



PASSION AT WORK



BUILDING ON
THE FOUNDATIONS OF SYNERGY.

ANNUAL REPORT 2014

SOBHA

Founded in 1995, SOBHA is today a ₹ 23 billion real estate Company headquartered in Bangalore. We are primarily focused on real estate and contractual projects. In 2006, SOBHA went public, an event that created history when the issue got oversubscribed a record 126 times.

We are one of the largest and perhaps the only backward integrated real estate Company in India. Our backward integration processes include an interiors division, a glazing and metal works factory, a concrete products division. We have an in-house training centre, SOBHA Academy which is equipped with state-of-the-art facilities. The Company has been recognised with the ISO 9001, ISO 14001 and OHSAS 18001 certifications for its quality, safety and environment management systems. Under its CSR programme - 'Graamasobha', the Company is focused on improving education, health, employment, water, sanitation and housing needs besides various other social empowerment measures.

Our superior execution capability is our core strength. Since inception, SOBHA has completed 92 real estate projects and 247 contractual projects covering about 62.93 million square feet of area. The Company currently has 48 ongoing residential projects aggregating to 30.61 million square feet of developable area and 21.98 million square feet of saleable area, and 31 ongoing contractual projects aggregating to 9.67 million square feet under various stages of construction. SOBHA has a footprint in 24 cities and 13 states across India. The Company has a real estate presence in nine Indian cities, viz. Bangalore, Gurgaon, Chennai, Pune, Coimbatore, Thrissur, Calicut, Cochin and Mysore.

Our Company at a glance in 2014



SOBHA Real Estate

SOBHA remains one of the most respected and trusted Real Estate brands in India. Our residential projects include luxury and super luxury apartments, villas, row houses, presidential apartments and plotted development. Our in-house expertise in design and engineering enables us to deliver the best-in-class projects that are in synergy with the environment. The projects are replete with world-class amenities and have a strong emphasis on environmental management, rain-water harvesting and high safety standards.

SOBHA has forayed into the commercial space segment at an accelerated pace. Work is already underway on two commercial projects.

Designed to showcase architectural expertise, our structures blend functional design with innovation, are aesthetically appealing and in line with the high engineering standards that we pioneer.

SOBHA's philosophy is to constantly strive towards enhancing customer value by delivering high-quality products at the best price. We are committed to transforming the way real estate operates in the country. In an industry where outsourcing was more of a norm than exception, we have managed to create a unique brand that inspires trust amongst our customers and stakeholders with our emphasis on quality, transparency as well as our full-fledged backward integrated operations.



SOBHA Developers Ltd.

SOBHA Contractual

Established in 1999, SOBHA's contracts vertical is committed to delivering end to end services – right from conceptualisation of the job to its successful completion. SOBHA's Contracts vertical has developed numerous state-of-the-art facilities for corporate entities including offices, convention centres, software development blocks, multiplex theatre, hostel facilities, hotels, guest houses, food courts, restaurants, research centres, club houses and factory buildings. Our emphasis on world class quality and passion for perfection has attracted contractual orders from various prestigious institutions across India.

The Contracts business at SOBHA boasts of an expansive portfolio of 278 projects covering 43.33 million square feet of area in 24 cities across India.

Our Contracts business services include Design & Architecture, Civil – Structural & Finishes, MEP – Mechanical, Electrical & Plumbing, Interiors, Aluminium and Glazing and Landscape. MEP is a strategic business unit of our contracts division with the in-house capability to design and build electrical, plumbing, HVAC, fire fighting and low voltage services for residential, commercial, office and industrial projects.

With in-house expertise and infrastructure for design and manufacturing of interiors and furnishing works, metal and glazing products, we provide an unmatched combination of quality combined with the right knowledge, skill, experience and keen customer orientation to all our clients.

SOBHA Manufacturing

The backward integration model is one of our key competitive strengths. This means that we have all the competencies and in-house resources required to deliver a project.

SOBHA's backward integration model includes an interiors division with one of India's largest woodworking factories, a glazing and metal works factory and a concrete products factory. We have also diversified into the retail business with ergonomic spring mattresses under the brand name 'SOBHA Restoplus'. SOBHA's manufacturing facilities spread across a total built-up area of over 600,000 square feet are comparable to the best in the world in terms of design and execution capabilities.

Investment in technology and state-of-the-art manufacturing units have enabled us to have complete control on the quality of the end product. We ensure that only the best quality materials are used in building our homes. It also reduces our external dependency on input materials, thereby ensuring prompt delivery of all our projects. We are singularly focused on providing superior products thus establishing our brand in the Indian Construction Industry.

With an empowered execution capacity, we are adept at scaling up all our operations to create value for our stakeholders.

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SOBHA is one of the leading real estate development Companies in India. Our backward integrated structure has enabled the highly successful completion of luxurious and sophisticated residential and mixed use developments such as the exemplary SOBHA City, Thrissur.



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We trust that our people's knowledge, talent and dedication are our most valuable assets and vital to what we have accomplished so far. Our processes exemplify our best attributes every day, including an unwavering commitment to clients, fellow employees, local communities and the environment. Our penchant for going into details and achieving perfection in all that we do has resulted in the creation of superior quality products. We believe that our fabulous products, supported by timely delivery and exemplary customer relationship management will aid in continuous and sustained growth of the Company. The realisation of our growth strategy depends on many things, but most of all having the true amalgamation of a unique philosophy aligned with our core values.



People

At SOBHA, we undertake every initiative with a clear vision to transform the way people perceive quality and at the core of this mission is our immensely talented pool of human resources. An integral cog in the corporate structure, our people are the strong foundations on which we have built our growth stories.

Our Teamwork | Creating Value

From strategic staffing to recruit & retain the right talent, to training & mentoring processes that are designed to accelerate professional development, every Sobhaite goes through a deliberate evolution that enhances their competence in delivering impeccable quality.

All employees, irrespective of their grade or seniority, are trained at the SOBHA Academy on both technical and behavioural skills. Our technical skills training enables new recruits to upgrade themselves to SOBHA standards and our veterans stay abreast of the international quality standards that we pioneer. Behavioural training programs equip our employees with the soft skills that distinguish them from their peers in the industry.

Our Collaboration | Propelling Growth

There is a reason why SOBHA has one of the largest talent pools in the Indian real estate industry, both in terms of quality as well as sheer numbers. Where the natural instinct of most

Our people are the strong foundations on which we have built our growth stories.



players is to scrimp on manpower costs or try and outsource the same, we invest in optimising our in-house potential with a synergistic workforce of over 10,000 committed individuals, who help maintain our immaculate quality benchmarks.



Execution is one of the specific areas of focus at SOBHA with a separate project head and project team for fixed slabs of delivery, even if it is within a single project. This modular method of planning, allocating and managing technical staff has been a vital factor in the timely delivery of premier quality products to our customers.

The ripple effect of any pioneer initiative is seldom limited to the confines of an organisation but eventually goes on to benefit the entire industry and the society that it operates in. SOBHA's rating and hands-on training of technicians has been such a movement. Over a span of three years, a SOBHA technician undergoes regular

As an organisation that thrives on the synergy it generates, we also ensure that the passion for performance in our employees are rewarded, nurtured and cosseted.

upgradation and training, both on the job as well as at our academy, eventually achieving a SOBHA AAA rating, which is at par with international quality standards. This initiative, which has transformed the competency of close to 3000 individuals, is changing the perception about Indian technicians within and outside the country.

Our Passion | Achieving Excellence

Excellence at SOBHA is not a one time act but a conscious routine with systematic progress. Every project site, for example, has a unique concept of 'Reverse Training' every single day for a minimum of 15 minutes. This exercise amalgamates 'refresher training' & 'train-the-trainer' concepts to reinforce the international quality standards SOBHA pioneers in project execution.

As an organisation that thrives on the synergy it generates, we also ensure that the passion for performance in our employees are rewarded, nurtured and cosseted. From incentives & employee benefit schemes, to individual career development reviews, we devote significant attention to the personal and professional growth of our most valuable resources.





Process

Belief in the vision | Trust in the process

As a forward thinking, progressive organisation, we hold our robust process framework at the crux of our business strategy. Over the years, our processes have evolved from being a fundamental mechanism to deliver exemplary products to a culture that is ingrained in every activity undertaken within the Company. The right processes enable our people to perform effectively and achieve greater efficiencies.

We were one of the first Indian real estate companies to be ISO 9001:1994 certified for meeting the quality management requirements of the standard. We are today an ISO 9001:2008 certified organisation with an ISO 14001:2004 and OHSAS 18001:2007 certification as well for our Environmental, Health and Safety standards.

Ideating Originality | The Evolution of Innovation

We have constantly acknowledged the power of simple thought and innovation has been a direct derivative of the continuous process improvements within our Company. Ideas are fostered and developed through a systematic process of collection, evaluation and presentation to eventually become a part of the organisation's process, technology and strategy. 'Genesis', a bi-annual ideation event gives every member of the SOBHA family an opportunity to showcase their ideas and play an essential role in furthering the tradition of innovation in the Company.

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Our CRM process and Customer Care Cell (CCC) are prime examples of the outcome of a seamless innovative culture. First of its kind in the Indian real estate industry, they offer an entirely new facet to our customers' experience by offering them steadfast support through the entire life cycle of their home buying process and beyond.



Consistent conformance to quality

Exacting conformance to quality processes is a consistent routine in the organisation. Each stage of our project execution is defined and documented to ensure consistency and scalability. Proprietary and state-of-the-art tools augment our competent Quality, Safety and Technology team's efforts to guarantee the best quality products to our customers. Safe working conditions at all project sites are not just envisioned, but also materialised through rigorous implementation of our EHS processes.



We have constantly acknowledged the power of simple thought and innovation has been a direct derivative of the continuous process improvements within our Company.

Project management at SOBHA is redefined through meticulous planning and forecasting with real time adaptations to changing scenarios.

