit and loss	65.54	289.48
Add: Transfer from Debenture redemption Reserve	-	350.04
Closing balance	4,235.65	4,170.11
Surplus in the statement of profit and loss		
Balance at the beginning of the year	9,745.05	8,063.44
Profit for the year	622.76	2,816.69
<i>Other comprehensive income</i>		
Re-measurement gains/ (loss) on defined benefit plans	6.50	4.61
Less: Appropriations		
Dividend (including dividend distribution tax) refer note 18	(663.92)	(800.39)
Transfer to debenture redemption reserve	-	(49.82)
Transfer to general reserve	(65.54)	(289.48)
Net surplus in the consolidated statement of profit and loss	9,644.85	9,745.05
Total other equity	23,328.89	23,363.55

Nature and purpose of reserve

- (a) **Capital redemption reserve**
The Group recognises profit and loss on purchase, sale, issue or cancellation of the Group's own equity instruments to capital reserve.
- (b) **Debenture redemption reserve**
The Group had issued redeemable non-convertible debentures. Accordingly, the Companies (Share capital and Debentures) Rules, 2014 (as amended), require the Group to create Debenture Redemption Reserve (DRR) out of profits of the Group available for payment of dividend. DRR is required to be created for an amount which is equal to 25% of the value of debentures issued. The Group has created the DRR of Nil million (31 March 2020 - million), as the debentures have been redeemed during the previous year.
- (c) **Securities premium**
Securities premium reserve is used to record the premium received on issue of shares by the Group. The reserve can be utilised in accordance with the provision of Section 52(2) of Companies Act, 2013.
- (d) **General reserve**
The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in general reserve will not be reclassified subsequently to profit and loss.
- (e) **Surplus in the statement of profit and loss**
The cumulative gain or loss arising from the operations which is retained by the Group is recognised and accumulated under the heading of retained earnings. At the end of the year, the profit after tax is transferred from the Consolidated statement of profit and loss to Surplus in the statement of profit and loss account.

18 Distribution made and proposed

	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Cash dividend on equity shares proposed and paid		
Final dividend paid during the year ended 31 March 2020- ₹ 7 per share (31 March 2019- ₹ 7 per share)	663.92	663.92
Dividend distribution tax on final dividend	-	136.47
	663.92	800.39
Proposed dividend on equity shares		
Final dividend for the year ended 31 March 2021- ₹ 3.5 per share (31 March 2020- ₹ 7 per share)	331.96	663.92
	331.96	663.92

19 Borrowings

	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Non-current borrowings		
Secured loans		
Term loans from banks	3,990.02	2,548.37
Term loans from financial institutions	-	-
Finance lease obligation	67.97	60.64
Equipment loans	-	0.19
	4,057.99	2,609.20
Amount disclosed under the head "other current financial liabilities" (refer note 20)	(485.69)	(170.92)
Total non-current borrowings	3,572.30	2,438.28
Current borrowings		
Secured loans		
Term loans from banks*	16,284.97	17,207.23
Term loans from financial institutions*	6,270.66	8,209.48
Finance lease obligation	61.98	73.56
Cash credit from banks	3,840.71	3,208.34
Total current borrowings	26,458.32	28,698.61

* Term loan from banks and financial institutions represents amount repayable within the operating cycle amounting to ₹ 26,396.34 million (31 March 2020 - ₹ 28,625.05 million)

As at 31 March 2021, the Group is not in breach of any covenants as defined in the loan agreements.

Terms and repayment schedule**Non-Current Borrowings****Secured loans**

in ₹ million

Particulars	Carrying amount as at		Effective interest rate	Security Details	Repayment terms
	31 March 2021	31 March 2020			
Term loans from banks	-	49.87	9%-11%	Secured by equitable mortgage of fixed assets and receivables of the Company.	Twelve quarterly instalments of ₹ 25 million commencing at end of 15th month from the date of first disbursement.
Term loans from banks	1,576.82	1,625.19	7%-9%	Secured by equitable mortgage of project specific inventory and certain receivables of the Company and maintaining Debt Service Reserve account equal to 2 months interest & principal.	153 Structured Monthly instalments, starting at the end of Moratorium 3 months from the date of disbursement - June -20
Term loans from banks	802.26	873.30	7%-9%	Secured by equitable mortgage of project specific inventory and certain receivables of the Company. Corporate guarantee of Group Company	126 Structured Monthly instalments, as per repayment schedule from 15 January 2018 & 120 Structured Monthly instalments, as per repayment schedule from 15 January 2020
Term loans from banks	518.94	-	8%-10%	Secured by equitable mortgage of fixed assets of the Company.	Repayable in 16 equal quarterly instalments of ₹37.50 million from the date of disbursement.
Term loans from financial institutions	1,092.00	-	9%-11%	Secured by equitable mortgage of certain land of the company	Repayable in 20 equal quarterly instalments starting from 7th Month from the date of disbursement after 6 month moratorium period
Equipment loan	-	0.19	13%-15%	Hypothecation against specific equipment.	Thirty five monthly instalments commencing from the month the loan is availed.

Current Borrowings**Secured loans**

in ₹ million

Particulars	Carrying amount as at		Effective interest rate	Security Details	Repayment terms
	31 March 2021	31 March 2020			
Term loans from banks	-	599.88	9%-11%	Secured by equitable mortgage of 61.10% of the project land stock, building to be constructed on the land stock and first charge on project cash flow/receivables including escrow account	Three structured quarterly instalments commencing after initial moratorium period of eleven quarters from the date of first disbursement.
Term loans from banks	-	149.90	9%-11%	Secured by equitable mortgage of land stock and hypothecation pari-passu charge on the entire escrow receivables of the project.	Repayable in 36 equal monthly instalments commencing from 13th month from the date of disbursement.
Term loans from banks	697.79	694.85	7%-9%	Secured by charge on specific project inventory, current assets and receivables of the Company.	Repayable on demand (Sub limit of Cash Credit)
Term loans from banks	86.92	166.25	9%-11%	Secured by equitable mortgage of certain land stock of the Company.	Repayable in 12 quarterly instalments commencing from 30 June 2018.
Term loans from banks	-	1,000.00	9%-11%	Secured by equitable mortgage of receivables of the Group.	One instalment in every ninety days.
Term loans from banks	260.72	415.72	9%-11%	Secured by equitable mortgage of certain land stock of the Company.	Repayable in 12 quarterly instalments commencing from Sep 30, 2018.
Term loans from banks	681.70	1,591.00	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in equal monthly instalments after 30 months moratorium period commencing from first disbursement.

Current Borrowings
Secured loans (continued)

in ₹ million

Particulars	Carrying amount as at		Effective	Security Details	Repayment terms
	31 March 2021	31 March 2020	interest rate		
Term loans from banks	1,985.76	1,493.15	8%-10%	Secured by equitable mortgage of certain land stock, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company.	Repayable on demand (Sub limit of Cash Credit)
Term loans from banks	48.09	232.07	8%-10%	Secured by equitable mortgage of certain land stock of the Company.	Repayable in equal monthly instalments after 12 months moratorium period commencing from first disbursement.
Term loans from banks	1,122.16	1,639.23	9%-11%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in equal quarterly instalments after 9 quarter moratorium period commencing from first disbursement.
Term loans from banks	1,044.25	1,148.70	8%-10%	Secured by equitable mortgage of certain land stock of the Company.	Repayable in 12 quarterly instalments commencing from 30 September 2018.
Term loans from banks	923.37	648.03	7%-9%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on receivables of the projects.	Repayable in 5 quarterly equal instalments commencing Q-12 to Q-16 from first disbursement.
Term loans from banks	3,033.19	2,492.82	7%-9%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on receivables of the projects.	Repayable in 10 quarterly equal instalments commencing Q-14 to Q-23 from first disbursement.
Term loans from banks	-	590.50	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 10 quarterly unequal instalments commencing Q-11 to Q-20 from first disbursement.
Term loans from banks	136.66	350.77	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 10 quarterly equal instalments commencing Q-12 to Q-16 from first disbursement.
Term loans from banks	347.87	434.47	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 10 quarterly unequal instalments commencing Q-8 to Q-26 from first disbursement.
Term loans from banks	1,042.19	721.29	7%-9%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 10 quarterly equal instalments commencing Q-15 to Q-24 from first disbursement.
Term loans from banks	510.00	960.00	8%-10%	Secured by equitable mortgage of certain land stock and receivables of the Company.	Repayable on demand (Sub limit of Cash Credit)
Term loans from banks	300.00	300.00	8%-10%	Secured by equitable mortgage of certain land stock and receivables of the Company.	Repayable on demand (Sub limit of Cash Credit)
Term loans from banks	574.27	487.84	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on receivables of the projects.	Repayable in 10 quarterly equal instalments commencing Q-11 to Q-20 from first disbursement.
Term loans from banks	1,001.64	660.78	8%-10%	Secured by equitable mortgage of property, hypothecation on scheduled company's share of receivables, Escrow account and maintaining of Debt Service Reserve account equal to three months interest.	Repayable in 24 monthly instalments commencing from 15 June 2022.
Term loans from banks	148.81	150.00	8%-10%	Secured by equitable mortgage of property, hypothecation on scheduled company's share of receivables, Escrow account and maintaining of Debt Service Reserve account equal to three months interest.	Repayable in 24 monthly instalments commencing from 15 June 2022.

Current Borrowings**Secured loans (continued)**

in ₹ million

Particulars	Carrying amount as at		Effective	Security Details	Repayment terms
	31 March 2021	31 March 2020	interest rate		
Term loans from banks	292.32	280.00	9%-11%	Secured by equitable mortgage of project specific inventory and certain receivables of the Company. Corporate guarantee of Group Company.	Repayable in 7 quarterly instalments after 21 months moratorium period commencing from first disbursement.
Term loans from banks	500.00	-	8%-10%	Secured by equitable mortgage of certain land and receivables of the Company.	Repayable Rs.50Cr on 30.04.2021
Term loans from banks	16.67	-	7%-9%	Secured by equitable mortgage of certain land, specific project inventory, and receivables of the Company.	Repayable in 6 Monthly instalments starting from 7th Month from the date of disbursement after 6 month moratorium period
Term loans from banks	83.33	-	9%-11%	Secured by equitable mortgage of certain land and receivables of the Company.	Repayable in 18 Monthly instalments starting from 7th Month from the date of disbursement after 6 month moratorium period
Term loans from banks	476.63	-	9%-11%	Secured by equitable mortgage of certain land, specific project inventory, and receivables of the Company.	Repayable in 30 quarterly instalments starting from 31st quarter from the date of disbursement after 30 month moratorium period
Term loans from banks	193.62	-	8%-10%	Secured by equitable mortgage of certain land, specific project inventory, and receivables of the Company.	Repayable in 16 quarterly instalments starting from 31st quarter from the date of disbursement after 30 month moratorium period
Term loans from banks	187.06	-	8%-10%	Secured by equitable mortgage of certain land and receivables of the Company.	Repayable in 8 quarterly instalments starting from 13th Month from the date of disbursement after 12 month moratorium period
Term loans from banks	442.04	-	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 24 Monthly instalments starting from 31st Month from the date of disbursement after 30 month moratorium period
Term loans from banks	147.91	-	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 30 Monthly instalments starting from 31st Month from the date of disbursement after 30 month moratorium period
Term loans from financial institutions	-	61.77	9%-11%	Secured by equitable mortgage of land stock and hypothecation pari-passu charge on the entire escrow receivables of the project.	Repayable in equal monthly instalments starting from 12th month moratorium starts from date of first disbursement.
Term loans from financial institutions	142.22	362.96	9%-11%	Secured by equitable mortgage of certain land stock, building and project specific inventory of the Company, leasehold rights of the company and hypothecation of receivables and Escrow account of the Company. Corporate guarantee of Group Company.	Repayable in 30 monthly instalments after principle moratorium period of 18 months.
Term loans from financial institutions	-	250.91	9%-11%	Secured by equitable mortgage of certain land stock and immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 36 monthly instalments after principle moratorium period of 18 months from first disbursement.