All of SOBHA's processes are customer centric. For instance, the entire life span of an enquiry from the time it is generated, to the point it eventually converts to an actual sale is done in a very unique way. All credible enquiries are uniformly distributed among our sales team as allocations with unique enquiry IDs. These IDs help us track the progress made on each enquiry throughout its life cycle. Such batch tracking and analysis also helps in introspection and continuous improvement of our processes.





Product

The cornerstone of our business, our products reflect the true essence of our organisation. For us, each and every product is a work of art and the value it generates for our customers & stakeholders, a testimony to our Passion at Work.

Our Consistency | Delivering Landmarks

Being a brand synonymous with quality, trust and reliability, we are dedicated to consistently delivering the highest quality products across business verticals. Our product offerings include magnificent and luxurious homes, iconic corporate structures and exceptional manufacturing products. With a customer base of over 13,800 satisfied individuals, we are motivated to deliver only the best-in-class products.

From our unique themed projects such as SOBHA City, Bangalore – a Mediterranean themed paradise to Portuguese style luxury villas at SOBHA Bela Encosta, Calicut to idyllic apartments like SOBHA Isle at Silver Sand island, Cochin, we take pride in delivering landmarks that exude panache and substance.

Our Quality | Exceeding Aspirations

With an unwavering dedication to deliver quality in every aspect of our business, we undertook the decision to backward integrate our operations by setting up our own manufacturing facilities



For us, each and every product is a work of art and the value it generates for our customers & stakeholders, a testimony to our Passion at Work.

for glazing & metal works, interiors and concrete products. The products from our manufacturing facilities emulate the characteristic quality that has exceeded expectations of our stakeholders for years.

With a portfolio of products that have redefined quality in the gamut of industries that they are used in, no effort has been spared in keeping our manufacturing units ahead of the curve. Our glazing and metal works division, which has a technical collaboration with 'Schuco International KG',



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manufactures all the aluminium doors, windows, structural glazing, aluminium composite panels, stainless steel cladding and other architectural metal works undertaken in our projects. The interiors division, with one of the largest wood works facility in the country, manufactures a plethora of products ranging from doors and door frames, fitted and loose furniture to office fit-outs such as panelling, partition, lift cladding and a range of home furniture including modular kitchens and wardrobes. SOBHA Restoplus, a leading brand of spring mattresses, which provide ergonomic sleeping solutions, is yet another avant-garde initiative from the SOBHA family.





The products from our manufacturing facilities emulate the characteristic quality that has exceeded expectations of our stakeholders for years.



Our Reliability | Inspiring Trust

Started with a conviction to revolutionise the Indian construction industry by introducing world-class construction for the discerning customer, SOBHA has evolved into a brand that inspires trust and reliability in our stakeholders and reverence amongst our peers.



Besides facilitating the building of dream homes for our customers, we are also the trusted construction partners for some of India's leading corporate entities including IT major Infosys, Dell, German automobile major Bosch and India's largest biopharmaceutical Company, Biocon amongst others. As we look to the future, we are committed to building on the foundations of synergy that we have achieved hitherto and grateful to the trust bestowed on us by our cherished stakeholders, which motivates us to endeavour goals that transcend expectations.



Letter from the Chairman

Dear Shareholders and Friends of SOBHA,

SOBHA's Fiscal 2014 was creditable on multiple fronts. In our Real Estate operations, we have attained a new high for our sales value at ₹ 23.43 billion, in addition, this is also at our best-ever average price realization of ₹ 6,534 per square feet. In our Contracts and Manufacturing business, our revenue has touched a new high, crossing ₹ 6 billion. The total area developed for both Real Estate and Contract projects is now more than 62 million square feet, and 339 projects, completed with our best-in-class execution capabilities. Last year, we have further expanded our Real Estate geographical presence with our entry into Cochin and Calicut.

Our consolidated financial performance highlight new milestones as well. Our turnover at ₹ 21.84 billion, profit before tax at ₹ 3.71 billion, and profit after tax at ₹ 2.35 billion were all at its new highs. Further, our total collections at ₹ 26.89 billion, an increase of 33 percent year-on-year, and net operational cash flow at ₹ 6.61 billion were at its highest-ever. For the last 7 consecutive quarters, we have been generating surplus cash flows, after meeting operating expenditure. We continue to monitor and maintain a comfortable leverage position and our debt-equity ratio stands at 0.54. Again, during the course of the last fiscal, we have improved our credit rating to an 'A-' from ICRA, and an 'A' rating from both Brickwork and CARE.

Essential to our business is sustainability, and growth. With respect to our Real Estate business, which today continues to remain SOBHA's larger portfolio, we currently have 48 ongoing projects, measuring 30.61 million square feet of developable area. From this alone, we expect a positive cash flow of more than ₹ 40 billion. In our Contractual business, we have 31 projects with 9.67 million square feet of developable area. Moreover, with our current order book value at ₹ 6.9 billion, we are quite optimistic on the future growth for this business vertical.

Integral to this growth is our foundations of synergy. With our unique quality philosophy and underlying business framework of backward integration, synergy is in the ordinary course of business, and our people, process and product are the essential cornerstones to achieve size and scale. We continue to focus on attracting, nurturing, empowering, inspiring and retaining the best talent. Our leaders are those who have the right blend of passion and dedication; skill and the motivation to learn; decision-takers and accountable; and most importantly inspire and motivate their team to rally behind them. SOBHA Academy creates a vibrant environment for learning, with a focus on training employees in both technical and behavioural competencies across all levels within our organization. Our goal in training is to clearly determine the specific needs, and suit this with tailor-made programs which typically would simulate the work environment and impart maximum value to the trainee. People empowerment is important to us, and this would involve early opportunities for talented individuals to independently handle larger responsibilities. The outcome is the next generation of adept leaders poised for success.

As an organization that believes in world-class delivery, adherence to well laid out processes is intrinsic to our work ethic. We have documented a set of qualitative and detailed standard work procedures that enable a seamless work flow between cross-functional teams. Consonant with our progressive culture, our processes are periodically reviewed and improvised to stay ahead with changing times. SOBHA's customer facing processes convey a high degree of trust and transparency, and provide the client a smooth communication channel with our Customer Relationship Management (CRM) team. Toward this, our Home Buyer's Guide and Customer portal are unique industry practices, and give our customers the needed comfort during the entire project lifecycle.

SOBHA's delivery model is considered a benchmark in the construction industry. Here again, the success is in the engagement of the team with our delivery processes. The SOBHA Technology Manual, standard details, quality inspection criteria, and the Project Closure and Maintenance (PCM) application are some of our inherent strengths as a process driven organization. These are the delivery enablers that ensure we deliver consistent quality with standardized best-in-class practices in any project site regardless of the location. Innovation is an essential ingredient to succeed in a dynamic market place, and is deeply embedded in our philosophy. Idea Space and Genesis are SOBHA's process platforms provided to every individual in the organization to share, learn and implement a new best practice.

We are extremely passionate about our product and continually explore opportunities to set new standards. SOBHA's integrated structure allow strong synergies between our design, engineering, manufacturing and execution teams. They work closely with marketing and CRM to design and build products that improve our sales effectiveness and win markets. Some unique theme based projects such as SOBHA City - a Mediterranean paradise; SOBHA Habitech - a smart home concept and SOBHA Silicon Oasis - tropical urban resort styled residences, are examples of well planned and inspiring living spaces.

Our people, processes and products won us many accolades this fiscal from several institutes of repute. We were the recipient of the prestigious 'Builder of the Year' award by CNBC Awaaz. Construction Industry Development Council (CIDC) recognized SOBHA as the 'Best Professionally Managed Company'. Furthermore, there are a host of other reputed awards for excellence by Ernst & Young, NDTV, Institute of Directors, just to name a few, and have been showcased in the Awards section within this report. We considerably value recognition, and it motivates us to dream bigger and deliver better.

In our pursuit for excellence, we remain wholeheartedly committed to our best-in-class community initiatives. Graamasobha continues to flourish, with our priorities set in the spheres of education, health, and women empowerment.

Our biggest assets are our employees. Their talent, passion, commitment, and hard work is our fuel for growth. I salute every Sobhaite for holding the flag high. My sincere gratitude is due for my colleagues on the board, they bring a wealth of experience and insights that enrich our organization in many ways.

We remain very optimistic and confident in the future growth opportunities, and continue to build on our foundations of synergy.

On behalf of our employees and customers, I thank you for your abundant support and look forward to meeting you at our annual shareholders' meeting on 11th July, 2014.

Yours sincerely,



Ravi PNC Menon

Awards

Over the years, we have established our credibility as one of the most trusted builders with a reputation for delivering world-class quality products on time. During the financial year 2013- 2014, several reputed organisations recognised our efforts and have honoured us with 33 awards for our contribution to the construction industry. We are pleased to highlight some of the key awards and recognitions here.

Inspiring People

Our Chairman Emeritus, Mr. P.N.C Menon was bestowed with the 'Lifetime Achievement Award' by NDTV Profit to recognise his contribution to the real estate sector. He was also ranked 4th among the Top 100 Indians in UAE by Forbes Middle East magazine.

Our Chairman, Mr. Ravi PNC Menon was conferred with the 'EY Entrepreneur of the Year – Real Estate, Energy & Infrastructure' by EY, making him one of the youngest recipients of this prestigious award. He was also honoured with the 'Pathfinders Award for the Most Enterprising CXO' during Realty Plus Excellence Awards 2013.

Mr. J.C. Sharma, Vice Chairman and Managing Director was awarded 'Asia's Best CEO (Property category)' by Institutional Investor magazine and 'The Legend of Bangalore' award by the Chamber of Commerce for India and International Business and Industries (CIBI).

One of our Independent Directors, Dr. S.K. Gupta, received the 'Lifetime Achievement Award' at the 51st National Metallurgists' Day Awards.