Current Borrowings
Secured loans (continued)

in ₹ million					
Particulars	Carrying amount as at		Effective interest rate	Security Details	Repayment terms
	31 March 2021	31 March 2020			
Term loans from financial institutions	124.68	807.21	9%-11%	Secured by equitable mortgage of certain land stock and immovable properties, building and other assets of the project and first charge on receivables of the projects.	Repayable in 36 monthly instalments after principle moratorium period of 18 months from first disbursement.
Term loans from financial institutions	530.02	506.32	9%-11%	Secured by equitable mortgage of certain land stock and first charge on receivables certain projects.	Repayable in 18 monthly instalments after principle moratorium period of 24 months from first disbursement.
Term loans from financial institutions	746.89	712.30	9%-11%	Secured by equitable mortgage of certain land stock and first charge on receivables certain projects.	Repayable in 18 monthly instalments after principle moratorium period of 24 months from first disbursement.
Term loans from financial institutions	1,410.46	1,458.20	10%-12%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on receivables of company's share of receivables of the projects.	Repayable in 24 monthly instalments after principle moratorium period of 30 months from first disbursement.
Term loans from financial institutions	-	461.22	9%-11%	Secured by equitable mortgage of certain land stock and immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 24 monthly instalments 3.75cr each & 30 monthly instalments 2.67cr each after principle moratorium period of 30 months from first disbursement.
Term loans from financial institutions	889.03	903.05	10%-12%	Secured by equitable mortgage of certain land stock and first charge on receivables certain projects.	Repayable in 18 monthly instalments after principle moratorium period of 24 months from first disbursement.
Term loans from financial institutions	816.61	972.69	9%-11%	Secured by equitable mortgage of certain land stock and first charge on receivables certain projects.	Repayable in equal monthly instalments starting from 7th month from first disbursement.
Term loans from financial institutions	278.51	292.94	9%-11%	Secured by equitable mortgage of land stock and hypothecation pari-passu charge on the entire escrow receivables of the project.	Repayable in 48 unequal monthly instalments
Term loans from financial institutions	447.08	494.20	9%-11%	Secured by equitable mortgage of certain land stock and first charge on receivables certain projects.	Repayable in 11 quarterly instalments after principle moratorium period of 3 months from first disbursement.
Term loans from financial institutions	885.16	925.69	9%-11%	Secured by equitable mortgage of certain land stock and first charge on receivables certain projects.	Repayable in 24 Monthly instalments after principle moratorium period of 24 months from first disbursement.
Cash credit	1,949.44	993.40	9%-11%	Secured by way of equitable mortgage of certain land stock and certain receivables of the Group Company.	Repayable on demand
Cash credit	175.72	41.33	7%-9%	Secured by equitable mortgage of certain land stock, specific project inventory, and receivables of the Company.	Repayable on demand
Cash credit	9.41	29.36	7%-9%	Secured by equitable mortgage of certain land stock, specific project inventory, and receivables of the Company.	Repayable on demand
Cash credit	-	2.91	7%-9%	Secured by equitable mortgage of certain land stock, specific project inventory, and receivables of the Company.	Repayable on demand
Cash credit	1.63	300.78	10%-12%	Secured by equitable mortgage of certain land stock and receivables of the Company.	Repayable on demand
Cash credit	197.42	508.51	8%-10%	Secured by equitable mortgage of certain land stock and receivables of the Company.	Repayable on demand

Current Borrowings
Secured loans (continued)

in ₹ million					
Particulars	Carrying amount as at		Effective	Security Details	Repayment terms
	31 March 2021	31 March 2020	interest rate		
Cash credit	7.71	3.00	8%-10%	Secured by equitable mortgage of certain land stock, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company.	Repayable on demand
Cash credit	-	104.27	9%-11%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 10 quarterly unequal instalments commencing Q-11 to Q-20 from first disbursement.
Cash credit	181.22	192.66	8%-10%	Secured by equitable mortgage of certain land stock and receivables of the Company.	Repayable on demand
Cash credit	538.82	659.86	9%-11%	Secured by equitable mortgage of certain land stock and receivables of the Company.	Repayable on demand
Cash credit	102.67	53.09	8%-10%	Secured by equitable mortgage of property, hypothecation on scheduled company's share of receivables, Escrow account and maintaining of Debt Service Reserve account equal to three months interest.	Repayable in 24 monthly instalments commencing from June 15, 2022.
Cash credit	-	0.02	7%-9%	Secured by equitable mortgage of certain land stock, specific project inventory, and receivables of the Company.	Repayable on demand
Cash credit	8.64	0.26	8%-10%	Secured by equitable mortgage of certain land stock, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company. Corporate guarantee of Group Company.	Repayable on demand
Cash credit	0.84	1.77	8%-10%	Secured by equitable mortgage of certain land stock, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company. Corporate guarantee of Group Company.	Repayable on demand
Cash credit	-	305.96	8%-10%	Secured by equitable mortgage of certain land stock, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company. Corporate guarantee of Group Company.	Repayable on demand
Cash credit	-	2.57	8%-10%	Secured by equitable mortgage of certain land stock, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company. Corporate guarantee of Group Company.	Repayable on demand
Cash credit	21.25	8.59	8%-10%	Secured by equitable mortgage of certain land stock, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company. Corporate guarantee of Group Company.	Repayable on demand
Cash credit	645.94	-	8%-10%	Secured by equitable mortgage of certain land and receivables of the Company.	Repayable on demand
Total borrowings	30,386.36	31,173.61			

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

Nature of loan	Carrying amount as at		Year of maturity	Name of the Company
	31 March 2021	31 March 2020		
Term loans	802.25	873.00	2029	Vayaloor Developers Private Limited
Term loans				Vayaloor Builders Private Limited
Term loans				Vayaloor Properties Pvt. Ltd.
Term loans	292.32	280.00	2021	Vayaloor Real Estate Pvt. Ltd
Term loans				Vayaloor Builders Pvt. Ltd
Term loans				Vayaloor Developers Pvt. Ltd
Term loans	1,279.21	1,224.00	2022	Sri Durga Devi Property Management Private Limited
				Sri Parvathy Land Developers Private Limited
Term loans	4,189.16	4,290.00	On demand	Kilai Builders Private Limited
Term loans	1,100.00	-	2026	Sobha Interior Private Limited

20 Other financial liabilities

	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Current		
Current maturities of long-term borrowings (refer note 19)	485.69	170.92
Letter of credit payable	2,459.77	1,776.84
Book overdraft from scheduled banks	240.39	4.01
Interest accrued but not due on borrowings	35.98	65.32
Unclaimed dividend*	2.33	2.52
Lease deposit	111.54	76.27
Deferred Lease Rental	29.69	-
Non-trade payable	207.26	302.73
Security deposit towards maintenance services	2,311.38	2,047.30
Payable to related parties (refer note 35)	658.10	479.63
Payable for purchase of property, plant and equipment	20.84	11.52
Total other financial liabilities	6,562.97	4,937.06

21 Provisions

	in ₹ million			
	Current		Non-current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Provision for employee benefits				
Provision for gratuity (refer note 37)	66.50	68.64	151.46	144.67
Provision for compensated absence	72.00	82.75	-	-
	138.50	151.39	151.46	144.67

22 Income tax

The major components of income tax expense for the years ended 31 March 2021 and 31 March 2020 are:

A Amounts charged to statement of profit and loss**Profit or loss section**

Particulars	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Current income tax:		
Current income tax charge	100.81	451.90
Deferred tax:		
Relating to origination and reversal of temporary differences	28.28	1,062.96
Income tax expense reported in the statement of profit and loss	129.09	1,514.86

B. Income tax recognised in other comprehensive income

Particulars	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Net loss/(gain) on remeasurements of defined benefit plans	-	-
Income tax charge to other comprehensive income	-	-

C. Reconciliation of effective tax rate

Particulars	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Accounting profit before income tax	751.85	4,331.55
Tax on accounting profit at statutory income tax rate 25.17% (31 March 2020: 25.17%)*	189.24	1,090.25
Adjustments in respect of current income tax of previous years	-	-
Adjustments in respect of deferred tax of previous years	-	-
Adjustments in respect of losses in subsidiaries on consolidation	-	-
Non-deductible expenses for tax purposes:		
Permanent disallowances	(76.16)	63.39
Permanent differences in subsidiaries	16.01	-
Others	-	62.27
Effect of increase in surcharge	-	-
MAT credit reversal/(entitlement)	-	298.95
At the effective income tax rate of 17.17% (31 March 2020: 34.69%)	129.09	1,514.86
Tax expense reported in the statement of profit and loss	129.09	1,514.86

22 D. Deferred tax

Deferred tax assets and liabilities relates to the following

	in ₹ million				
	Balance as at 1 April 2019	Movement during 2019-20	Balance as at 31 March 2020	Movement during 2020-21	Balance as at 31 March 2021
Interest u/s 36(1)(iii)-interest inventorised/capitalised in the books but claimed as expense in tax	(3,457.09)	967.46	(2,489.63)	(182.02)	(2,671.65)
Property, plant and equipment	147.28	(16.43)	130.85	(23.73)	107.12
Provision for compensated absence	26.90	(6.07)	20.83	(2.71)	18.12
Provision for gratuity	67.86	(14.17)	53.69	1.17	54.86
Provision for doubtful debts	47.24	(9.01)	38.23	62.93	101.16
Difference of finance lease depreciation and interest as per books and rent allowed as per IT Act	-	1.51	1.51	0.57	2.08
Deferred tax on brought forward losses	-	-	-	-	-
Deferred tax adjustment on adoption of Ind AS 115	2,283.58	(329.83)	1,953.75	112.02	2,065.77
Deferred tax adjustment for periods Ind AS adjustments*	(50.66)	50.66	-	-	-
Deferred tax expense / (income)	-	644.12	-	(31.77)	-
Net deferred tax assets / (liabilities)	(934.89)		(290.77)	(31.77)	(322.54)

(*) adjusted against current tax liability

Reconciliation of deferred tax assets/(liabilities), net:

	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Balance at the beginning of the year	(290.77)	934.89
Tax income/(expense) during the period recognised in profit or loss	28.28	1,062.96
Deferred tax adjustment on adoption of Ind AS 115	(60.05)	(2,288.62)
Closing balance	(322.54)	(290.77)

E. Liabilities for current tax (net)

	in ₹ million	
Particulars	As at 31 March 2021	As at 31 March 2020
Current income tax:		
Opening	(155.60)	467.69
Add: Additions during the year	100.81	451.90
Add/(less): MAT credit adjustment	-	-
Less: Payments during the year	45.15	(1,075.19)
	(9.64)	(155.60)

23 Trade payables

	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Trade payables		
Land cost payable	200.00	200.00
Others*	7,117.59	9,366.88
	7,317.59	9,566.88

Trade payables are non-interest bearing and are normally settled on 30 to 60 day terms. For explanations on the Company's credit risk management processes, refer to note 48.

24 Other liabilities

	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Advance from customers	42,996.49	39,140.42
Withholding taxes payable	79.10	56.96
Others	118.58	95.61
	43,194.17	39,292.99

Breakup of financial liabilities carried at amortised cost

	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Borrowings (refer note 19)	30,030.62	31,136.89
Other financial liabilities (refer note 20)	6,562.97	4,937.06
Trade payables (refer note 23)	7,317.59	9,566.88
Total financial liabilities carried at amortised cost	43,911.18	45,640.83

25 Revenue from operations

	in ₹ million	
	For the year ended 31 March 2021	For the year ended 31 March 2020
Sale of products/ finished goods		
Income from property development	12,521.55	21,952.14
Income from sale of land and development rights	249.18	515.83
Income from glazing works	1,452.35	2,193.53
Income from interior works	799.13	1,870.97
Income from concrete blocks	410.59	485.71
Sale of services		
Income from contractual activity	5,324.63	10,181.49
Rental income from operating leases	206.04	193.94
Income from retail sales	8.25	6.01
Income from maintenance	95.30	101.63
Other operating revenue		
Scrap sales	30.77	37.27
	21,097.79	37,538.52

26 Other income

	in ₹ million	
	For the year ended 31 March 2021	For the year ended 31 March 2020
Other non-operating income (net of expenses directly attributable to such income)	384.66	281.46
Gain on foreign exchange difference (net)	0.05	2.28
Profit on sale of property, plant and equipment (net)	1.69	4.41
	386.40	288.15

27 Finance income

	in ₹ million	
	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest income on		
Bank deposits	112.46	102.44
Unwinding of discount on deposits	307.35	327.48
	419.81	429.92

28 Cost of raw material and components consumed

	in ₹ million	
	For the year ended 31 March 2021	For the year ended 31 March 2020
Raw material at the beginning of the year	648.56	584.03
Add: Purchases during the year	1,759.08	3,066.06
Less: Raw material at the end of the year	545.68	648.56
Cost of raw material and components consumed	1,861.96	3,001.53

29 Changes in Inventories of Raw materials, Land stock, Work in progress, Stock in trade and Finished goods

	in ₹ million	
	For the year ended 31 March 2021	For the year ended 31 March 2020
Inventories at the end of the year		
Building materials	77.55	91.59
Land stock	13,982.28	11,992.28
Work-in-progress	44,840.41	41,913.65
Stock in trade - flats	11,684.87	12,301.52
Finished goods	115.56	97.30
	70,700.67	66,396.34
Inventories at the beginning of the year		
Building materials	91.59	78.35
Land stock	11,992.28	9,812.50
Work-in-progress	41,913.65	50,863.44
Stock in trade - flats	12,301.52	3,778.83
Finished goods	97.30	56.22
	66,396.34	64,589.34
Less: Transferred to other assets for development charges recoverable at cost from customers	25.23	1,737.30
Add: Opening inventory acquired on acquisition of subsidiary*	160.15	131.81
	66,531.26	62,983.85
(Increase)/ decrease	(4,169.41)	(3,412.49)

* Inventory acquired from acquisition of Annalakshmi Land Developers Pvt Ltd (with effect from 19.01.2021) by Sobha Highrise Ventures Private Limited

30 Employee benefits expense

	in ₹ million	
	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries, wages and bonus	1,612.64	2,250.42
Contribution to provident and other funds	63.54	79.35
Gratuity expenses (refer note 37)	36.35	36.72
Compensated absence	9.59	34.02
Staff welfare expenses	49.15	63.68
	1,771.27	2,464.19