Meticulous Process

SOBHA is known for being a process driven organisation. Recently, we received the prestigious CIDC Vishwakarma Award 2014 for 'Best



Builder of the Year
CNBC Awaaz Real Estate Awards 2013

Professionally Managed Company (Turnover > INR 1000 crores)' for our best practices. Our CSR arm, Sri Kurumba Educational and Charitable Trust was also honoured with an achievement award for 'Social Development and Impact' by CIDC.

SOBHA received the prestigious 'Builder of the Year Award' by CNBC Awaaz from among 100 odd real estate players in India. Some of the other awards recognising SOBHA as a leader in its space are 'Strategy Award in Construction, Real Estate & Steel' by Mint-Institute of Competitiveness; Special Commendation – 'Golden Peacock Award for Excellence in Corporate Governance' given by the Institute of Directors; 'India's Top 10 Builders' Award by Construction World; 'Asia's Best Investor Relations Company (Property category) - Second Place' by Institutional Investor magazine and 'Top Indian Real Estate Company' by Dun & Bradstreet.

Our value engineering practices were recognised by INVEST through the 'Muthaih Kasi Trophy' for the best organization in India in the Construction and Infrastructure Development space and the 'Vasant Rao Trophy' for the second best organization in India that practices Value Engineering methodology.

For the 4th consecutive year, we were recognised by the League of American Communications Professionals (LACP) 2012 Vision Awards. The 6 awards won by us during the event were: 'Top 100 Annual Reports Worldwide (Rank 20)'; 'Top 50 Annual Reports in Asia-Pacific Region (Rank 8)'; 'Top 10 Indian Annual Reports (Rank 1)'; 'Excellence within the Industry - Platinum Award'; 'Most Improved Annual Report Worldwide – Gold Award' and the 'Most Improved Annual Report in the Asia-Pacific Region - Platinum Award'.

Our individual project sites have also been recognised for following best practices in Environment,

Health and Safety. Some of these awards include 'Achievement Award for Construction Health, Safety and Environment - International City, Gurgaon' by CIDC Vishwakarma Awards; 'Excellence Award in Environment, Health & Safety (EHS) - 3 star rating' by Confederation of Indian Industry (CII) and the 'Best Construction Site (state-wide) for successful implementation of EHS' to SOBHA Forestview, Bangalore given by the Karnataka State Safety Institution.

Quality Products

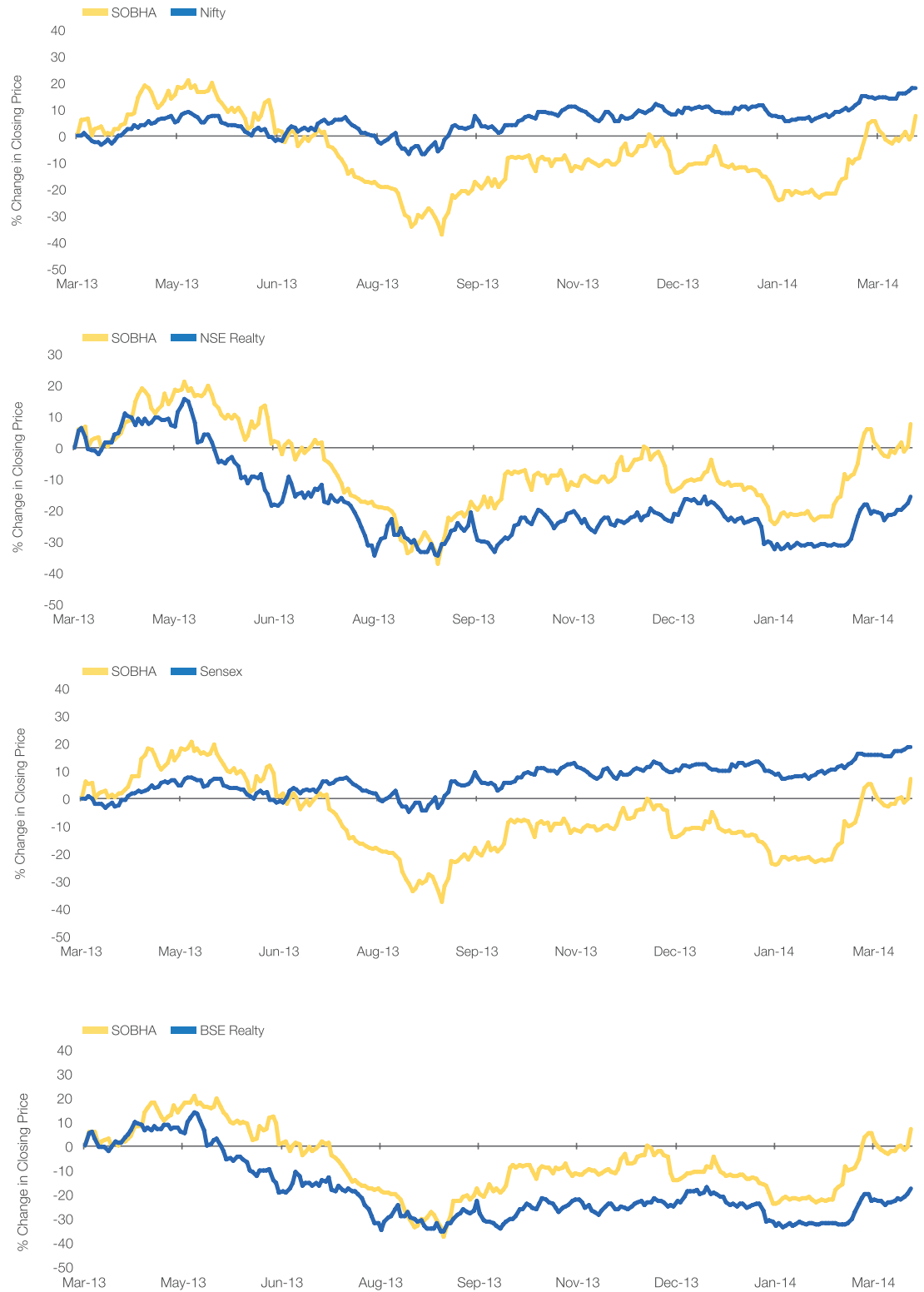
SOBHA's projects in the residential as well as contractual space have been appreciated by end users and corporates alike. SOBHA Lifestyle Phase I was awarded the 'Best 100 percent Complete Residential Project in the Ultra Luxury Segment – Bangalore' during the CNBC Awaaz Real Estate awards 2014. The project also received the 'Luxury Project of the Year' during the Realty Plus Excellence Awards 2013.

Our project in Pune, SOBHA Garnet received the Jury's recommendation in the 'Well Built Structure Competition – 2013' for Blocks I & II that was given by the Builders' Association of India, Pune Centre.

One of our contractual projects for India's leading IT service provider, Infosys, was awarded the 'Certificate of Commendation - Ultratech Endowment Appreciation Award for Outstanding Concrete Structure of Andhra Pradesh, 2013' by the Indian Concrete Institute, Andhra Pradesh - Hyderabad Centre.

It is a matter of great pride for us to be recognised across the spectrum by the industry and other reputed organisations.

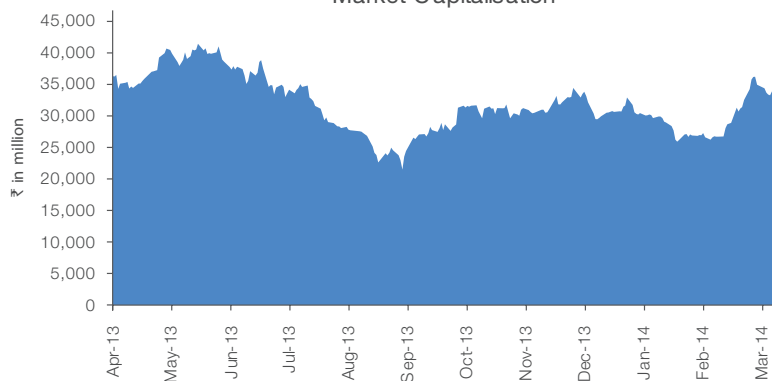
Share Price Performance



Based on NSE Prices

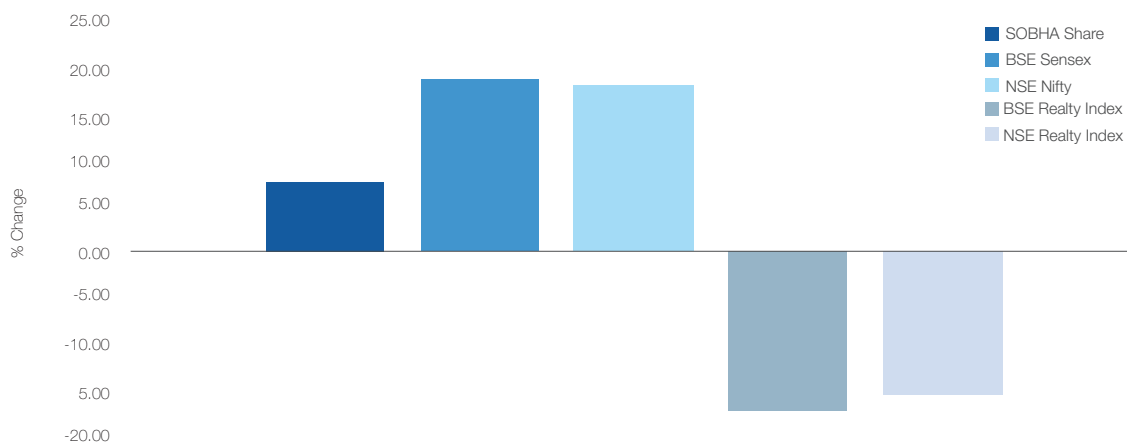
Share Price at the close of the previous financial year (March 31, 2013)	348.10
Highest Share Price (May 17, 2013)	425.00
Lowest Share Price (September 04, 2013)	213.00
Share Price at the close of the current financial year (March 31, 2014)	374.50
Equity Shares at the close of the financial year	98,063,868
Market Capitalisation at the close of the previous financial year (in ₹ million)	34,136.03
Market Capitalisation at the close of the current financial year (in ₹ million)	36,724.92

Market Capitalisation



Comparison with Broad Based Indices

	March 31, 2014	March 31, 2013	% Change
SOBHA Share	374.50	348.10	7.58
BSE Sensex	22,386.27	18,835.77	18.85
NSE Nifty	6,704.20	5,682.55	17.98
BSE Realty Index	1,468.40	1,780.09	(17.51)
NSE Realty Index	189.05	223.95	(15.58)



Shareholding Movements

	March 31, 2014	March 31, 2013	% Change
Promoter and Promoter Group	59,409,300	59,409,300	-
Foreign Institutional Investors	32,329,932	32,600,193	(0.83)
Mutual Funds	2,213,777	2,499,669	(11.44)
Financial Institutions	551,758	556,564	(0.86)
Corporate Bodies	781,305	787,245	(0.75)
Others	2,777,796	2,210,897	25.64
Total	98,063,868	98,063,868	

The free float consists of 38,654,568 equity shares comprising 39.42 % of the total capital of the Company. The average daily traded quantity recorded in the stock exchanges in which the Company is listed during the financial year 2013-14 is 171,762 equity shares.

Board of Directors



From left to right

Anup Shah
Independent Director

Dr. S.K. Gupta
Independent Director

Ravi PNC Menon
Chairman

J.C. Sharma
Vice Chairman & Managing Director

M.Damodaran
Independent Director

R.V.S. Rao
Independent Director

P Ramakrishnan
Deputy Managing Director

Mr. Ravi PNC Menon - Chairman

Mr. Ravi PNC Menon, 33, is the Chairman of the Company. He holds a degree in Bachelor of Science in Civil Engineering from Purdue University, USA. He has ten years experience in the field of construction and development. He is responsible for developing the strategic vision of the Company, establishing the organisations' goals and objectives and directing the Company towards its fulfilment. He focuses on the overall functioning of the Company with particular emphasis on product delivery, project execution, quality control, technology advancement, process and information technology and customer satisfaction. He supervises the performance of various departments in the organisation such as Sales & Marketing, Estimation, Cost Audit, Value Engineering, Landscaping, Human Resources, QST, Purchase, Architects etc. He has played an influential and prominent role in the Company attaining superior standards of quality, new product launches and customer relationship management.

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

Mr. J.C. Sharma, 56, 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 three decades of experience in diversified industries such as automobiles, textiles and steel. He was previously associated with organisations of repute such as Auto Distributors Limited, Boruka Steels Limited and Grasim Industries Limited in varied capacities. Mr. J.C. Sharma is entrusted with the responsibility of managing the overall affairs of the Company and is responsible for achieving the targets of the Company. He plays an instrumental role in spearheading the growth mantle of the Company.

Mr. P. Ramakrishnan - Deputy Managing Director

Mr. P. Ramakrishnan, 51, is the Deputy Managing Director of the Company. He holds a bachelors degree in Technology (Electrical and Electronics Engineering) from Bharathiyar University and a master's degree in Business Administration from Madurai Kamaraj University. He has over 31 years of experience in the realm of techno-commercial skill development, system design, project execution and supply chain management. Before joining the Company, he was associated with reputed companies like ICOMM Tele Limited and Enares Infranet Private Limited. Mr. P Ramakrishnan supervises the operations of the Company in Thrissur, Kerala and is responsible for overseeing the contractual projects and manufacturing facilities of the Company.

Mr. Meleveetil Damodaran - Independent Director

Mr. Meleveetil Damodaran, 67, is an Independent Director of the Company. He holds degrees in Economics and Law from the Universities of Madras and Delhi respectively. He is a retired official of the Indian Administrative Service. He has over 42 years of experience in Government, financial services and public sector enterprises. He was an officer on special duty with the Reserve Bank of India which dealt primarily with the restructuring of three identified weak public sector banks. He was also instrumental in turning around the Unit Trust of India. He was elected as the Chairman of the Emerging Markets Committee of the International Organisation of Securities Commissions (IOSCO). He is a former Chairman of Securities and Exchange Board of India (SEBI) before which he headed the Industrial Development Bank of India (IDBI).

Dr. S.K. Gupta – Independent Director

Dr. S.K. Gupta, 75, is an Independent Director of the Company. He is a Metallurgical Engineer with a Ph.D. (Tech.) and D.Sc. (Tech.) from Moscow. He has over 53 years of experience in the field of metallurgy, engineering and management in the steel domain. He has been associated with several reputed organisations in varied capacities such as Jindal Vijayanagar Steel Limited, Rourkela Steel Plant, Steel Authority of India Limited and Mishra Dhatu Nigam Limited. He was Professor and Head of Department of Metallurgy Engineering at IIT Bombay. He has served on the Executive Board of Standing Conference of Public Enterprises (SCOPE), Committee of Technology of International Iron & Steel Institute, Belgium and Board of Governors of National Institute of Foundry & Forge Technology. He also served as the Chairman of the Government of India task force on Steel Growth plan till 2010.

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

Mr. R.V.S. Rao, 70, 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 42 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, 57, is an Independent Director of the Company. He has a bachelor's degree in commerce from HR College, Mumbai and a degree in law from Government Law College, Mumbai. He has over 30 years of experience in the field of law, specifically real estate law. He specialises in commercial and property documentation, corporate and commercial litigation, property related issues, land laws and arbitration and alternative dispute resolutions. He is the Founder Partner of Anup S Shah Law Firm in Bangalore.

Committees of the Board

Audit Committee

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

Stakeholders Relationship Committee

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

Nomination, Remuneration and Governance Committee

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

Risk Management Committee

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

Corporate Social Responsibility Committee

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

Share Transfer Committee

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

Corporate Information

Company Secretary and Compliance Officer

Mr. Kishore Kayarat

Statutory Auditors

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

Bankers

Allahabad Bank
Andhra Bank
Axis Bank
Bank of India
Bank of Maharashtra
Dhanalakshmi Bank
ICICI Bank
Indian Overseas Bank
Life Insurance Corporation of India
PNB Housing Finance Limited
Standard Chartered Bank
State Bank of India
Syndicate Bank
Tata Capital Financial Services Limited
United Bank of India

Legal Advisors

Anup S Shah Law Firm

Registered and Corporate Office

SOBHA Developers 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 Member,

We have pleasure in presenting the Nineteenth Annual Report on the business and operations of the Company together with the audited results for the financial year ended March 31, 2014.

Particulars	Standalone		Consolidated	
	2013-14	2012-13	2013-14	2012-13
Total Revenue	21,287.66	18,106.94	21,837.63	18,700.59
Operating Expenditure	16,126.64	13,240.76	15,708.45	13,162.89
Earnings before Interest, Depreciation and Amortisation	5,161.02	4,866.18	6,129.18	5,537.70
Depreciation and Amortisation	655.84	559.65	689.92	593.73
Finance Cost	1,368.65	1,428.66	1,734.44	1,704.90
Profit Before Tax	3,136.63	2,877.87	3,704.82	3,239.07
Tax Expenses				
• Current Tax	699.55	604.40	996.28	760.74
• Deferred tax charge / (credit)	371.66	307.74	371.66	307.74
Profit after Tax	2,065.42	1,965.73	2,336.88	2,170.59
Minority Interest	-	-	(13.55)	(1.20)
Profit for the year	2,065.42	1,965.73	2,350.43	2,171.79

Financial Overview

Performance

Standalone:

During the financial year 2013-14, the Company has on a standalone basis, registered total revenue of ₹ 21,287.66 million as compared to ₹ 18,106.94 million in the previous year, showing an increase of 17% Y-O-Y.

Consolidated:

The consolidated revenue of the Company during the financial year 2013-14 was ₹ 21,837.63 million, a growth of 16% from the previous year.

Transfer to Reserves

An amount of ₹ 207 million is proposed to be transferred out of the current profits to the General Reserve.

Dividend

The Board of Directors has, subject to the approval

of the shareholders in the Annual General Meeting, recommended a dividend of ₹ 7 per equity share of ₹ 10 each.

Debentures

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

Deposits

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

Operational Overview

Completed Projects

During the year under review, the Company has executed and handed over 7 residential projects covering an area of 2.34 million square feet and 19 contractual projects covering an area of 4.34 million square feet resulting in an aggregate development of 6.68 million square feet.

The Company has completed 92 residential projects in 5 cities and 247 contractual projects in 21 cities covering about 62.93 million square feet of area since inception.

Ongoing Projects

The Company currently has 48 ongoing residential projects located in 9 cities aggregating to 30.61 million square feet of developable area. It has 31 ongoing contractual projects located in 11 cities aggregating to 9.67 million square feet under various stages of construction.

The Company has a geographic presence in 24 cities and 13 states across India.

Business Overview

Sobha Developers Limited is a public limited Company with its equity shares listed on National Stock Exchange of India Limited and the Bombay Stock Exchange Limited. The issued, subscribed

and paid-up capital of the Company is ₹ 980,638,680 (Rupees Ninety Eight Crores Six Lakhs Thirty Eight Thousand Six Hundred and Eighty only) divided into 98,063,868 (Nine Crores Eighty Lakhs Sixty Three Thousand Eight Hundred and Sixty Eight only) equity shares of ₹ 10 each. During the year under review, there was no change in the capital structure of the Company.

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

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

A summary of completed and ongoing projects as on March 31, 2014 has been detailed in the Management Discussion and Analysis Report titled as Management Report forming part of the Annual Report.



Divisions

The backward integration business model is ably supported by three manufacturing divisions which enables the Company to deliver superior quality products largely within the timelines committed to its customers.