31 Depreciation and amortization expense

	in ₹ million	
	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation of property, plant and equipment	647.95	678.97
Amortization of intangible assets	3.73	0.42
Depreciation of investment properties	141.99	43.46
	793.67	722.85

32 Other expenses

	in ₹ million	
	For the year ended 31 March 2021	For the year ended 31 March 2020
License fees and plan approval charges	177.72	57.75
Power and fuel	416.74	610.89
Water charges	33.80	44.54
Freight and forwarding charges	160.31	246.30
Rent (refer note 35)	207.58	232.33
Rates and taxes	106.89	157.02
Insurance	93.30	82.21
Property maintenance expenses	193.87	171.99
Repairs and maintenance		
Plant and machinery	30.21	44.84
Others	62.60	56.15
Advertising and sales promotion	424.63	548.77
Brokerage and discounts	129.28	143.20
Donation	97.90	198.10
Travelling and conveyance	178.86	237.04
Printing and stationery	29.59	44.55
Communication costs	0.18	0.19
Legal and professional fees	214.30	274.35
Directors' commission and sitting fees (refer note 35)	7.29	6.85
Payment to auditor (Refer details below)*	11.77	11.20
Exchange difference (net)	0.05	-
Allowance for credit loss	191.70	239.33
Bad debts written off	-	8.80
Security charges	180.45	196.60
Miscellaneous expenses	344.44	399.35
	3,293.46	4,012.35

***Payment to auditor**

	in ₹ million	
	For the year ended 31 March 2021	For the year ended 31 March 2020
As auditor:		
Audit fees [including fees for limited review ₹ 4.50 million (31 March 2020 - ₹ 4.20 million)]	10.68	9.00
In other capacity:		
Other services	0.21	-
Reimbursement of expenses	0.88	1.36
	11.77	10.36

33 Details of CSR expenditure:

Gross amount required to be spent during the year was ₹ 79.90 million (31 March 2020 - ₹ 68.21 million)

	In cash	Yet to be paid in cash
Amount spent during the year ended 31 March 2021:		
Construction/acquisition of any asset (in ₹ million)	-	-
On purposes other than above (in ₹ million)	97.90	-
	97.90	-
Amount spent during the year ended 31 March 2020:		
Construction/acquisition of any asset (in ₹ million)	-	-
On purposes other than above (in ₹ million)	162.60	-
	162.60	-

34 Finance costs

	in ₹ million	
	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest		
- On borrowings	2,793.02	2,680.90
- Others	3,045.39	4,138.69
Other borrowing cost and bank charges	173.73	220.68
	6,012.14	7,040.27
Less: Interest inventorised on qualifying assets	-	(224.24)
Total finance costs	6,012.14	6,816.03

35 Related party disclosures

a) **Name of the related parties and the nature of its relationship with the Group as below:**

Joint Venture

Kondhwa Projects LLP

Key Shareholder

Mr. P. N. C. Menon

Mrs. Sobha Menon

Key Management Personnel ('KMP')

Mr. Ravi PNC Menon - Chairman

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

Mr. T P Seetharam - Whole-time Director

Mr. Jagadish Nangineni - Deputy Managing Director (till 25 February 2021)

Additional related parties ('KMP's) as per Companies Act, 2013 with whom transactions have taken place

Mr. Subhash Bhat - Chief Financial Officer

Mr. Vighneshwar G Bhat - Company Secretary

Other Directors

Mr. Anup Shah

Mr. R V S Rao

Mrs. Srivathsala KN

Mr. Sumeet Jagdish Puri

Relatives of key management personnel

Mrs. Sudha Menon

Other related parties [Enterprise owned or significantly influenced by key management personnel]

C.V.S.Tech Park Private Limited

CVS TechZone LLP

Divyakaushal Properties LLP

Mannur Properties Private Limited

Mannur Real Estate Private Limited

Punkunnam Builders and Developers Private Limited

Puzhakkal Developers Private Limited

SBG Housing Private Limited

Sobha Aviation and Engineering Services Private Limited

Sobha Contracting LLC, Dubai

Sobha Glazing & Metal Works Private Limited

Sobha Projects & Trade Private Limited

Sobha Puravankara Aviation Private Limited

Sobha Renaissance Information Technology Private Limited

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Notes to the consolidated financial statements for the year ended 31 March 2021

Sobha Space Private Limited
Sobha Technocity Private Limited
Sri Durga Devi Property Management Private Limited
Sri Kanakadurga Property Developers Private Limited
Sri Kurumba Educational and Charitable Trust
Sri Parvathy Land Developers Private Limited
Technobuild Developers Private Limited

b) Details of the transactions with the related parties:

Particulars	in ₹ million	
	For the year ended 31 March 2021	For the year ended 31 March 2020
I. Transaction with joint venture		
Amount contributed to partnership current account		
Kondhwa Projects LLP	-	14.36
II. Transaction with other related parties		
Income from contractual activity		
Sobha Projects & Trade Private Limited	42.00	623.42
Mr. Ravi PNC Menon	19.58	-
Income from glazing works		
Sri Kurumba Educational and Charitable Trust	-	0.37
Mr. Ravi PNC Menon	18.04	-
Income from interior works		
Sri Kurumba Educational and Charitable Trust	-	0.45
Mr. Anup Shah	4.56	-
Mr. Ravi PNC Menon	15.20	-
Investment in partnership firm		
CVS TechZone LLP	3.59	-
Sale of interest in partnership firm		
CVS TechZone LLP	144.25	-
Purchase of project items		
Sobha Projects & Trade Private Limited	179.78	746.08
Aircraft hire charges		
Sobha Puravankara Aviation Private Limited	61.38	60.20

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	in ₹ million	
Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
CSR expenditure - Donation		
Sri Kurumba Educational and Charitable Trust	97.90	162.60
Payments made on behalf of related party		
Sobha Projects & Trade Private Limited	-	-
Moolamcode Traders Private Limited	-	-
Pallavur Projects Private Limited	0.01	0.01
Puzhakkal Developers Private Limited	0.01	0.01
Land Advance		
Technobuild Developers Private Limited	41.36	77.14
Advance paid towards purchase of goods or services		
Sobha Projects & Trade Private Limited	-	731.59
Sobha Puravankara Aviation Private Limited	-	-
Puzhakkal Developers Private Limited	0.03	73.52
Sri Parvathy Land Developers Private Limited	-	3.24
Sri Durga Devi Property Management Private Limited	0.13	-
Refund of advance by the related party		
Technobuild Developers Private Limited	14.71	749.36
Sobha Projects & Trade Private Limited	13.17	-
Puzhakkal Developers Private Limited	-	171.72
Rent		
Sobha Glazing & Metal Works Private Limited	5.06	5.52
III. Transaction with key managerial personnel		
Directors' remuneration		
Mr. J. C. Sharma	19.92	70.21
Mr. Ravi PNC Menon	51.15	121.40
Mr.T P. Seetharam	6.71	7.56
Mr. Jagadish Nangineni (till 25 February 2021)	6.46	10.06
Dividend paid (payment basis)		
Mr. Ravi PNC Menon	21.74	20.75
Mr. J. C. Sharma	0.75	0.16
Salary (including perquisites)		
Mr. Subhash Bhat	10.35	11.34
Mr. Vighneshwar G Bhat	3.45	3.94

Particulars	in ₹ million	
	For the year ended 31 March 2021	For the year ended 31 March 2020
Directors' sitting fees and commission		
Mr. Anup Shah	1.79	1.89
Mr. R V S Rao	1.83	1.85
Dr. Punita Kumar Sinha	-	0.91
Mr. Sumeet Jagdish Puri	1.89	1.33
Mrs. Srivathsala KN	1.78	0.87
IV. Transaction with key shareholders		
Dividend paid (payment basis)		
Mr. P. N. C. Menon	84.43	84.43
Mrs. Sobha Menon	201.08	201.08
Mr. P. N. C. Menon and Mrs. Sobha Menon (jointly held shares)	37.02	37.02

c) Details of balances receivable from and payable to related parties are as follows:

Particulars	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
I. Balances receivable from and payable to joint ventures		
Investment in partners current account		
Kondhwa Projects LLP	1,142.52	1,142.52
II. Balances receivable from and payable to other related parties		
Land advance		
Technobuild Developers Private Limited	8,543.01	8,519.00
Puzhakkal Developers Private Limited	52.20	52.17
Sri Parvathy Land Developers Private Limited	164.43	164.43
Sri Durga Devi Property Management Private Limited	43.05	42.92
Rent deposit		
Sobha Glazing & Metal Works Private Limited	42.36	37.60
Advances recoverable in cash or in kind		
Sobha Projects & Trade Private Limited	-	13.17
Sobha Puravankara Aviation Private Limited	189.91	221.84
Punkunnam Builders and Developers Private Limited	0.05	0.05
Sobha Aviation and Engineering Services Private Limited	0.01	0.01
Mannur Properties Private Limited	0.02	0.02
Sobha Technocity Private Limited	0.02	0.02
Moolamcode Traders Private Limited	0.02	0.02

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in ₹ million		
Particulars	As at 31 March 2021	As at 31 March 2020
Trade receivables		
Sri Kurumba Educational and Charitable Trust	15.42	35.42
Puzhakkal Developers Private Limited	0.01	0.01
Sobha Projects & Trade Private Limited	361.96	695.06
Trade payables		
SBG Housing Private Limited	2.67	2.67
Sobha Projects & Trade Private Limited	28.09	13.11
Divyakaushal Properties LLP	0.60	0.66
Technobuild Developers Private Limited	586.42	355.91
Puzhakkal Developers Private Limited	0.01	-
Sri Parvathy Land Developers Private Limited	0.04	-
Sri Durga Devi Property Management Private Limited	0.02	-
Guarantees & Collaterals received		
Sri Durga Devi Property Management Private Limited	1,500.00	1,500.00
Sri Parvathy Land Developers Private Limited	1,500.00	1,500.00
III. Balances receivable from and payable to key managerial personnel		
Non-trade payable		
Mr. J. C. Sharma	11.81	80.59
Mr. Ravi PNC Menon	2.00	18.62

d) Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. The above related party transactions have been approved by the Board of Directors. Outstanding balances at the year-end are unsecured and interest free and will be settled in cash. For the year ended 31 March 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2020 - ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

e) Compensation of key management personnel of the Group

in ₹ million		
Particulars	As at 31 March 2021	As at 31 March 2020
Short-term employee benefits	-	106.98
Commission to independent directors	79.08	6.85
Other benefits*	7.29	117.53
	86.37	231.36

*As the liability for gratuity and leave encashment is provided on actuarial basis for the Group as whole, the amount pertaining to the directors are not included above.

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

f) Also, refer note 19 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.

36 Segment information

Basis of segmentation

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segments and assess their performance.

The Group has two reportable segments, as described below, which are the Group's strategic business units. These business units offer different products and services, and are managed separately because they require different marketing strategies. For each of the business units, the Group's CEO reviews internal management reports on at least a quarterly basis.

The CEO monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Accordingly, the Group has identified following as its reportable segment for the purpose of Ind AS 108:

- Real estate segment;
- Contractual and manufacturing segment.

Real Estate segment (RE) comprises development, sale, management and operation of all or any part of townships, housing projects, also includes leasing of self owned commercial premises.

The operation of the Contractual and Manufacturing segment (CM) comprises development of commercial premises and other related activities, also includes manufacturing activities related to interiors, glazing and metal works and concrete products.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Also, the Group's financing (including finance costs and finance income) and income taxes are managed on a overall basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The following tables present revenue and profit information for the Group's operating segments for the year ended 31 March 2021 and 31 March 2020 respectively:

Business segments

	in ₹ million	
Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Segment revenue		
Real estate	13,102.84	22,800.81
Contractual and manufacturing	7,296.80	15,906.71
Total segment revenue	20,399.64	38,707.52
Inter segment revenues	698.15	(1,169.00)
Net revenue from operations	21,097.79	37,538.52
Segment result		
Real estate	3,629.21	9,808.15
Contractual and manufacturing	1,381.26	2,972.44
Total segment results	5,010.47	12,780.59
Finance costs	(3,361.83)	(6,816.03)
Other unallocable expenditure	(1,703.00)	(2,351.08)
Other income (including finance income)	806.21	718.07
Profit before taxation	751.85	4,331.55
Income taxes	(129.09)	(1,514.86)
Profit after taxation	622.76	2,816.69

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The following table presents assets and liabilities information for the Group's operating segments as at 31 March 2021 and 31 March 2020 respectively:-

	in ₹ million	
Particulars	As at 31 March 2021	As at 31 March 2020
Segment assets		
Real estate	94,324.95	97,120.76
Contractual and manufacturing	10,008.87	8,071.84
Total segment assets	104,333.82	105,192.60
Unallocated assets	7,767.70	4,929.66
Total assets	112,101.52	110,122.26
Segment liabilities		
Real estate	51,932.87	47,921.42
Contractual and manufacturing	4,106.48	5,196.39
Total segment liabilities	56,039.35	53,117.81
Unallocated liabilities	31,784.82	32,692.44
Total liabilities	87,824.17	85,810.25
Capital employed		
Real estate	42,392.08	49,199.34
Contractual and manufacturing	5,902.39	2,875.45
Unallocated capital employed	(24,017.12)	(27,762.78)
Total capital employed	24,277.35	24,312.01

Finance income and costs, and fair value gains and losses on financial assets pertaining to individual segments are allocated to respective segments.