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

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

A. Sobha Developers (Pune) Limited

Sobha Developers (Pune) Limited is a wholly-owned subsidiary of the Company under the Companies Act, 2013. It was incorporated on February 13, 2007 and became a subsidiary of the Company with effect from July 01, 2011.

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

B. Sobha Assets Private Limited

Sobha Assets Private Limited is a wholly-owned subsidiary of the Company under the Companies Act, 2013. It was incorporated on March 13, 2012.

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

C. Sobha City

Sobha City, Registered Partnership Firm was formed on May 16, 2007 and registered on June 11, 2007. The Company along with Sobha Developers (Pune) Limited are partners of the Firm. As on date, the Company holds the entire economic interest in "Sobha City".

Sobha City was formed for the purpose of development of Sobha City Project located in Thrissur, Kerala.

Sobha Highrise Ventures Private Limited

Sobha Highrise Ventures Private Limited is a subsidiary of the Company for the limited purpose of consolidation of accounts under Accounting Standards notified by Companies (Accounting Standards) Rules, 2006. It was incorporated on May 28, 2012.

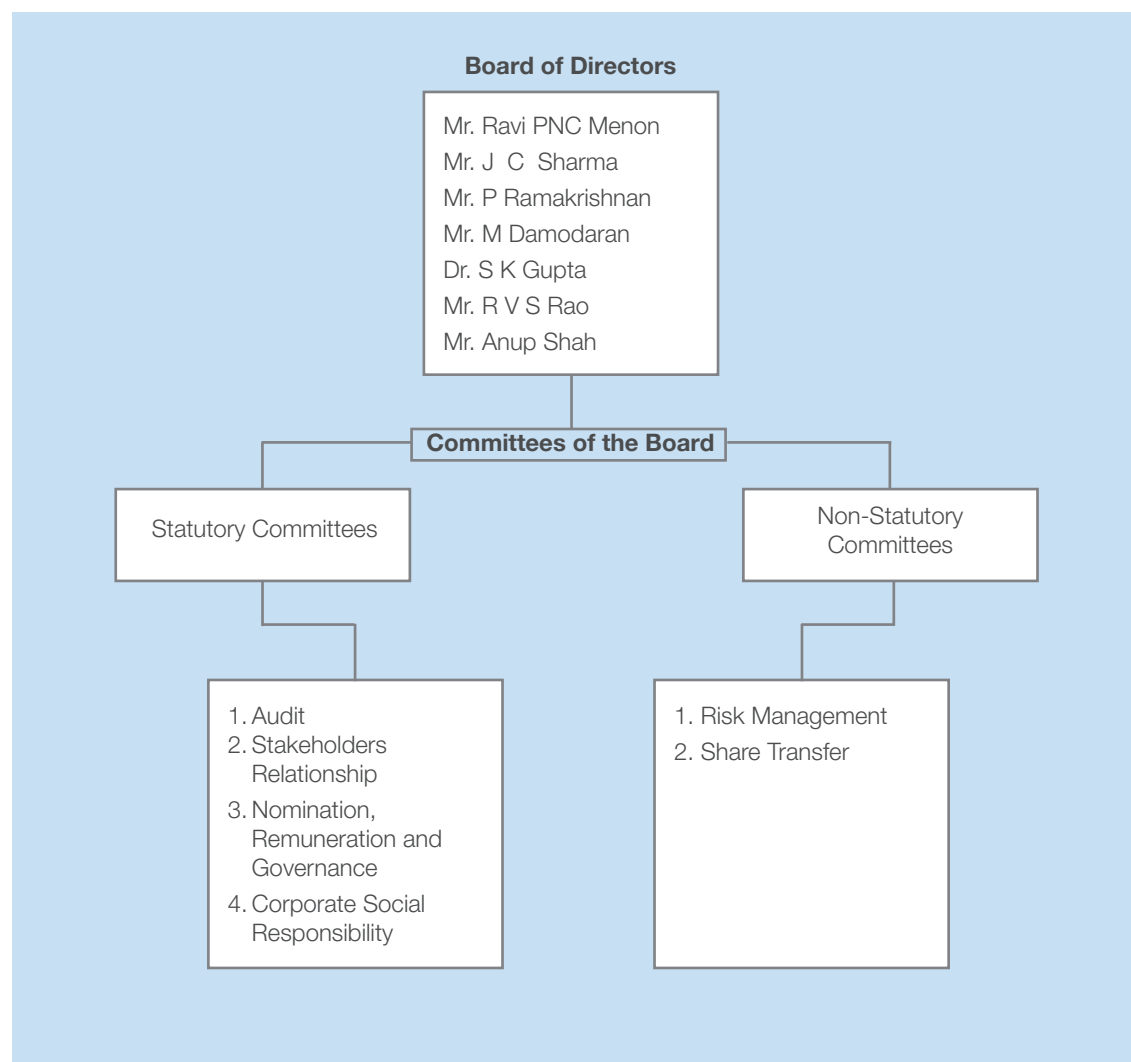
Pursuant to a joint venture between the Company, Winona SA Investments LLC and SA Winona Ventures Limited, Sobha Highrise Ventures Private Limited has been identified as a Special Purpose Vehicle for the development of a residential project situated at Doddanekkundi Village, Varthur Hobli, Bangalore East Taluk, Bangalore.

Statement relating to subsidiaries

Pursuant to the general exemption granted by the Ministry of Corporate Affairs vide General Circular No. 2/2011 dated February 08, 2011, the balance sheet, statement of profit and loss and other documents of subsidiary companies as prescribed under Section

212 of the Companies Act, 1956, have not been attached. As stipulated in the Circular, the Company has disclosed the requisite financial information of the subsidiaries in the Annual Report. Further, the annual accounts and the related detailed information of the subsidiaries shall be provided to the Members upon request and the same shall also be available for inspection on any working day during business hours at the registered office of the Company and the respective subsidiary companies.

Governance Structure



Board of Directors

As on date, the Board of Directors of the Company comprises seven Directors of which four are Non-Executive Independent Directors in terms of Clause 49 of the Listing Agreement and Section 149(6) of the Companies Act, 2013.

Appointment

In terms of Section 149 of the Companies Act, 2013, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company and is eligible for reappointment for another terms of five years on passing of a special resolution by the members of the Company. The Board of Directors in their meeting held on May 22, 2014 has recommended the appointment of Mr. M Damodaran, Dr. S K Gupta, Mr. R V S Rao and Mr. Anup Shah as the Independent Directors of the Company for a term of five years each.

Re-appointment

In terms of Section 152 of the Companies Act, 2013, Mr. P Ramakrishnan, Deputy 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 term of office of Mr. J C Sharma, Vice Chairman and Managing Director and Mr. P Ramakrishnan, Deputy Managing Director ceases at the close of the financial year 2014-15 and are eligible for re-appointment.

The Notice convening the Annual General Meeting includes the proposals for appointment / re-appointment of the Directors. Brief resumes of the Directors proposed to be appointed / re-appointed have been provided as an Annexure to the Notice convening the Annual General Meeting. Specific information about the nature of their expertise in specific functional areas and the names of the companies in which they hold directorship and membership / chairmanship of the Board Committees, as stipulated under Clause 49 of the Listing Agreement, have also been included.

Board Committees

During the year under review, the scope of the Investor Relations Committee was enhanced and

the Committee was renamed as the Stakeholders Relationship Committee with effect from November 06, 2013.

The Corporate Social Responsibility Committee was constituted by the Board of Directors, in its meeting held on November 06, 2013. The composition and terms of reference of the Committee is in accordance with the provisions of Section 135 of the Companies Act, 2013. It is entrusted with the responsibility of formulating and monitoring the Corporate Social Responsibility policy of the Company.

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

Internal Control and Internal Audit

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

Audit Recommendations

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

Auditors

S.R. Batliboi & Associates LLP (Registration Number 101049W), Statutory Auditors of the Company retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. In terms of Section 139 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, S.R. Batliboi & Associates LLP are eligible to be re-appointed for a period of 3 years which is subject to annual ratification by the members of the Company.

The Board of Directors upon the recommendation of the Audit Committee, proposes the re-appointment of S.R. Batliboi & Associates LLP as the statutory auditors of the Company for a period of three years,

subject to the approval of the members at the Annual General Meeting.

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

Cost Audit

In pursuance of the Order: F. No. 52/26/CAB-2010 dated November 06, 2012 issued by the Cost Audit Branch of the Ministry of Corporate Affairs, New Delhi, the Board has appointed M/s. Srinivas and Co, Cost Accountants, Hyderabad (Firm Registration No: 000278) as the Cost Auditors of the Company for the financial year 2013-14.

Secretarial Audit

The Secretarial Audit Report for the year ended March 31, 2014 issued by Mr. Nagendra D Rao, Practicing Company Secretary is provided separately in the Annual Report.

Human Resources

People are the mainstay of Sobha Developers Limited. They are ultimately responsible for driving the processes and executing the activities of the Company from the ground level up. They play a vital role in ensuring that the products delivered conform to the yardstick set by the Company. Underscoring the importance of its man-power, the Company with well-established policies and employee-friendly measures, ensures the development and well-being of all its employees.

The Leadership, Development and Training Department of the Company focuses exclusively on cultivation of leadership abilities, augmentation of occupational skills and enhancement of employee morale. It organises and conducts extensive training and motivational programmes on myriad subjects. They result in the overall development of the employees which translates into increased productivity; driving the growth of the Company.

The Company also believes in fostering and nurturing a culture of inclusiveness. Employees are given opportunities to suggest and develop new and innovative ideas, methods and techniques which assist in improving the efficiency levels of the

Company. An organisation-wide event is conducted on a bi-annual basis wherein employees are given a platform to exhibit their innovations. The most practicable and inventive ideas are recognised and aptly rewarded.

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

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

As on March 31, 2014, the Company has an organisational strength of 3,354 employees.