Current taxes, deferred taxes and certain financial assets and liabilities are considered as unallocated as they are also managed on a Group basis.

	in ₹ million	
Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Capital expenditure		
Real estate	57.86	2,033.99
Contractual and manufacturing	293.46	378.17
Unallocated capital expenditure	202.92	847.47
Total capital expenditure	554.24	3,259.63

Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment property under development.

Information of revenue and non-current operating assets based on location has not been furnished since there are no revenue generated from business activities outside India and there are no non-current operating assets held by the Group outside India.

Reconciliations to amounts reflected in the financial statements

(i) Reconciliation of assets

Particulars	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Segment assets	104,333.82	105,192.60
Investment (refer note 10)	1,142.70	1,142.69
Prepaid expenses (refer note 13)	394.55	253.25
Balances with statutory/ government authorities (refer note 13)	1,097.26	1,624.48
Current tax assets (net) (refer note 22)	96.75	113.44
Deferred tax assets (net) (refer note 22)	19.21	-
Cash and bank balances (refer note 14 and 15)	2,041.49	883.89
Non-current bank balances (refer note 12)	60.60	62.15
Other unallocable assets	2,915.14	849.76
Total assets	112,101.52	110,122.26

(ii) Reconciliation of liabilities

Particulars	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Segment liabilities	56,039.35	53,117.81
Borrowings (refer note 19)	30,030.62	31,136.89
Provisions (refer note 21)	289.96	296.06
Deferred tax liabilities (refer note 22)	341.75	290.77
Liabilities for current tax (net) (refer note 22)	87.11	155.60
Withholding taxes payable (refer note 24)	79.10	56.96
Others payable (refer note 24)	118.58	95.61
Other unallocable liabilities	837.70	660.55
Total liabilities	87,824.17	85,810.25

37 Employment benefit plans

Particulars	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Net benefit liability-gratuity	217.96	213.31
Non-current	151.46	144.67
Current	66.50	68.64

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The Group has a defined benefit gratuity plan in India ('the Plan'), governed by the Payment of Gratuity Act, 1972. The Plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days on salary for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned.

The defined benefit plan for gratuity is administered by a single gratuity fund that is legally separate from the Group. The board of the gratuity fund comprises three employees. The board of the gratuity fund is required by law to act in the best interests of the plan participants and is responsible for setting certain policies (e.g. investment and contribution policies) of the fund.

The following tables summarise the components of net benefit expense recognised in the consolidated statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans:

	in ₹ million	
Particulars	31 March 2021	31 March 2020
Reconciliation of present value defined benefit obligation		
Obligation at the beginning of the year	215.46	196.34
Service cost	23.13	22.84
Interest cost	13.44	13.88
Benefits settled	(23.02)	(11.41)
Actuarial (gain)/loss (through OCI)	(8.65)	(6.19)
Obligation at the end of the year	220.36	215.46
Reconciliation of present value of planned assets		
Plan assets at the beginning of the year, at fair value	2.15	2.13
Interest income	0.13	0.15
Actuarial gain/(loss) (through OCI)	0.04	(0.02)
Contributions paid into the plan	23.10	11.30
Benefits settled	(23.02)	(11.41)
Plan assets at the end of the year, at fair value	2.40	2.15
Present value of defined benefit obligation at the end of the year	220.36	215.46
Less: Fair value of plan assets at the end of the year	2.40	2.15
Net liability recognised in the consolidated balance sheet	217.96	213.31
Expenses recognised in consolidated statement of profit and loss		
Service cost	23.13	22.99
Interest cost (net)	13.31	13.73
Gratuity cost	36.44	36.72
Capitalised to property plant and equipment	(0.09)	(0.15)
Net gratuity cost	36.35	36.57
Re-measurement gains/ (losses) in OCI		
Actuarial gain / (loss) due to demographic assumption changes	-	-
Actuarial gain / (loss) due to financial assumption changes	(1.62)	(7.12)
Actuarial gain / (loss) due to experience adjustments	10.27	13.31
Return on plan assets greater (less) than discount rate	0.04	(0.02)
Deferred tax charge	(2.19)	(1.56)
Total expenses routed through OCI	6.50	4.61

The major categories of plan assets as a percentage of the fair value of the total plan assets are as follows:

Particulars	31 March 2021	31 March 2020
Investment in insurance fund	100%	100%

Actuarial assumptions

Particulars	31 March 2021	31 March 2020
Discount rate	6.06%	6.24%
Future salary growth	5.00%	5.00%
Employee turnover	15.00%	15.00%
Estimated rate of return on plan assets	6.24%	7.07%

Assumptions regarding future mortality are based on Indian Assured Lives Mortality (2006-08)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	in ₹ million	
	31 March 2021	31 March 2020
Effect of + 1% change in rate of discounting	(8.67)	(8.51)
Effect of - 1% change in rate of discounting	9.53	9.35
Effect of + 1% change in rate of salary growth	8.68	8.47
Effect of - 1% change in rate of salary growth	(8.13)	(7.91)
Effect of + 1% change in rate of employee turnover	0.17	0.24
Effect of - 1% change in rate of employee turnover	(0.22)	(0.30)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on projected benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to the projected benefit plan in future years:

Particulars	in ₹ million	
	31 March 2021	31 March 2020
Within the next 12 months	42.77	39.51
Between 2 and 5 years	109.01	107.43
Between 5 and 10 years	81.27	82.92
Total expected payments	233.05	229.86

38 Earnings per share ['EPS']

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	31 March 2021	31 March 2020
Profit after tax attributable to shareholders (amount in ₹ million)	622.76	2,816.69
Weighted average number of equity shares of ₹10 each fully paid outstanding during the year used in calculating basic and diluted EPS	94,845,853	94,845,853
Earnings per share - Basic and diluted (amount in ₹) *	6.57	29.69

* The Group does not have any potential dilutive equity shares and therefore basic and diluted EPS are same

39 Leases**Operating lease - Group as lessor**

The Group has entered into commercial property leases on its property, plant and equipment. These operating leases have variable terms ranging from 12 months to 36 months up to eleven years. All leases include a clause to enable upward revision of the lease rental on periodical basis and includes variable rent determined based on percentage of sales of lessee.

The Group has recognised ₹ 206.04 million (31 March 2020 - ₹ 193.94 million) during the year towards lease rental income.

Minimum lease payments receivable in respect of these leases for non-cancellable period are as follows:

Particulars	in ₹ million	
	31 March 2021	31 March 2020
Within one year	320.18	273.61
After one year but not more than five years	1,073.06	906.70
More than five years	66.50	-
	1,459.74	1,180.31

Operating lease - Group as lessee

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

The Group has paid ₹ 189.37 million (31 March 2020 - ₹ 232.33 million) during the year towards minimum lease payments.

Future minimum rentals payable under non-cancellable operating lease are as follows:

Particulars	in ₹ million	
	31 March 2021	31 March 2020
Within one year	77.92	66.75
After one year but not more than five years	164.56	140.21
More than five years	66.91	88.49
	309.39	295.45

40 Contingent liabilities

Contingent liabilities (to the extent not provided for)

Particulars	in ₹ million	
	31 March 2021	31 March 2020
i Guarantees given by the Group	3,516.61	4,027.11
ii Income tax matters in dispute	308.82	246.86
iii Sales tax matters in dispute	909.00	669.87
iv Service tax matters in dispute	581.85	606.82
v Excise duty matters in dispute	7.27	7.27
	5,323.55	5,557.93

The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its consolidated financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position. The Group does not expect any reimbursements in respect of the above contingent liabilities.

In respect of matters relating to certain transactions entered into by the Group in earlier years, the Group was asked to provide contracts, documents, correspondences, business rationale and justification for these transactions by regulatory authorities, the Group has been responding to the same from time to time. Further, in the current year, the Group has also received Summons from SEBI under section 11(2), and 11C(2), 11C(3) of the SEBI Act, 1992 on the same transactions. The Group has duly responded to the e-mail queries and the Summons within the time allotted.

These transactions have been entered into by the Group in the normal course of business and includes construction of residence, joint development of residential and commercial properties and advances given for land acquisition. The Group has receivables and other balances outstanding as at the balance sheet date from these transactions and expects to recover the same from the other parties in its normal course of business. The Group collected Rs 2 crores during the year against the construction of residence for the counter party and Rs 6.5 crores was outstanding as at the balance sheet date. Further, the Group had paid a refundable deposit of Rs 51 crores to the counter parties, which will be due to be received by the Group on completion of its obligation on the contract that is expected to happen in fiscal year 2022. Subsequent to the balance sheet date, the Group has agreed, with the other parties, for a manner of settlement of the remaining dues amounting to Rs 57.8 crores. Based on this, Rs 27.8 crores has been settled by transfer of other parties' units of an ongoing launched project (Project 1). The Group intends to sell these units in its normal course of business, so transferred, and realise the amount. The realization terms of the balance, i.e. Rs 30 crores has been renegotiated and agreed to be settled through the landowners' revenue share in sales proceeds of another project (Project 2), which is expected to be launched by next year. The Group has a consent / confirmation from the other party for appropriation of the landowners' revenue share in sales proceeds of another project (Project 2), settlement of this due which is supported by a legal advice on its enforceability. Based on the best estimate of the management, this will be realized over a period of 2 – 4 years.

Based on the Group's overall assessment including legal advice on enforceability of the manner of settlement, the outstanding amounts are considered fully recoverable and the terms of the aforesaid transactions are not prejudicial to the interests of the Group and will not have any adverse impact on the consolidated financial statements.

41 Commitments and other litigations

a. Commitments

(a) The estimated amount of contracts, net of advances remaining to be executed on capital account is ₹ 0.07 million (31 March 2020 - ₹ 8.19 million).

(b) At 31 March 2021, the Group has given ₹ 13,811.68 million (31 March 2020 - ₹ 14,139.76 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 agreements.

(c) The Group has entered into joint development agreements with owners of land for its construction and development. Under the agreements, the Group is required to pay deposits to the owners of the land and share in area/ revenue from such development in exchange of undivided share in land as stipulated under the agreements. As of 31 March 2021, the Group has paid ₹4,829.98 million (31 March 2020 - ₹6,052.36 million) as refundable deposit (undiscounted) against the joint development agreements.

(d) The Group has entered into an aircraft usage agreement with a party wherein the Group along with certain other parties has committed minimum usage of aircraft. During the year ended 31 March 2021, the Group incurred ₹61.38 million (31 March 2020 - ₹60.20 million) towards aircraft usage as per the agreement.

b. Other litigations

(a) Claims have been levied on the Group by Bruhat Bengaluru Mahanagara Palike ('BBMP') towards certain statutory charges which includes betterment charges, ground rent charges, etc. on certain real estate projects undertaken by the Group, the impact of which is not quantifiable. These claims are pending with various courts and are scheduled for hearings. Based on internal assessment, the management is confident that the matter would be decided in its favour, accordingly no provisions has made in this regard.

(b) The Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business, including certain litigation for lands acquired by it for construction purposes, either through joint development agreements or through outright purchases, the impact of which is not quantifiable. These cases are pending with various courts and are scheduled for hearings. After considering the circumstances and legal advice received, management believes that these cases will not adversely effect its financial statements.

Service tax matters in dispute includes demands raised for joint development agreements, the tax impact of which for future years is not ascertainable. The Group has evaluated such arrangements for tax compliance and based on experts opinion, the management is of the view that the tax positions are appropriate.

42 Construction contracts

Particulars	in ₹ million	
	31 March 2021	31 March 2020
Contract revenue recognised as revenue for the year ended	17,916.11	31,487.29
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to for all the contracts in progress	69,305.80	65,431.94
The amount of customer advances outstanding for contracts in progress for which revenue has been recognised	8,229.27	11,616.08
The amount of work-in-progress and value of inventories	24,330.29	23,711.96
The amount of retentions due from customers for contracts in progress	514.35	199.40

43 Contract balances

The following table discloses the movement in contract assets

Particulars	in ₹ million	
	31 March 2021	31 March 2020
Opening balance	396.81	396.81
Revenue recognised during the year	3,047.06	2,060.71
Invoices during the year	(396.81)	(396.81)
Closing balance	3,047.06	2,060.71

44 Derivative instruments and unhedged foreign currency exposure

Particulars	in ₹ million	
	31 March 2021	31 March 2020
Foreign currency exposure that are not hedged by derivative instruments or otherwise:		
Trade payables	11.40	19.02

- 45** Based on the information available with the Group, there are no suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as at 31 March 2021.

46 Capitalization of expenditure

During the year, the Group has capitalized the following expenses of revenue nature to capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Group.

Particulars	in ₹ million	
	31 March 2021	31 March 2020
Opening capital work in progress	2,323.14	1,900.37
Add: Expenses incurred during the year		
Purchase of project materials	103.65	50.09
Subcontractor and other charges	37.94	94.89
Salaries, wages and bonus	4.89	11.51
Rent	0.95	17.41
Others	20.25	248.87
Sub-total	167.68	422.77
Less: Expenses capitalised as investment property	1,790.24	-
Closing capital work in progress	700.58	2,323.14

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47 Fair value measurements

a. The carrying amounts of financial instruments by categories is as follows:

Particulars	As at 31 March 2021			As at 31 March 2020		
	At cost	Fair value through profit or loss	At amortised cost	At cost	Fair value through profit or loss	At amortised cost
Financial assets						
Investments (refer note 10)	1,142.52	-	0.18	1,142.52	-	0.17
Trade receivables (refer note 11)	-	-	2,361.17	-	-	3,745.65
Cash and bank balances (refer note 14 and 15)	-	-	2,041.49	-	-	883.89
Other financial assets (refer note 12)	-	-	7,136.31	-	-	8,472.63
Total	1,142.52	-	11,539.15	1,142.52	-	13,102.34
Financial liabilities						
Borrowings (refer note 19)	-	-	30,030.62	-	-	31,136.89
Trade payables (refer note 23)	-	-	7,317.59	-	-	9,566.88
Other financial liabilities (refer note 20)	-	-	6,562.97	-	-	4,937.06
Total	-	-	43,911.18	-	-	45,640.83

b. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities

in ₹ million

Particulars	As at 31 March 2021				As at 31 March 2020			
	Carrying amount	Fair value			Carrying amount	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial assets								
Investments carried at fair value through profit and loss	-	-	-	-	-	-	-	-
Investments at amortized cost	0.18	-	-	0.18	0.17	-	-	0.17
	0.18	-	-	0.18	0.17	-	-	0.17
Assets for which fair value are disclosed								
Investment properties	3,529.21	-	-	6,890.00	1,880.95	-	-	2,805.00
	3,529.21	-	-	6,890.00	1,880.95	-	-	2,805.00

Notes:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

There have been no transfers between the levels during the year.

Financial instruments carried at amortised cost such as instruments, trade receivables, cash and other financial assets, borrowings, trade payables and other financial liabilities are considered to be same as their fair values, due to their short term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

48 Financial risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to finance and support the Group's operations. The Group's principal financial assets include instruments, trade and other receivables, cash and bank balances, land advances and refundable deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a risk management committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The risk management committee provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

A. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and other price risk, such as equity price risk and commodity/ real estate risk. Financial instruments affected by market risk include borrowings and refundable deposits.

The sensitivity analysis in the following sections relate to the position as at 31 March 2021 and 31 March 2020. The sensitivity analyses have been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rates of the debt.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions.

The below assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2021 and 31 March 2020.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group does not enter into any interest rate swaps.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

		in ₹ million
	Increase/ decrease in interest rate	Effect on profit before tax * ₹ million
31 March 2021		
INR	+1%	(303.86)
INR	-1%	303.86
31 March 2020		
INR	+1%	(311.74)
INR	-1%	311.74

* determined on gross basis i.e. with out considering inventorisation of such borrowing cost.

B. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including refundable joint development deposits, security deposits, loans to employees and other financial instruments.

Trade receivables

(a) Receivables resulting from sale of properties: Customer credit risk is managed by requiring customers to pay advances before transfer of ownership, therefore, substantially eliminating the Group's credit risk in this respect.

(b) Receivables resulting from leasing of properties: Group has established credit limits for customers and monitors their balances on an on-going basis. Credit appraisal is performed by the management before lease agreements are entered into with customers. The risk is also mitigated due to customers placing significant amount of security deposits for lease and fit-out rentals

(c) Receivables resulting from other than sale of properties and leasing of properties : Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. The impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security. The Group's credit period generally ranges from 30-60 days.

(d) Revenue from one customer individually accounted for more than 10% of the Group's revenue for the year ended 31 March 2021 and 31 March 2020. No single customer individually accounted for more than 10% of the trade receivable balance of the Group as at 31 March 2021 and 31 March 2020.

Movement in allowance for credit losses		in ₹ million	
Particulars	31 March 2021	31 March 2020	
Opening balance	534.40	332.01	
Amounts written off	-	(36.94)	
Net remeasurement of loss allowance	103.69	239.33	
Closing balance	638.09	534.40	

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 March 2021 and 31 March 2020 is the carrying amounts.

C. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	in ₹ million					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
31 March 2021						
Borrowings (refer note 19)	3,846.01	1,868.84	5,006.30	18,012.32	1,297.15	30,030.62
Trade payables (refer note 23)	200.00	5,686.70	1,150.07	250.67	47.81	7,335.25
Other financial liabilities (refer note 20)	207.49	3,037.47	3,318.01	-	-	6,562.97
	4,253.50	10,593.01	9,474.38	18,262.99	1,344.96	43,928.84
31 March 2020						
Borrowings (refer note 19)	6,656.33	2,382.45	4,640.71	15,904.01	1,553.39	31,136.89
Trade payables (refer note 23)	-	6,961.53	2,340.27	232.16	32.92	9,566.88
Other financial liabilities (refer note 20)	305.25	1,712.63	2,919.18	-	-	4,937.06
	6,961.58	11,056.61	9,900.16	16,136.17	1,586.31	45,640.83

49 Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing borrowings, trade payables and other financial liabilities (excluding liability under JDA), less cash and bank balances.

	in ₹ million	
	As at 31 March 2021	As at 31 March 2020
Borrowings (long-term and short-term, including current maturities of long term borrowings) (Note 19 and 20)	30,030.62	31,136.89
Trade payables (Note 23)	7,317.59	9,566.88
Other financial liabilities (current and non-current, excluding current maturities of long term borrowings) (Note 20)	6,077.28	4,766.14
Other liabilities (Note 24)	43,194.17	39,292.99
Less: Cash and bank balances (Note 14 and 15)	(2,041.49)	(883.89)
Net debt	84,578.17	83,879.01
Equity share capital (Note 16)	948.46	948.46
Other equity (Note 17)	23,328.89	23,363.55
Total capital	24,277.35	24,312.01
Capital and net debt	108,855.52	108,191.02
Gearing ratio	77.70%	77.53%

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

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50 Additional information pursuant to para 2 of general instructions for the preparation of the consolidated financial statements for year ended 31 March 2021 and 31 March 2020
31 March 2021
in ₹ million

Name of the entity	Net assets		Share in profit or loss		Share in OCI		Share in total comprehensive income	
	% of consolidated net assets	₹ million	% of consolidated profit or loss	₹ million	% of consolidated OCI	₹ million	% of consolidated total comprehensive income	₹ million
Parent	84.68%	22,870.74	81.70%	655.39	100.00%	6.50	81.85%	661.89
Subsidiaries								
Indian								
Sobha City [Partnership firm]		1,232.57	17.72%	142.11	0.00%	-	17.57%	142.11
Yayaloor Properties Private Limited	4.56%	2.07	0.00%	0.01	0.00%	-	0.00%	0.01
Yayaloor Builders Private Limited	0.01%	3.43	0.00%	0.01	0.00%	-	0.00%	0.01
Yayaloor Developers Private Limited	0.01%	3.32	0.00%	0.01	0.00%	-	0.00%	0.01
Yayaloor Real Estate Private Limited	0.01%	3.43	0.00%	0.01	0.00%	-	0.00%	0.01
Yayaloor Realtors Private Limited	0.00%	0.70	0.00%	-	0.00%	-	0.00%	-
Valasai Vettikadu Realtors Private Limited	0.01%	1.47	0.00%	-	0.00%	-	0.00%	-
Sobha Developers (Pune) Limited	7.84%	2,117.92	0.48%	3.89	0.00%	-	0.48%	3.89
Sobha Assets Private Limited	0.00%	(0.06)	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
Sobha Highrise Ventures Private Limited	2.42%	654.66	-0.64%	(5.16)	0.00%	-	-0.64%	(5.16)
Sobha Interiors Private Limited	0.10%	27.95	0.67%	5.37	0.00%	-	0.66%	5.37
Sobha Construction Products Private Limited	0.04%	9.92	0.02%	0.16	0.00%	-	0.02%	0.16
Sobha Contracting Private Ltd	-0.01%	(1.36)	-0.03%	(0.24)	0.00%	-	-0.03%	(0.24)
Annalakshmi Land Developers Private Ltd	0.00%	(0.11)	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
Sobha Nandambakkam Developers Limited	0.15%	41.37	0.11%	0.87	0.00%	-	0.11%	0.87
Sobha Tambaram Developers Limited	0.31%	83.59	0.00%	0.01	0.00%	-	0.00%	0.01
Kilai Builders Pvt Ltd	0.00%	(0.11)	0.00%	-	0.00%	-	0.00%	-
Kuthavakkam Builders Private Limited	-0.07%	(18.69)	0.00%	-	0.00%	-	0.00%	-
Kuthavakkam Realtors Private Limited	-0.10%	(25.72)	-0.03%	(0.23)	0.00%	-	-0.03%	(0.23)
Joint ventures (Investment as per the equity method)								
Kondhwa Projects LLP	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Sub total	100.00%	27,007.09	100.00%	802.19	100.00%	6.50	100.00%	808.69
Adjustments arising out of consolidation		(2,727.46)		(177.15)		-		(177.15)
Total		24,279.63		625.04		6.50		631.54

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

50 Additional information pursuant to para 2 of general instructions for the preparation of the consolidated financial statements for year ended 31 March 2021 and 31 March 2020 (continued)

Name of the entity	Net assets		Share in profit or loss		Share in OCI		Share in total comprehensive income	
	% of consolidated net assets	₹ million	% of consolidated profit or loss	₹ million	% of consolidated OCI	₹ million	% of consolidated total comprehensive income	₹ million
in ₹ million								
Parent								
Sobha Limited	85.74%	22,872.77	102.38%	2,894.79	100.00%	4.61	102.37%	2,899.40
Subsidiaries								
Indian								
Sobha City [Partnership firm]	3.47%	926.81	0.60%	16.96	0.00%	-	0.60%	16.96
Vayaloor Properties Private Limited	0.01%	2.06	0.00%	-	0.00%	-	0.00%	-
Vayaloor Builders Private Limited	0.01%	3.42	0.00%	0.01	0.00%	-	0.00%	0.01
Vayaloor Developers Private Limited	0.01%	3.32	0.00%	0.01	0.00%	-	0.00%	0.01
Vayaloor Real Estate Private Limited	0.01%	3.43	0.00%	0.01	0.00%	-	0.00%	0.01
Vayaloor Realtors Private Limited	0.00%	0.70	0.00%	-	0.00%	-	0.00%	-
Valasai Vettikadu Realtors Private Limited	0.01%	1.47	0.00%	-	0.00%	-	0.00%	-
Sobha Developers (Pune) Limited	7.88%	2,101.91	-1.46%	(41.16)	0.00%	-	-1.45%	(41.16)
Sobha Assets Private Limited	0.00%	(0.05)	0.00%	(0.02)	0.00%	-	0.00%	(0.02)
Sobha Highrise Ventures Private Limited	2.48%	661.21	-0.38%	(10.72)	0.00%	-	-0.38%	(10.72)
Sobha Interiors Private Limited	0.09%	23.24	0.25%	7.09	0.00%	-	0.25%	7.09
Sobha Contracting Private Ltd	0.00%	(1.12)	-0.02%	(0.49)	0.00%	-	-0.02%	(0.49)
Sobha Nandambakkam Developers Limited	0.15%	40.50	0.13%	3.57	0.00%	-	0.13%	3.57
Sobha Tambaram Developers Limited	0.31%	83.58	0.11%	3.17	0.00%	-	0.11%	3.17
Kilai Builders Pvt Ltd	0.00%	(0.11)	0.01%	0.27	0.00%	-	0.01%	0.27
Kuthavakkam Builders Private Limited	-0.07%	(18.69)	-0.67%	(18.92)	0.00%	-	-0.67%	(18.92)
Kuthavakkam Realtors Private Limited	-0.10%	(26.76)	-0.95%	(26.95)	0.00%	-	-0.95%	(26.95)
Joint ventures (Investment as per the equity method)								
Kondhwa Projects LLP	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Sub total	100.00%	26,677.69	100.00%	2,827.62	100.00%	4.61	100.00%	2,832.23
Adjustments arising out of consolidation		(2,365.68)		(10.93)		-		(10.93)
Total		24,312.01		2,816.69		4.61		2,821.30

51 Impact due to outbreak of COVID-19

During the year ended 31 March 2021, the Group had to suspend the operations in all ongoing projects at different times in compliance with the lockdown instructions issued by the Central and respective State Governments. This impacted the normal business operations of the Group by way of interruption in projects execution, supply chain disruption and unavailability of personnel during the lock-down period.

The Group has considered the possible impacts on the carrying value of assets. The Group, as at the date of these financial results has used internal and external sources of information to assess the expected future performance of the Group. The Group has also performed a sensitivity analysis on the assumptions used and based on the current estimates, the Group expects that the carrying amount of these assets reported in the balance sheet as at 31 March 2021 are fully recoverable. The Group has also estimated the future cash flows with the possible effects that may result from the COVID-19 pandemic and does not foresee any adverse impact on realising its assets and meeting its liabilities as and when they fall due. The actual impact of the COVID-19 pandemic may be different from that estimated as at the date of approval of these financial results. During the year ended 31 March 2021, the Management has also made a detailed assessment of the progress of construction work on its ongoing projects during the period of lockdown and has concluded that the same was only a temporary slowdown in activities and has accordingly capitalised/ inventorised the borrowing costs incurred in accordance with Ind AS 23.