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

Quality, Safety and Technology

Emphasis is laid on delivery of products which conform to international benchmarks of quality.

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

The department predominantly focuses on quality of construction, establishment and review of safety standards, infrastructure execution, civil maintenance works, geo-technical aspects, drawing

detail development and import / implementation of new tools and materials for process upgradation.

Corporate Social Responsibility

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

Awards and Recognitions

During the financial year 2013-14, the Company was bestowed with various awards and recognitions, the details of which are given in a separate section of the Annual Report.

Statutory Information

Director's Responsibility Statement

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

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

- iv) The Directors had prepared the annual accounts on a "going concern" basis.

Disclosure of Employees

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

Transfer to Investor Education and Protection Fund

During the financial year 2013-14, the Company has transferred to the Investor Education and Protection Fund, share application money received during the Initial Public Offer of the Company which was due for refund and lying unclaimed with the Company, in terms of Section 205C of the Companies Act, 1956. The details of unclaimed share application money transferred to Investor Education and Protection Fund has been detailed in the Corporate Governance Report forming part of the Annual Report.

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

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

Corporate Governance

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

Code of Conduct

As prescribed under Clause 49 of the Listing Agreement, a declaration signed by the Vice Chairman and Managing Director affirming compliance with

the Code of Conduct by the Directors and senior management personnel of the Company for the financial year 2013-14 forms part of the Corporate Governance Report.

Management Discussion and Analysis Report

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

Additional Information to Shareholders

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

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



Ravi PNC Menon
Chairman



J C Sharma
Vice Chairman & Managing Director

Place: Bangalore
Date: May 22, 2014

Annexure

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

I. Conservation of Energy

The Company has adopted the following energy conservation measures:

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

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

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

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

II. Technology Absorption

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

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

The Company derives benefits in the form of cost reduction, fewer customer complaints, and better quality of the end products. The above initiatives and implementations have been made after continuous market research - trial and testing for quality,

durability and compatibility in consideration of cost and time for developing new systems and better technologies at par with international standards.

III. Research and Development (R&D)

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

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

10. Wooden / Bamboo textured glass reinforced concrete cladding panels which is lightweight when compared to conventional concrete

Benefits derived as a result of the above R&D

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

Future plan of action

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

Expenditure on R&D

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

IV. Foreign Exchange Earnings and Outgo

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

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

- (b) Total foreign exchange used and earned

Total expenditure in foreign exchange:
₹ 41.42 million

Total income in foreign exchange: Nil

**Statement pursuant to Section 217(2A) of the Companies Act, 1956 and the Companies
(Particulars of Employees) Rules, 1975 as amended from time to time**

Sl. No	Name	Age	Designation	Gross Remuneration (₹)	Qualification	Experience (Years)	Date of commencement of Employment	Previous Employment
(A) Employed throughout the financial year								
1	Mr. Ravi PNC Menon	33	Chairman	89,852,346	B.S.C.E	10	06.06.2004	Not Applicable
2	Mr. J.C. Sharma	56	Vice Chairman and Managing Director	50,377,911	B.Com (Hons), ACA, ACS	30	01.06.2001	Grasim Industries Limited
3	Mr. P. Ramakrishnan	51	Deputy Managing Director	8,153,752	BE, MBA	28	15.03.2007	Enares Infranet Private Limited
4	Mr. Sanjay Khosla	56	Executive Director – Sales & Marketing	15,665,560	BA, PGDBM	32	01.08.2008	Ozone Group
5	Mr. Ganesh Venkataraman	48	Chief Financial Officer	8,693,424	B. Com, ACA, ACS, AICWA	24	17.01.2013	GVK Bio Sciences Private Limited
6	Mr. Jagadish Nangineni	35	Regional Head – New Delhi	10,089,438	B.Tech Civil, PGDM	12	12.11.2009	Greenbox Realty & Highstreet Capital
7	Mr. Madappa Palachanda	48	CEO – Contracts	18,562,689	BE Civil, M.E.S	26	19.12.2011	DEC Australia Company
8	Ms. Tina Talwar	38	Associate Vice President	8,051,160	BA	14	08.02.2010	Hotel Leela Ventures
9	Mr. Varghese P V	51	Chief Executive Officer	6,509,985	B.Sc, B.Tech	24	01.04.2006	Sobha Glazing and Metal Works Private Limited
10	Mr. Sanjaya Sarathy TP	55	Regional Director	7,151,626	B.Sc, ACA	25	10.11.2006	Service and Trade Company, Sultanate of Oman
11	Mr. Manfred Angrick	60	German Master Mason	6,483,384	Master Craftsman	41	05.03.2008	QFL, Weimar, Germany
(B) Employed for part of the financial year								
				- NONE -				

Notes

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

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



**Place: Bangalore
Date: May 22, 2014**

**Ravi PNC Menon
Chairman**



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

Corporate Governance Compliance Certificate

To the Members of Sobha Developers Limited,

I have examined all the relevant records of Sobha Developers Limited for the purpose of certifying compliance of the conditions of corporate governance under Clause 49 of the Listing Agreement with Stock Exchanges for the financial year ended 31st March, 2014. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of certification.

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

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

Place: Bangalore
Date : May 22, 2014

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

Corporate Governance Report

Company's Philosophy

Board of Directors

Committees of the Board

Disclosures

Company Information

Additional Shareholder Information

Company's Philosophy

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

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

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

Board of Directors

The Board of Directors emphasize on maximisation of shareholder's returns, effective execution of Company's plans and efficient performance by the management. It has the responsibility to participate directly or through its committees, in developing and approving the mission of the Company's business, its objectives and goals, and the strategy for their achievement. It is entrusted with the supervision of the management of the business and affairs of the Company.

As on date, the Board of Directors of the Company comprises seven directors of which four are non-executive independent directors, ensuring an optimum mix of Executive and Non-Executive Directors. The composition of the Board of Directors satisfies the requirements of Clause 49 of the Listing Agreement and the Companies Act, 2013.

As per the declarations received by the Company, none of the Directors are disqualified under Section 274(1)(g) of the Companies Act, 1956 read with Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003 and / or Section 164(2) of Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014.

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

The composition of the Board of Directors* as on May 22, 2014 is as follows:

Name	Designation	Category	Date of Appointment	Director -ships**	Committee Chairman -ships***	Committee Member -ships***
Mr. Ravi PNC Menon	Chairman	Executive	June 8, 2004	14	-	1
Mr. J C Sharma	Vice Chairman & Managing Director	Executive	April 1, 2003	14	-	2
Mr. P Ramakrishnan	Deputy Managing Director	Executive	January 29, 2010	1	-	-
Mr. M Damodaran	Independent Director	Non-Executive	January 29, 2010	13	2	7
Dr. S K Gupta	Independent Director	Non-Executive	June 28, 2006	5	1	5
Mr. R V S Rao	Independent Director	Non-Executive	June 28, 2006	5	1	2
Mr. Anup Shah	Independent Director	Non-Executive	June 28, 2006	5	-	2

* None of the directors are related to each other.

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

*** Includes Memberships / Chairmanships of only Audit Committee and Investors Grievance Committee / Stakeholders Relationship Committee of all Public Limited Companies

Board Meetings

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

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

The Board meetings held during the financial year 2013-14 are:

Date of the Meeting	Total Strength of BOD	No. of Directors Present
May 10, 2013	7	7
August 08, 2013	7	6
November 06, 2013	7	6
February 01, 2014	7	6
March 26, 2014	7	7

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

Director	Board Meetings					Annual General Meeting July 5, 2013
	May 10, 2013	August 08, 2013	November 06, 2013	February 01, 2014	March 26, 2014	
Mr. Ravi PNC Menon	✓	✓	✓	✓	✓	✓
Mr. J C Sharma	✓	✓	✓	✓	✓	✓
Mr. P Ramakrishnan	✓	✓	✓	✓	✓	✓
Mr. M Damodaran	✓	x*	x*	x	✓	✓
Dr. S K Gupta	✓	✓	✓	✓	✓	✓
Mr. R V S Rao	✓	✓	✓	✓	✓	✓
Mr. Anup Shah	✓	✓	✓	✓	✓	✓

*Mr. M Damodaran communicated to the Board his observations on the agenda of the meetings and also participated in the meetings through the medium of teleconference.

Agenda for the Meetings and Information furnished to the Board

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

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

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

Information placed before the Board

Quarterly Unaudited and Annual Audited Financial Results of the Company
Operational performance of the Company, comparison of budget v actuals
Financial analysis of performance with ratio analysis
Cash flows with focus on financial obligation, timelines for payment of credit facilities and interest

Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material
Information on recruitment and remuneration of senior officers just below the Board level
Significant developments in human resources
Presentations covering the Sales, Delivery, Finance, Compliance and Risk Management practices

Minutes of the meetings of the Board and various Board and Management Committees
Financial statements and minutes of subsidiary companies
Joint venture, collaborations and acquisitions undertaken by the Company
Transactions that involve substantial payment towards goodwill, brand equity or intellectual property

Safety performance of the Company including a report on serious and fatal accidents
Material litigations by and against the Company
Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company
Report on corporate social responsibility activities of the Company
Key regulatory updates and their impact on the Company

Meeting Compliances

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

Appointment and Re-appointment of Directors

In terms of Section 149 of the Companies Act, 2013, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company and is eligible for reappointment for

another term of five years on passing of a special resolution by the members of the Company. Based on the recommendation of the Nomination, Remuneration and Governance Committee, the Board of Directors in their meeting held on May 22, 2014 has approved the appointment of Mr. M Damodaran, Dr. S K Gupta, Mr. R V S Rao and Mr. Anup Shah as the Independent Directors of the Company for a term of five years each subject to the approval of the members in the ensuing Annual General Meeting.