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No.: 065155

Place: Bengaluru, India
Date: 22 June 2021

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

Ravi PNC Menon
Chairman
DIN: 02070036

Subhash Bhat
Chief Financial Officer

Place: Bengaluru, India
Date: 22 June 2021

T P Seetharam
Whole-time Director
DIN: 08391622

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Form AOC – I

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries, Associate Companies / Joint Ventures**Part "A": Subsidiaries**

Particulars	Sobha Developers (Pune) Limited	Sobha Highrise Ventures Private Limited	Sobha Assets Private Limited	Sobha Tambaram Developers Limited	Sobha Nandambakkam Developers Limited	Sobha Construction Products Private Limited	Sobha Contracting private Limited*	Kilai Builders Private Limited**	Sobha Interiors Private Limited**	Kuthavakkam Builders Private Limited**	Kuthavakkam Realtors Private Limited**	Annalaxmi Land Developers Private Limited*
Reporting Period	2020-21	2020-21	2020-21	2020-21	2020-21	2020-21	2020-21	2020-21	2020-21	2020-21	2020-21	2020-21
Reporting Currency	INR in Million	INR in Million	INR in Million	INR in Million	INR in Million	INR in Million	INR in Million	INR in Million	INR in Million	INR in Million	INR in Million	INR in Million
Share Capital	0.53	206.00	0.10	0.50	0.50	10.00	0.10	0.50	6.00	0.50	0.50	0.10
Reserves and Surplus	2,117.92	448.66	(0.16)	83.09	40.87	(0.08)	(1.46)	(0.47)	21.95	(19.21)	(26.34)	(0.21)
Total Assets	2,199.85	1,070.46	87.20	129.52	91.69	10.17	858.63	243.42	266.59	53.08	111.08	160.16
Total Liabilities	80.92	415.80	84.26	45.93	50.32	0.25	859.99	243.40	238.64	71.80	136.92	160.26
Investments	1,697.16	0.10	-	-	-	-	-	-	-	-	-	-
Turnover	13.67	43.89	-	0.05	2.28	0.19	-	-	26.79	-	-	-
Profit before Taxation	6.90	(6.13)	(0.01)	0.02	1.17	0.18	(0.24)	(0.02)	7.51	(0.02)	(0.35)	(0.01)
Provision for Taxation	2.01	(0.96)	-	0.01	0.30	0.03	-	(0.16)	2.14	-	-	-
Profit after Taxation	3.89	(5.16)	(0.01)	0.01	0.87	0.15	(0.24)	0.14	5.37	(0.02)	(0.35)	(0.01)
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-
% Share Holding	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

*Sobha Contracting Private Limited and Annalaxmi Land Developers Private Limited are wholly owned subsidiaries of Sobha Highrise Ventures Private Limited. Hence, stepdown subsidiaries of Sobha Limited.

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

1. Names of subsidiaries which are yet to commence business: None
2. Names of subsidiaries which have been liquidated or sold during the year: None

Part "B": Associates and Joint Ventures

CVS Tech Park Private Limited, an associate of Sobha Limited was incorporated on 5th March 2018.

Particulars	CVS Tech Park Private Limited
Reporting Period	2020-21
Reporting Currency	INR in Million
Share Capital	0.10
Reserves and Surplus	-
Total Assets	0.12
Total Liabilities	0.02
Investments	-
Turnover	-
Profit before Taxation	(0.02)
Provision for Taxation	-
Profit after Taxation	(0.02)
Proposed Dividend	-
% Share Holding	49%

for and on behalf of the Board of Directors of Sobha Limited**Ravi PNC Menon**

Chairman

DIN: 02070036

Subhash Bhat

Chief Financial Officer

Place: Bengaluru, India

Date: 22 June 2021

T P Seetharam

Whole-time Director

DIN: 08391622

Vighneshwar G Bhat

Company Secretary and Compliance Officer

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of the Members of Sobha Limited will be held on Friday, the 13th August, 2021 at 3:00 P.M. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt:
 - (a) The standalone financial statements of the Company which includes the Audited Balance Sheet as at March 31, 2021, the Statement of Profit and Loss for the financial year ended as on that date and the Cash Flow Statement together with reports of the Board of Directors and the Statutory Auditors thereon.
 - (b) The consolidated financial statements of the Company which includes the Audited Balance Sheet as at March 31, 2021, the Statement of Profit and Loss for the financial year ended as on that date and the Cash Flow Statement together with reports of the Statutory Auditors thereon.
2. To declare a dividend on equity shares for the financial year ended March 31, 2021 and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an *Ordinary Resolution*:

"RESOLVED THAT a dividend at the rate of ₹3.50/- (Three rupees fifty paise only) per equity share of ₹10/- (Ten rupees) each fully paid-up of the Company, as recommended by the Board of Directors, be and is hereby declared for the financial year ended March 31, 2021 and the same be paid out of the profits of the Company."
3. To appoint a Director in place of Mr. Jagdish Chandra Sharma, who retires by rotation as a Director and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an *Ordinary Resolution*:

"RESOLVED THAT in accordance with the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Jagdish Chandra Sharma (DIN 01191608), who retires by rotation at

this meeting, be and is hereby appointed as a Director of the Company."

SPECIAL BUSINESS:

4. Ratification of remuneration payable to Cost Auditors:

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

"RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, including any amendment or re-enactment thereof and any other law for the time being in force, the approval of the members of the Company be and is hereby accorded for the payment of remuneration not exceeding ₹185,000 (Rupees One lakh and eighty five thousand only) plus reimbursement of out of pocket expenses and taxes as may be applicable from time to time to M/s. Srinivas and Co., Cost Accountants (Firm Registration No: 000278), the Cost Auditors of the Company for the financial year 2020-21.

RESOLVED FURTHER THAT any of the Directors or the Company Secretary and Compliance Officer of the Company be and are hereby severally authorised to do all such acts, deeds, things, matters, and to execute all such documents as may be required to give effect to this Resolution."

5. Issue of Non-Convertible Debentures on private placement basis:

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

"RESOLVED THAT pursuant to the provisions of Section 42, 71 and other applicable provisions, if any, of the Companies Act, 2013, relevant rules made thereunder and any other law for the time being in force and the provisions contained in the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations 2008, the guidelines issued by the Securities and Exchange

Board of India (SEBI), and subject to the approval, permissions and sanctions of the lenders of the Company, SEBI, Stock Exchanges, Reserve Bank of India (RBI), Government of India and other concerned authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of the aforementioned authorities while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company, the approval of the members be and is hereby accorded to the Board of Directors of the Company to offer or invite subscription for secured or unsecured redeemable non-convertible debentures including but not limited to other debt securities, in one or more series or tranches, aggregating up to ₹700,00,00,000 (Rupees Seven Hundred Crores Only), on a private placement basis, on such terms and conditions as the Board of Directors may, from time to time, determine and consider proper and beneficial to the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the members hereby authorise the Board of Directors to do all such acts, deeds, matters and things, settle all question, difficulties or doubts that may arise in regard to the issue or allotment of such Debentures, utilisation of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board of Directors may in its absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

6. Re-appointment of Mr. Ravi PNC Menon (DIN: 02070036) as a Whole-time Director designated as Chairman of the Company:
To consider and if thought fit, to pass with or without modification(s), the following resolution as a *Special Resolution*:

"RESOLVED THAT pursuant to Sections 196, 197, 198 and 203 read with Schedule V to the Companies Act, 2013, and other applicable provisions, if any, of

the Companies Act, 2013 and relevant rules made thereunder, and other applicable enactments, as amended from time to time, consent and approval of members of the Company be and is hereby accorded for the re-appointment of Mr. Ravi PNC Menon (DIN: 02070036) as a Whole-time Director designated as Chairman of the Company for a further period of five years and be paid remuneration by way of salary, perquisites and allowances, performance incentive etc. as detailed in the Statement pursuant to Section 102(1) of the Companies Act, 2013 annexed to the Notice, which shall be effective from April 01, 2021, with authority to the Board of Directors to revise the terms and conditions of appointment and remuneration from time to time based on the recommendations of the Nomination, Remuneration and Governance Committee.

RESOLVED FURTHER THAT pursuant to Regulation 17(6) (e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and other applicable provisions, if any, approval of the members be and is hereby accorded for payment of remuneration to Mr. Ravi PNC Menon (DIN: 02070036), Chairman of the Company, by way of salary, perquisites and allowances, performance incentive, etc. in excess of ₹5 crore or 2.5 per cent of the net profits of the Company, whichever is higher, during his current tenure as a Whole-time Director designated as Chairman of the Company.

RESOLVED FURTHER THAT any of the Directors or the Company Secretary and Compliance Officer of the Company be and are hereby severally authorised to do all such acts, deeds, things, matters, and to execute all such documents as may be required to give effect to this Resolution."

**By Order of the Board of Directors
For Sobha Limited**

**Sd/-
Vighneshwar G Bhat
Company Secretary
& Compliance Officer**

**Place: Bangalore
Date: 22nd June, 2021**

NOTES:

1. Pursuant to Circular Nos. 14/2020, 17/2020, 20/2020 dated April 8, 2020, April 13, 2020, May 5, 2020, Circular No. 02/2021 dated 13th January, 2021 issued by the Ministry of Corporate Affairs (MCA) and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 SEBI/HO/CFD /CMD2/CIR/P /2021/11SEBI/HO/CFD /CMD2/CIR/P /2021/11 dated 15th January, 2021 issued by the Securities and Exchange Board of India (hereinafter collectively referred to as 'Circulars'), the Annual General Meeting of the Company is ("AGM") is convened through Video Conferencing / Other Audio Visual Means (VC/OAVM).
2. In terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards issued by the Institute of Company Secretaries of India, additional information on directors seeking appointment/ re-appointment is provided separately.
3. Statement pursuant to the provisions of Section 102(1) of the Companies Act, 2013 is annexed to and forms part of this Notice.
4. **SINCE THIS AGM IS BEING HELD PURSUANT TO THE ABOVE REFERRED CIRCULARS THROUGH VC / OAVM, PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS WILL NOT BE AVAILABLE FOR THE AGM AND HENCE, THE PROXY FORM AND ATTENDANCE SLIP ARE NOT ANNEXED TO THIS NOTICE.**
5. Since the AGM being held through VC/OAVM, the Route Map and Attendance Slip are not attached to this Notice.

VOTING THROUGH ELECTRONIC MEANS AND PARTICIPATION AT THE ANNUAL GENERAL MEETING

6. In terms of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force), listed companies are required to provide members with the facility to exercise their votes at general meetings through electronic means. The Company has availed the services of M/s. Link Intime India Private Limited (Link Intime) for providing the necessary remote e-Voting platform to the members of the Company.
7. Members may note that the Notice of the Twenty Sixth Annual General Meeting and the Annual Report 2021 will be available on the Company's website: www.sobha.com. The Notice of Annual General Meeting shall also be available on the website of Link Intime India Private Limited. The Company has published a Public Notice by way of advertisement in a Kannada newspaper and in an English newspaper with the required details of 26th AGM, for information of the Members.
8. **The e-Voting period shall commence on 10th August, 2021 at 9.00 AM and ends on 12th August, 2021 at 5.00 PM. Once the vote on a resolution is cast by a shareholder, it cannot be changed subsequently.**
9. Members who have acquired the shares of the Company after the dispatch of the Notice of Annual General Meeting and whose names appear in the Register of Members of the Company or in the Register of Beneficial owners maintained by the depositories as on the cut-off date i.e. 6th August, 2021 will be eligible to cast their vote through remote e-Voting.
10. The Board of Directors has appointed Mr. Nagendra D Rao, Practising Company Secretary (Membership No. 5553, COP No. 7731) and in his absence Mr. Natesh K, Practising Company Secretary (Membership No. 6835, COP No. 7277) as the Scrutinizer for conducting the remote e-Voting and poll process in accordance with law and in a fair and transparent manner. The Scrutinizer shall within a period not exceeding 48 hours from the conclusion of the annual general meeting, prepare a Consolidated Scrutinizer's Report of the votes cast in favour or against, if any, and submit it forthwith to the Chairman of the Company.
11. The Results declared along with the Scrutinizer's Report shall be placed on the website of the Company and on the website of Link Intime.
12. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
13. The details of the process and manner for remote e-Voting are explained herein below:

Remote e-Voting Instructions for shareholders post change in the Login mechanism for Individual shareholders holding securities in demat mode, pursuant to SEBI circular dated December 9, 2020:

- a. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.
- b. Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> 1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. 2. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 3. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS" Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 4. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> 1. Existing users who have opted for Easi/Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will be also able to see the e-Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL, Karvy, Link Intime or CDSL. Click on e-Voting service provider name to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. Link Intime where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	<ol style="list-style-type: none"> 1. You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. 2. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider and you will be redirected to e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Individual Shareholders holding securities in Physical mode & evoting service provider is LINK INTIME.	<ol style="list-style-type: none"> 1. Open the internet browser and launch the URL: https://instavote.linkintime.co.in ➤ Click on “Sign Up” under ‘SHARE HOLDER’ tab and register with your following details: - <ol style="list-style-type: none"> a. User ID: Shareholders/members holding shares in physical form shall provide Event No + Folio Number registered with the Company. b. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)). The Company shall use the sequence number provided to you, if applicable. c. DOB/DOI: Enter the Date of Birth (DOB)/Date of Incorporation (DOI) (As recorded with your DP/Company - in DD/MM/YYYY format). d. Bank Account Number: Enter your Bank Account Number (last four digits), as recorded with your DP/Company. e. Shareholders/ members holding shares in physical form but have not recorded ‘c’ and ‘d’, shall provide their Folio number in ‘d’ above. ➤ Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#\$&*), at least one numeral, at least one alphabet and at least one capital letter). ➤ Click “confirm” (Your password is now generated). 2. Click on ‘Login’ under ‘SHARE HOLDER’ tab. 3. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on ‘Submit’. 4. After successful login, you will be able to see the notification for e-Voting. Select ‘View’ icon. 5. E-Voting page will appear. 6. Refer the Resolution description and cast your vote by selecting your desired option ‘Favour / Against’ (If you wish to view the entire Resolution details, click on the ‘View Resolution’ file link). 7. After selecting the desired option i.e. Favour/Against, click on ‘Submit’. A confirmation box will be displayed. If you wish to confirm your vote, click on ‘Yes’, else to change your vote, click on ‘No’ and accordingly modify your vote.
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c. Institutional shareholders:

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-Voting system of LIPL at <https://instavote.linkintime.co.in> and register themselves as ‘Custodian/Mutual Fund /Corporate Body’. They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc., together with attested specimen signature of the duly authorised representative(s) in PDF format in the ‘Custodian/Mutual Fund/Corporate Body’ login for the Scrutinizer to verify the same.

d. Individual Shareholders holding securities in Physical mode & evoting service Provider is LINKINTIME, have forgotten the password:

- Click on ‘Login’ under ‘SHARE HOLDER’ tab and further Click ‘forgot password?’
- Enter User ID, select Mode and enter Image verification (CAPTCHA) code and Click on ‘Submit’.
- In case shareholder/ member is having valid email address, Password will be sent to his / her registered e-mail address.
- Shareholders/ members can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc., as mentioned above.