The term of office of Mr. J C Sharma, Vice Chairman

and Managing Director and Mr. P Ramakrishnan, Deputy Managing Director ceases at the close of the financial year 2014-15 and are eligible for re-appointment. Based on the recommendation of the Nomination Remuneration and Governance Committee and in view of the significant contributions made by them, the Board has approved the reappointment of Mr. J C Sharma as Vice Chairman and Managing Director and Mr. P Ramakrishnan as Deputy Managing Director of the Company for a further period of five years each subject to the approval of the members in the ensuing Annual General Meeting.

The members at the eighteenth Annual General Meeting of the Company had reappointed Dr. S K Gupta and Mr. R V S Rao as Non-Executive Independent Directors of the Company who were liable to retire by rotation.

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

Mr. P Ramakrishnan, Deputy 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. P Ramakrishnan, Deputy Managing Director, retiring by rotation.

The brief profiles of directors being appointed / reappointed are provided as an annexure to the Notice convening the Annual General Meeting.

Resolutions passed by circulation

No resolution by way of circulation was passed by the Board of Directors during the financial year 2013-14.

Board Compensation

The Board is responsible for the appointment of new directors and determining their remuneration subject to approval of the shareholders at the Annual General Meeting. The compensation to the Board of Directors

is approved by the shareholders and disclosed separately in Notes to Accounts. Compensation to Wholetime Director(s) including the Vice Chairman and Managing Director consists of fixed salary and / or performance incentive. The Nomination, Remuneration and Governance Committee of the Board of Directors reviews and recommends to the Board of Directors the remuneration payable to the Wholetime Directors including the Vice Chairman and Managing Director. The Executive Directors of the Company are not entitled to sitting fees for attending the Board meetings or the Committee Meetings.

Independent Directors

Independent Directors are non-executive directors who apart from receiving director's remuneration, do not have any pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries and associate companies except to the extent permitted under the applicable laws, which in the opinion of the Board may affect their independence of judgement.

We have an eminent pool of Independent Directors who with their repertoire of knowledge, expertise and varied experience contribute to the development of strategies and also evaluate the performance of the management. The Independent Directors fulfil the criteria laid down under the Companies Act, 2013 and Clause 49 of the Listing Agreement and a Statement of Independence has been obtained from each of the independent directors of the Company.

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

Independent Directors Remuneration

Section 309 of the erstwhile Companies Act, 1956 provided that a Director who is neither in the whole-time employment of the Company nor a Managing Director may be paid remuneration by way of commission, if the Company by special resolution,

authorises such a payment. The members of the Company at the sixteenth Annual General Meeting held on June 30, 2011, had approved the payment of remuneration by way of commission to Non-Executive Directors, at a rate not exceeding 1% per annum of the net profits of the Company for a period of five years commencing from April 01, 2011.

Pursuant to the commencement of Section 197 of the Companies Act, 2013, Section 309 of the Companies Act, 1956 has ceased to have effect. The Board has therefore proposed the passing of a resolution for authorising the payment of

remuneration to Non-Executive Directors for a period of five years commencing from April 01, 2014 in terms of Section 197 of the Companies Act, 2013. The draft of the resolution along with the Statement annexed to Notice as required under Section 102 of Companies Act, 2013 is contained in the Notice convening the Annual General Meeting.

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

The following are the details of compensation paid to the Directors for the financial year 2013-14

						(₹ million)
Name	Salary	Perquisites	Contribution to Provident Fund	Commission / Incentive	Sitting Fees	Total
Mr. Ravi PNC Menon	45.15	1.33	3.38	40	-	89.85
Mr. J C Sharma	10.33	0.04	0.01	40	-	50.38
Mr. P. Ramakrishnan	7.55	0.04	0.01	0.55	-	8.15
Mr. M. Damodaran	-	-	-	1.2	0.05	1.25
Dr. S K Gupta	-	-	-	1.2	0.18	1.38
Mr. R V S Rao	-	-	-	1.2	0.15	1.35
Mr. Anup Shah	-	-	-	1.2	0.16	1.36
Total	63.03	1.41	3.4	85.35	0.54	153.73

Shareholding of Directors

The shareholding of the Directors of the Company as on March 31, 2014 is as follows:

Name	No. of Shares	%
Mr. Ravi PNC Menon	32,950	0.034
Mr. J C Sharma	112,929	0.115
Mr. P Ramakrishnan	-	-
Mr. M Damodaran #	-	-
Dr. S K Gupta * #	1,335	0.001
Mr. R V S Rao #	15,000	0.015
Mr. Anup Shah * #	4,300	0.004
Total	166,514	0.17

* Shareholding less than 0.01%

Non- Executive Independent Director

Committees of the Board of Directors

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

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

Statutory Committees

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

Non-Statutory Committees

1. Risk Management Committee
2. Share Transfer Committee

Audit Committee

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

The Board of Directors at its meeting held on May 22, 2014 reconstituted the Audit Committee to align the terms of reference of the Committee in accordance with the provisions of Companies Act, 2013.

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

Terms of Reference

Regular review of accounts, accounting policies, financial and risk management policies, disclosures, etc.

Review of the major accounting entries, based on exercise of judgment by management and review of significant adjustments arising out of audit.

Review of qualifications in the draft audit report and suggesting action points.

Establishing and reviewing the scope of the independent audit including the observations of the auditors and review of the quarterly, half-yearly and annual financial statements before submission to the Board.

Appointment, remuneration and terms of appointment of statutory and internal auditors.

Compliance with stock exchange legal requirements concerning financial statements, to the extent applicable.

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

Scrutiny of inter-corporate loans and investments

The Committee shall have post audit discussions with the independent auditors to ascertain any area of concern.

Establishing the scope and frequency of internal audit, reviewing the findings of the internal auditors and ensuring the adequacy of internal control systems

Reviewing and monitoring the auditors' independence and performance and effectiveness of audit process

To look into reasons for substantial defaults in payment to depositors, debenture holders, shareholders and creditors.

To look into matters pertaining to the Director's Responsibility Statement with respect to compliance with accounting standards and accounting policies.

Valuation of undertakings or assets of the Company, wherever necessary

Evaluation of internal financial controls and risk management systems

Review the functioning of the vigil mechanism

Monitoring the end use of funds raised through public offers and related matters

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

Powers of Audit Committee

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

Review of information by the Audit Committee

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

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

Meetings

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

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

The Audit Committee has met four times during the financial year 2013-2014 and not more than four months has elapsed between two such meetings. The meetings held during the financial year 2013-2014 are:

Date of the Meeting	Total Strength of Committee	No. of Members Present
May 10, 2013	5	5
August 08, 2013	5	4
November 06, 2013	5	4
February 01, 2014	5	4

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

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

Name	Category	Audit Committee Meetings			
		May 10, 2013	August 8, 2013	November 6, 2013	February 01, 2014
Mr. R V S Rao	Chairman Non-Executive Independent	✓	✓	✓	✓
Mr. M Damodaran	Member Non-Executive Independent	✓	x*	x*	x
Dr. S K Gupta	Member Non-Executive Independent	✓	✓	✓	✓
Mr. Anup Shah	Member Non-Executive Independent	✓	✓	✓	✓
Mr. J C Sharma	Member Vice Chairman & Managing Director	✓	✓	✓	✓

*Mr. M Damodaran communicated to the Committee his observations on the agenda of the meetings and also participated in the meetings through the medium of teleconference.

Invitees

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

Stakeholders Relationship Committee

The Board of Directors in its meeting held on November 06, 2013 re-constituted the Investor Relations Committee as the Stakeholders Relationship Committee. The Committee deals with stakeholder relations and security holders grievances including matters related to non-receipt of annual report, non-receipt of declared dividend and such other issues as may be raised by the investors from time to time. It ensures that investor grievances / complaints / queries are redressed in a timely and effective manner and to the satisfaction of investors. The Committee oversees the performance of the Registrar and Share Transfer Agents of the Company relating to investor services and recommends measures for improvement.

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

Terms of Reference

Stakeholder relations and redressal of security holders' grievances in general and relating to non - receipt of dividends, interest, non - receipt of annual report, etc. in particular.

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

Meetings

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

The Stakeholders Relationship Committee has met four times during the financial year 2013-2014

Date of the Meeting	Total Strength of Committee	No. of Members Present
May 10, 2013	3	3
August 08, 2013	3	3
November 06, 2013	3	3
February 01, 2014	3	3

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

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

Name	Category	Stakeholders Relationship Committee Meetings			
		May 10, 2013	August 8, 2013	November 6, 2013	February 01, 2014
Dr. S K Gupta	Chairman Non-Executive Independent	✓	✓	✓	✓
Mr. Ravi PNC Menon	Member Executive Chairman	✓	✓	✓	✓
Mr. J C Sharma	Member Vice Chairman & Managing Director	✓	✓	✓	✓

Investor Grievances and Queries

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

Particulars	Balance as on 01.04.2013	Received during the year	Resolved during the year	Balance as on 31.03.2014
IPO Related				
Consumer Forum Case	1	-	1	-
Refund of Share Application Money	-	4	4	-
Non IPO Related				
SCORES (Non receipt of Dividend)	-	2	2	-
Registrar of Companies (Non-receipt of Annual Report)	-	1	1	-
Stock Exchange	-	-	-	-
Non-Receipt / Revalidation of Dividend Warrants	-	125	122	3*
Miscellaneous	-	167	167	-
Total	1	299	297	3*

* The necessary requests have been raised with the respective dividend bankers for the issue of demand draft for the dividend entitlements.

Nomination Remuneration and Governance Committee

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

The Board of Directors in its meeting held on May 22, 2014 reconstituted the Nomination Remuneration and Governance Committee to align the composition and terms of reference of the Committee in accordance with the provisions of Companies Act, 2013.

Terms of Reference

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

To evaluate the performance of the Chairman and other members of the Board on an annual basis and to monitor and evaluate the performance and effectiveness of the Board and Board Committees and the contribution of each director to the Company. The Committee shall also seek the views of executive directors on the performance of non-executive directors.