- The password should contain minimum 8 characters, at least one special character (@!#\$%&*), at least one numeral, at least one alphabet and at least one capital letter.
- e. **Individual Shareholders holding securities in demat mode with NSDL/CDSL have forgotten the password:**
Shareholders/ members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned depository/ depository participants website.
- f. For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.
- g. During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular “Event”.
- h. **Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

Helpdesk for Individual shareholders holding securities in physical mode/ Institutional shareholders & e-Voting service provider is LINK INTIME.

In case shareholders/ members holding securities in physical mode/Institutional shareholders have any queries regarding e-Voting, they may refer the Frequently Asked Questions (‘FAQs’) and InstaVote e-Voting manual available at <https://instavote.linkintime.co.in>, under Help section or send an email to enotices@linkintime.co.in or contact on: - Tel: 022 –4918 6000.

i. General Guidelines for shareholders:

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPGFormat) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail: nagendradrao@gmail.com with a copy marked to enotices@linkintime.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

j. Instructions for members for e-Voting on the day of the AGM are as under:

- Once the electronic voting is activated by the scrutinizer/ moderator during the meeting, shareholders/ members who have not exercised their vote through the remote e-Voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting “Cast your vote”
2. Enter your 16 digit Demat Account No./Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET and click on ‘Submit’.
3. After successful login, you will see “Resolution Description” and against the same the option “Favour/ Against” for voting.
4. Cast your vote by selecting appropriate option i.e. “Favour/Against” as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under ‘Favour/Against’.
5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on “Save”. A confirmation box will be displayed. If you wish to confirm your vote, click on “Confirm”, else to change your vote, click on “Back” and accordingly modify your vote.

k. Instructions for members for attending the AGM through VC/OAVM are as under:

- Open the internet browser and launch the URL: <https://instameet.linkintime.co.in>
- Select the "Company" and 'Event Date' and register with your following details: -
 - i. Demat Account No. or Folio No: Enter your 16 digit Demat Account No. or Folio No.
 - ii. Shareholders/ members holding shares in physical form shall provide Folio Number registered with the Company.
 - iii. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN) with the Depository Participant (DP)/Company shall use the sequence number provided to you, if applicable.
 - iv. Mobile No.: Enter your mobile number.
 - v. Email ID: Enter your email id, as recorded with your DP/Company.
- Click "Go to Meeting" (You are now registered for InstaMeet and your attendance is marked for the meeting).

l. Instructions for Shareholders/ Members to Speak during the Annual General Meeting through InstaMeet:

1. Shareholders who would like to speak during the meeting must register their request from August 07, 2021 (9:00 a.m. IST) to August 09, 2021 (5:00 p.m. IST) by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at: investors@sobha.com
2. Shareholders will get confirmation on first cum first serve basis.
3. Other shareholder may ask questions to the panelist, via active chat-board during the meeting.
4. Please start your conversation with panelist by switching on video mode and audio of your device.
5. Shareholders are requested to speak only when moderator of the meeting/ management will announce the name for speaking. Members are encouraged to join the Meeting through Laptops for better experience.

m. Further, Members will be required to use Internet with a good speed to avoid any disturbance during the meeting.

- n.** Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- o.** All documents referred to in the accompanying Notice and Statement annexed thereto shall be open for inspection at the Registered Office of the Company during normal business hours on any working day till the date of the Annual General Meeting.
- p.** The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 2,000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc., who are allowed to attend the AGM without restriction on account of first come first served basis.
- q.** The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
- r.** Shareholders/ Members, who will be present in the Annual General Meeting through InstaMEET facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting. Shareholders/ Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/ participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

DIVIDEND

1. The Register of Members and the Share Transfer Books of the Company shall remain closed on 30th July, 2021.
2. The dividend if approved by the members at the Annual General Meeting will be deposited in a separate bank account within 5 days from the date of the Annual General Meeting and the same will be paid to the shareholders as per the provisions of the Companies Act 2013 and the rules made thereunder.

INVESTOR CLAIMS

1. Members who have not yet encashed their dividend warrants for earlier years are requested to write to the Secretarial Department at the Registered and Corporate Office of the Company or send an e-mail to: investors@sobha.com to claim the dividend. Details of unclaimed dividend as on 31.03.2021 are available in the 'Investors Section' of the website of the Company www.sobha.com.
2. During the financial year 2021-22, the Company will be required to transfer to the Investor Education and Protection Fund, the dividend declared in the Annual General Meeting of the Company held on July 11, 2014 and which is lying unclaimed with the Company for a period of seven years from the date of transfer to the Unpaid Dividend Account.
3. Allottees who have not yet claimed the equity shares allotted to them during the Initial Public Offer (IPO) of the Company are requested to make their claim to the Secretarial Department at the Registered and Corporate Office of the Company or send an e-mail to investors@sobha.com. Details of unclaimed equity shares are available in the 'investors section' of the website of the Company www.sobha.com.

INVESTOR SERVICING

1. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, Link Intime India Pvt. Ltd. for assistance in this regard.
2. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with the Company in case the shares are held by them in physical form.
3. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to Sobha Limited in case the shares are held by them in physical form.
4. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Members are requested to submit the said details to their DP in case the shares are held by them in electronic form and to Sobha Limited in case the shares are held in physical form.
5. All Investor Queries/Complaints/Grievances may be addressed to the Secretarial Department at the Registered and Corporate Office of the Company or by sending an e-mail to investors@sobha.com. Members can also write to M/s Link Intime India Private Limited, the Registrar and Share Transfer Agents of the Company, having their office at 247, LBS Marg, Vikhroli (West), Mumbai - 400083 or send an e-mail to rnt.helpdesk@linkintime.co.in.

OTHERS

1. In compliance with the aforesaid MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2020-21

will also be available on the Company's website: www.sobha.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively.

2. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates.

A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to rnt.helpdesk@linkintime.co.in on or before July 29, 2021. Further no tax shall be deducted on the dividend payable to a resident individual shareholders if the total amount of dividend to be received from the Company during the Financial Year 2020-21 does not exceed ₹5,000/-. Shareholders may note that in case PAN is not updated with the Depository Participant/Register of the Company, the tax will be deducted at a higher rate of 20%.

Non-resident shareholders can avail beneficial tax rates under Double Tax Avoidance Agreement [DTAA] i.e. tax treaty between India and their country of residence. Non- resident shareholders are required to provide details on applicability of beneficial tax rates and provide following documents:

- Copy of PAN card, if any, allotted by Indian Income Tax Authorities duly self attested by the member
- Copy of Tax Residency Certificate [TRC] for the FY2021-22/calendar year 2021 obtained from the revenue authorities of country of tax residence duly attested by the member
- Self Declaration in Form 10-F
- No-PE [permanent establishment] certificate
- Self Declaration of beneficial ownership by the non-resident shareholder -Lower withholding Tax certificate, if any, obtained from the Indian Tax Authorities

The members/shareholders are required to provide above documents/declarations by sending an E-mail to rnt.helpdesk@linkintime.co.in on or before July 29, 2021. The aforesaid documents are subject to verification by the Company and in case of ambiguity, the Company reserves its right to deduct the TDS as per the rates mentioned in the Income Tax Act, 1961.

In case of Foreign Institutional Investors / Foreign Portfolio Investors tax will be deducted under Section 196D of the Income Tax Act @20% plus applicable Surcharge and Cess.

3. Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 directs listed companies to send soft copies of the annual report to those shareholders who have registered their e-mail addresses. Sections 101 and 136 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Companies (Accounts) Rules, 2014 permit prescribed companies to send a notice and financial statements through electronic mode. In view of the same, shareholders are requested to update their e-mail IDs with their Depository Participants where shares are held in dematerialised mode and where the shares are held in physical form to update the same in the records of the Company in order to facilitate electronic servicing of annual reports and other documents.

EXPLANATORY STATEMENT ANNEXED TO NOTICE

[PURSUANT TO PROVISIONS OF SECTION 102(1) OF THE COMPANIES ACT, 2013]

Item No. 4:

In terms of Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014 as may be amended from time to time, the Company is required to get its cost records audited.

The Board of Directors, based on the recommendation of the Audit Committee, have appointed M/s. Srinivas and Co, Cost Accountants (Firm Registration No: 000278) as the Cost Auditors of the Company for the financial year 2020-21. Further, the Board of Directors, on the recommendations of the Audit Committee, have approved the payment of remuneration not exceeding ₹185,000 (Rupees One lakh and eighty five thousand only) plus out of pocket expenses and taxes as may be applicable from time to time to the Cost Auditors for undertaking the cost audit of the Company for the financial year 2020-21.

In terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2021.

None of the Directors or Key Managerial Personnel or their relatives are in any way interested or concerned, financially or otherwise in this Resolution except to the extent of their shareholding in the Company.

The Board of Directors recommends the Ordinary Resolution set out in Item No. 4 for approval by the Members.

Item No. 5:

The Company in order to execute various projects, both residential and contractual, has to borrow money from banks and other financial institutions as a means of finance. The Company has currently availed project-specific or general purpose borrowings from various banks and financial institutions to finance the execution of the projects of the Company.

The Board of Directors envisages a continued need for the funding requirements of the Company to be met through various components, i.e. equity, project loans, general purpose corporate loans,

borrowings from financial institutions, debentures etc. A mix of these instruments will result in optimum utilisation of funds at an optimum cost and help meet the various business requirements of the Company. The Board is therefore, contemplating the feasibility of borrowing money through further issue of Non-Convertible Debentures.

In terms of Rule 14 of The Companies (Prospectus and Allotment of Securities) Rules, 2014, the issue of Non-Convertible Debentures on a private placement basis requires previous approval of the members of the Company by way of a Special Resolution and such an approval shall be valid for all the offers or invitation for such Debentures during the year.

Accordingly, approval of the members is being sought to enable the Board of Directors to offer or invite subscriptions for non-convertible debentures aggregating up to ₹700,00,00,000 (Rupees Seven Hundred Crores Only) as may be required and such approval shall be valid for a year.

None of the Directors or the Key Managerial Personnel or their relatives are in any way interested or concerned, financially or otherwise, in this Resolution except to the extent of their shareholding in the Company.

The Board recommends the Special Resolution set-out in Item 5 of the Notice for approval by the members.

Item No. 6:

Mr. Ravi PNC Menon (DIN: 02070036) was appointed as a Whole-time Director designated as Chairman of the Company vide a Special resolution passed in the Seventeenth Annual General Meeting held on June 30, 2012. Mr. Menon, 40, graduated with distinction in Bachelor of Science in Civil Engineering from Purdue University, USA. He has seventeen years of experience in the field of construction and real estate development. He is responsible for developing the strategic vision of the Company, establishing the organisations' goals and objectives and directing the Company towards its fulfilment. He focuses on the overall functioning of the Company with particular emphasis on product delivery, project execution, quality control, technology advancement, process and information technology and customer satisfaction. He supervises the performance of various departments in the organisation such as Design and Engineering, Project Management,

Sales & Marketing, Quality, Safety & Technology, Estimation, Cost Audit, Value Engineering, Landscaping, etc. He played a pivotal role in the successful integration of pre-cast technology in our construction methodology. He plays an influential and prominent role in augmenting the product delivery levels of the Company, attainment of superior standards of quality, new product launches and customer relationship management.

In his term of office, Mr. Menon has contributed extensively towards the growth of the Company and has been responsible for the launch of new product lines and attainment of highest standards of quality. By focusing on key areas such as ERP implementation, Value Engineering, Process Documentation, Environment Health and Safety measures, he has significantly strengthened the foundation of the Company.

Based on the recommendation received from the Nomination, Remuneration and Governance Committee and in view of the contributions made by him, it is proposed to re-appoint Mr. Menon as a Whole-time Director designated as Chairman of the Company for a further period of five years commencing from April 01, 2021 on the remuneration set-out below:

- A. Basic salary: ₹2,625,000 (Rupees Twenty-Six Lakhs Twenty Five Thousand only) per month with authority to the Board of Directors to revise the basic salary from time to time taking into account the performance of the Company, subject however to a ceiling of ₹35,00,000 (Rupees Thirty Five Lakhs only) per month.
- B. Accommodation: Rent-free furnished accommodation or up to 40% of the basic salary as House Rent Allowance in lieu of accommodation.
- C. Other Allowances: Up to 60% of the basic salary and as determined by the Board from time to time.
- D. Commission: As decided by the Board. Shall not exceed 2% of the Consolidated Net Profits.
- E. Perquisites: He shall be entitled to perquisites, allowances, benefits, facilities and amenities (collectively called Perquisites) as per the policy of the Company.
- F. In addition to the above, he shall be entitled to the allowance and benefits as per the policy of the Company in force, such as:
 - Company maintained car with driver.
 - Telephone at residence

- Company's contribution to Provident Fund
- Payment of gratuity and other retirement benefits
- Encashment of leave
- Personal Accident and Mediclaim Insurance

Mr. Menon is not entitled to any severance pay and is required to serve such notice period as is specified in the HR policy of the Company.

If re-appointed, Mr. Menon will hold office for a term of 5 years, which will end at the close of the financial year 2025 - 2026. Mr. Menon satisfies the conditions set out in Section 196(3) and Part 1 of Schedule V of the Companies Act, 2013.

Mr. Menon has given his consent to act as a Whole-time Director designated as Chairman of the Company. Further, as per the declarations received by the Company, Mr. Menon is not disqualified under Section 164 of the Companies Act, 2013. The directorships held by Mr. Menon are within the limits prescribed under Section 165 of the Companies Act, 2013. Mr. Menon is not related to any of the directors or key managerial personnel of the Company.

Mr. Menon attended all four meetings of the Board of Directors held during the financial year 2020-21.

Mr. Menon holds 31,85,930 equity shares of ₹10 each in the Company as on June 22, 2021. The relatives of Mr. Menon holds 46,076,763 equity shares in the Company. Mr. Menon and his relatives are interested in passing of this resolution by virtue of his directorship and to the extent of their shareholding in the Company. None of the other Directors or the Key Managerial Personnel or their relatives are in any way interested or concerned, financially or otherwise in this Resolution.

The above may also be treated as an abstract of the terms of contract of re-appointment of Mr. Menon as a Whole-time Director designated as Chairman of the Company and a memorandum as to the nature of concern and interest of the Directors in the said re-appointment, as required under Section 190 of the Act.

The Board of Directors based on the recommendation of the Nomination, Remuneration and Governance Committee, recommends the Special Resolution set out in Item No. 6 for approval by the Members.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING PURSUANT TO SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS), REGULATIONS 2015 AND SECRETARIAL STANDARDS ON GENERAL MEETINGS:

Name of Director	Mr. Ravi PNC Menon	Mr. Jagdish Chandra Sharma
Age	40 Years	63 Years
Date of First Appointment	June 08, 2004	April 01, 2003
Qualifications	Bachelor of Science in Civil Engineering from Purdue University, USA.	B.Com(Honours), ACA, ACS.
No. of Board Meetings attended during the financial year 2020-21	4	4
Experience	17 years in the Company.	Over 39 years cumulative experience inclusive of 20 years in the Company.
Expertise in specific functional areas	Mr. Ravi PNC Menon oversees the overall management and functioning of the Company. His responsibilities in the Company encompass product delivery, project execution, technology advancements, quality control and enhancement, process and information technology and customer satisfaction. He supervises the performance of various departments in the organisation such as Project Management, Design and Engineering, Sales & Marketing, Quality Safety & Technology, Purchase, Estimation, Cost Audit, Value Engineering, Landscaping, Human Resources etc. Mr. Menon specifically aims at scaling the delivery levels of the Company, adhering to quality standards, launching new product lines and strengthening the customer relationship management function.	Over 39 years of experience in diversified industries such as real estate, automobiles, textiles and steel. Mr. Sharma is entrusted with the responsibility of managing the overall affairs of the Company and is responsible for achieving the goals of the Company. He plays an active role in overall growth of the Company.
Details of remuneration	Remuneration paid and payable is in accordance with the approval of shareholders granted vide special resolution passed in the Annual General Meeting held on 9 th August 2019. The remuneration paid for the financial year 2020-21 is disclosed in the Corporate Governance Report that forms part of the Annual Report.	Remuneration paid and payable is in accordance with the approval of shareholders granted vide special resolution passed in the Annual General Meeting held August 9, 2019 and as may be approved at the ensuing Annual General Meeting. The remuneration paid for the financial year 2020-21 is disclosed in the Corporate Governance Report that forms a part of the Annual Report.
Directorship and membership of Committees of the Board held in other listed companies	None	None
Directorships held in other public limited companies	Sobha Assets Private Limited & Sobha Highrise Ventures Private Limited. [Subsidiaries of Sobha Limited, a public company].	Sobha Developers (Pune) Limited, Sobha Assets Private Limited and Sobha Highrise Ventures Private Limited [Subsidiaries of Sobha Limited, a public company].
Relationship with other Directors and Key Managerial Personnel	None.	None.
Number of shares held as on 22 nd June, 2021.	31,85,930 equity shares of ₹10 each. 46,076,763 equity shares of ₹10 each held by relatives.	107,177 shares equity shares of ₹10 each . 9,456 equity shares of ₹10 each held by relatives.
Terms and conditions of appointment	The terms and conditions of appointment continue to be governed by the approval of shareholders to be granted vide special resolutions to be passed in the Annual General Meeting .	The terms and conditions of appointment shall be governed by the approval of shareholders as set out in the Notice of the Annual General Meeting.

GLOSSARY

ADR	American Depository Receipts	JD / JV	Joint Development / Joint Venture
BBS	Bar Bending Schedule	KMP	Key Managerial Personnel
BSE	BSE Limited	LED	Light-emitting diode
CAGR	Compounded Annual Growth Rate	Listing Regulations	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
CDSL	Central Depository Services (India) Limited	MCA	Ministry of Corporate Affairs, New Delhi
CEO	Chief Executive Officer	MD&A	Management Discussion & Analysis
CFO	Chief Financial Officer	MEP	Mechanical, Electrical and Plumbing
CIN	Corporate Identification Number	NCR	National Capital Region
CPD	Concretes Product Division	NEAPS	NSE Electronic Application Processing System
CREDAI	Confederation of Real Estate Developers Association of India	NECS	National Electronic Clearing System
CRM	Customer Relationship Management	NEFT	National Electronic Fund Transfer
CSR	Corporate Social Responsibility	NRI	Non Resident Indian
Demat	Dematerialised Account	NSDL	National Securities Depository Limited
DG	Diesel Generator	NSE	National Stock Exchange of India Limited
DIN	Director Identification Number	OHSAS	Occupational Health Safety Assessment Series
EBITDA	Earnings before Interest, Depreciation and Amortisation	PAT	Profit after Tax
ECS	Electronic Clearing System	PBDIT	Profit before Depreciation, Interest and Tax
EHS	Environment, Health & Safety	PBIT	Profit before Interest and Tax
EPS	Earnings Per Share	PBT	Profit before Tax
ERP	Enterprise Resource Planning	PV Cells	Photovoltaic Cells
EVEN	E-Voting Event Number	QST	Quality, Safety and Technology
FII	Foreign Institutional Investors	R&D	Research and Development
FSI	Floor Space Index	R&T Agents	Registrar and Share Transfer Agents
GDP	Gross Domestic Product	RBI	Reserve Bank of India
GDR	Global Depository Receipts	RERA	Real Estate (Regulation and Development) Act, 2016
HUF	Hindu Undivided Family	ROCE	Return on Capital Employed
HVAC	Heating, Ventilating and Air Conditioning	ROE	Return on Equity
ICRA	ICRA Limited [Formerly Investment Information and Credit Rating Agency of India Limited]	RTGS	Real Time Gross Settlement
IEPF	Investor Education and Protection Fund	SBA	Super Built-up Area
IPO	Initial Public Offer	SCORES	SEBI Complaint Redress System
ISIN	International Securities Identification Number	SEBI	Securities and Exchange Board of India
ISO	International Organization for Standardization	VFD	Variable Frequency Drive
IT / ITES	Information Technology / Information Technology Enabled Services	WTD	Whole-time Director
		Y-O-Y	Year-on-Year

FISCAL 2021 HIGHLIGHTS

Q1 - 2021

- Revenues of ₹3,593 million with a PBT of ₹54 million and PAT of ₹67 million
- Collections of ₹5,466 million
- Average cost of debt as end of Q1-21 stood at 9.64%
- Sold 0.65 million square feet of area total valued at ₹4,877 million (Sobha Share value of ₹3,931 million)

Q2 - 2021

- Revenues of ₹5,459 million with a PBT of ₹229 million and PAT of ₹170 million
- Collections of ₹6,859 million
- Average cost of debt as end of Q2-21 stood at 9.32%
- Sold 0.89 million square feet of area, total valued at ₹6,899 million (Sobha Share of ₹5,309 million)

Q3 - 2021

- Revenues of ₹6,963 million with a PBT of ₹323 million and PAT of ₹209 million
- Collections of ₹8,669 million
- Average cost of debt as end of Q3-21 stood at 9.17%
- Sold 1.13 million square feet of area, total valued at ₹8,876 million (Sobha Share of ₹6,777 million)
- Launched a new luxury project, SOBHA City Athena in Bangalore with total Residential SBA of 121,606 sqft and Commercial SBA of 28,863 sqft
- Completed 0.02 million square feet of Real Estate projects and 1.61 million square feet of contractual projects, totalling 1.63 million square feet of developable area during Q3-21.

Q4 - 2021

- Revenues of ₹5,889 million with a PBT of ₹146 million and PAT of ₹186 million
- Collections of ₹9,775 million
- Average cost of debt as end of Q4-21 stood at 9.04%
- Sold 1.34 million square feet of area total valued at ₹10,720 million (Sobha Share of ₹8,742 million)
- Completed 0.21 million square feet of Real Estate projects and 0.72 million square feet of contractual projects, totalling 0.93 million square feet of developable area during Q4-21.
- Launched “SOBHA Windsor” in Bangalore with a total developable area of 1.68 million square feet, also launched “SOBHA Metropolis” project in Thrissur with a total developable area of 1.17 million square feet. We also entered in to Development Manager role for the project “Sobha Chartered Woodpecker” with a developable area of 0.34 million square feet.

3 YEARS FINANCIAL HIGHLIGHTS (CONSOLIDATED FINANCIALS)

	(₹ in Million)		
Particulars	2020-21	2019-20	2018-19
Financial Performance			
Total Income	21,904.00	38,256.59	35,155.41
Profit before depreciation interest and tax (PBDIT)	4,907.35	8,312.66	7,467.57
Depreciation	793.67	722.85	623.17
Profit before interest and tax (PBIT)	4,113.68	7,589.81	6,844.40
Interest	3,361.83	3,258.26	2,362.20
Profit before tax (PBT)	751.85	4,331.55	4,482.20
Profit after tax (PAT)	629.26	2,821.30	2,962.39
Dividend			
Equity (paid/proposed)	331.96	663.92	663.92
Rate of dividend	35%	70%	70%
Financial position			
Shareholder's funds	24,277.35	24,312.01	22,291.10
Borrowed fund	30,386.36	31,173.61	26,038.86
Total	54,663.71	55,485.62	48,329.96
Net fixed assets	9,034.34	9,194.73	6,777.36
Investments	1,142.70	1,142.69	1,128.24
Net current and non current assets	47,583.32	44,589.99	39,489.47
Deferred tax assets/ (liability)	(322.54)	(290.77)	934.89
Total	57,437.82	54,636.64	48,329.96
Ratios			
EBIDTA Margin	22.40%	21.73%	21.24%
Pre-Tax Margin	3%	11%	13%
Post Tax Margin	3%	7%	8%
Interest coverage ratio	1.22	2.33	2.90
Net debt to EBIDTA (times)	5.76	3.64	3.25
Fixed assets to turnover ratio	41%	24%	19%
Debtors turnover ratio (Net Debtors)	-172%	-93%	-108%
Debtors turnover ratio (Gross Debtors)	25%	10%	11%
Return on Equity (ROE)	2%	11%	12%
Return on Capital Employed (ROCE)*	8%	15%	14%
Earnings per share(EPS)	6.57	29.69	31.33
Book Value	255.97	256.33	235.02
Debt/Equity Ratio	1.17	1.24	1.09
Price Earning Ratio	66.55	4.51	16.49
Price/book value	1.71	0.52	2.20

*EBIT/ Average capital employed.

Figures are regrouped wherever necessary.