To make recommendations to the Board on the following matters:

- Re-appointment of any executive and non-executive director at the conclusion of their specified term of office.
- Re-election by members of any director who are liable to retire by rotation as per the Company's Articles of Association.
- Any matters relating to the continuation in office of any director at any time.

To formulate a policy relating to the remuneration of directors, key managerial personnel and other employees.

To produce an annual report on executive compensation for inclusion in the Company's Annual Report, in accordance with applicable rules and regulations.

To take all necessary steps for the administration of the Employee Stock Option Scheme or the Employee Stock Purchase Scheme.

To define and articulate the Company's overall corporate governance structures and to develop and recommend to the Board of Directors the Board's Corporate Governance Guidelines.

To receive reports, investigate, discuss and make recommendations in respect of breaches or suspected breaches of the Company's Code of Conduct.

To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements and to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors.

To perform such functions as may be detailed in the Listing Agreement, Companies Act, 2013 and the relevant Rules made there under.

Meetings

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

One meeting of the Nomination Remuneration and Governance Committee was held during the financial year 2013-14.

Date of the Meeting	Total Strength of Committee	No. of Members Present
November 06, 2013	3	3

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

		Nomination Remuneration and Governance Committee Meetings November 06, 2013
Name	Category	
Mr. Anup Shah	Chairman Non-Executive Independent	✓
Mr. R V S Rao	Member Non-Executive Independent	✓
Dr. S K Gupta*	Member Non-Executive Independent	NA
Mr. J C Sharma	Member Vice Chairman & Managing Director	✓

*Dr. S K Gupta was co-opted as a member of Nomination Remuneration and Governance Committee with effect from May 22, 2014.

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

Share Transfer Committee

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

Terms of Reference

To look into requests for transfer and transmission of shares.

To look into requests for the re-materialization of shares

To issue Duplicate Share Certificate in lieu of the Original Share Certificate.

To issue Split Share Certificate as requested by the member.

To take all such steps as may be necessary in connection with the transfer, transmission, splitting and issue of Duplicate Share Certificate in lieu of the Original Share Certificate.

Meetings

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

The Share Transfer Committee has met four times during the financial year 2013-2014

Date of the Meeting	Total Strength of Committee	No. of Members Present
June 14, 2013	3	3
September 23, 2013	3	3
October 25, 2013	3	3
January 09, 2014	3	3

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

Name	Category	Share Transfer Committee Meetings			
		June 14, 2013	September 23, 2013	October 25, 2013	January 09, 2014
Mr. J C Sharma	Chairman Vice Chairman & Managing Director	✓	✓	✓	✓
Mr. Ravi PNC Menon	Member Executive Chairman	✓	✓	✓	✓
Mr. P Ramakrishnan	Member Deputy Managing Director	✓	✓	✓	✓

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

During the financial year 2013-14, one request for dematerialisation of equity shares was received by Link Intime (India) Private Limited, Registrar & Transfer Agents of the Company. The request was satisfactorily attended to within time limits prescribed.

No requests pertaining to transfer, rematerialisation etc of shares were received during the financial year 2013-2014.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee of the Board of Directors was constituted on November 06, 2013. The Committee is entrusted with the responsibility of formulating and monitoring the Corporate Social Responsibility policy of the Company.

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

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

Meetings

The quorum for the meeting shall be any two members present at the meeting. One meeting of the Committee was held during the financial year 2013-14.

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

Name	Category	Corporate Social Responsibility Committee Meeting
		January 21, 2014
Mr. Anup Shah	Chairman Non-Executive Independent	✓
Mr. J C Sharma	Member Vice Chairman & Managing Director	✓
Mr. P Ramakrishnan	Member Deputy Managing Director	✓

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

Risk Management Committee

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

Terms of Reference

Oversee and approve the risk management, internal compliance and control policies and procedures of the Company.

Oversee the design and implementation of the risk management and internal control systems (including reporting and internal audit systems), in conjunction with existing business processes and systems, to manage the Company's material business risks.

Establish policies for the monitoring and evaluation of risk management systems to assess the effectiveness of those systems in minimising risks that may adversely affect the business of the Company.

Oversee and monitor management's documentation of the material risks that the Company faces and update as events change and risks shift.

Review reports on any material breach of risk limits and the adequacy of the proposed actions undertaken.

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.

Receive reports from, review with, and provide feedback to Management on the categories of risk the Company faces including but not limited to credit, market, liquidity and operational risk, the exposures in each category, significant concentrations within those risk categories, the metrics used to monitor the exposures and Management's views on the acceptable and appropriate levels of those risk exposures.

Recommend to the Board or the Audit Committee of the Board as it deems appropriate on any area within its terms of reference where an action or improvement is needed.

In consultation with the Audit Committee, review and discuss with Management:

- the key guidelines and policies governing Company's significant processes for risk assessment and risk management; and
- Company's major risk exposures and the steps Management has taken to monitor and control such exposures.

Report the proceedings of the Committee to the Board or the Audit Committee of the Board at its regular meetings on all matters which fall within its terms of reference

Meetings

The quorum for the meeting shall be any two members present at the meeting. No meeting of the Committee was required to be held during the financial year 2013-14.

The composition of the Risk Management Committee is as follows:

Name	Category	
Mr. Anup Shah	Chairman	Non-Executive Independent
Mr. Ravi PNC Menon	Member	Executive Chairman
Mr. J C Sharma	Member	Vice Chairman & Managing Director

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

Disclosures

Related Party Transactions

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

Subsidiary Monitoring Framework

As on date, the Company has two subsidiary companies in terms of Companies Act, 2013

- Sobha Developers (Pune) Limited having its registered office at 'Sobha', Sarjapur – Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore – 560 103.
- Sobha Assets Private Limited, having its registered office at 'Sobha', Sarjapur – Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore – 560 103.

Sobha Highrise Ventures Private Limited having its registered office at 'Sobha', Sarjapur – Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore – 560 103 is a subsidiary in terms of Accounting

Standards notified by Companies (Accounting Standards) Rules, 2006.

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

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

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

Code of Conduct

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

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

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

I confirm that the Company has, in respect of the financial year ended March 31, 2014, received from the senior management personnel of the Company and the members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.



Place: Bangalore

Date: May 22, 2014

J C Sharma
Vice Chairman & Managing Director

Employee Share Dealing Code

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

Compliances

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

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

Management Discussion and Analysis Report

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

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

Corporate Governance Compliance Certificate

The Corporate Governance Compliance Certificate for the year ended 31st March 2014 in terms of Clause 49 of the Listing Agreement issued by Mr. Nagendra D Rao, Practicing Company Secretary forms part of the Annual Report.

Secretarial Audit Report

The Secretarial Audit Report for the year ended 31st March 2014 issued by Mr. Nagendra D Rao, Practicing Company Secretary forms part of the Annual Report.

CEO / CFO Certificate

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

Remuneration to Statutory Auditors

During the financial year 2013-14, the details of the fees paid to the Statutory Auditors of the Company are as follows:

	(₹ million)
Audit fees [includes fees for quarterly reviews]	8.80
Out of pocket expenses (excluding service tax)	0.42
Total	9.22

Compliance of Non-Mandatory Requirements

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

A. The Board

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

B. Remuneration Committee

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

C. Shareholders Rights

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

D. Audit Qualifications

The audited financial statements of the Company for the financial year 2013-14 do not contain any qualifications and the Audit Report does not contain any adverse remarks.

E. Training of Board Members

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

F. Mechanism for evaluating Non-Executive Board Members

The Non-Executive Independent Directors of the Company are eminent academicians and professionals who possess the qualifications and experience required to contribute effectively towards the development of the Company. The evaluation mechanism for reviewing the performance of Non-Executive Independent Directors of the Company is in accordance with the provisions of Schedule IV of Companies Act, 2013.

G. Vigil Mechanism

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

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

Company Information**Annual General Meeting**

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

Financial Year	Date and Time	Venue	Special Resolutions
2012-13	July 05, 2013 at 10.00 am	'SOBHA', Sarjapur-Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore - 560103	No Special Resolution was passed.
2011-12	June 30, 2012 at 10.00 am	'SOBHA', Sarjapur-Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore - 560103	Appointment of Mr. Ravi PNC Menon as a Wholetime Director designated as Chairman of the Company.
2010-11	June 30, 2011 at 10.00 am	Sobha Academy, Sobha Suburbia, 107/108, Behind Jakkur Flying Club, Jakkur Village, Bangalore - 560 064	Remuneration to Non-Executive Directors of the Company.

Extraordinary General Meeting

No Extraordinary General Meeting was held during the financial years 2011-12, 2012-13 and 2013-14.

Postal Ballot

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

Means of Communication

Website	<p>All vital information relating to the Company and its performance including financial results, press releases pertaining to important developments, performance updates and corporate presentations are regularly posted on the website www.sobha.com</p> <p>The 'Investors' section provides comprehensive and up-to-date information to the shareholders on matters such as shareholding pattern, outcome of board and general meetings, stock performance, unclaimed equity shares, unclaimed dividend, investor presentations etc</p>
Social Media	Key events and happenings are shared by the Company through social media like Facebook, Twitter, Google Plus and YouTube.
Financial Results	The quarterly, half-yearly and annual results are published in Business Standard (all editions) and Vijaya Karnataka (Bangalore edition) regional language newspaper where the registered office of the Company is situated.
Corpfilng	Information sent to stock exchanges such as financial results, shareholding pattern is available at the common portal platform www.corpfilng.in maintained by both NSE and BSE.
NEAPS	Stock exchange intimations are submitted to NSE through NSE Electronic Application Processing System (NEAPS).
BSE Listing Centre	Stock exchange intimations are submitted to BSE through BSE Listing Centre
Annual Report	The Directors' Report, Management Discussion and Analysis Report, Chairman's Message and the Corporate Governance Report form part of the Company's Annual Report and is available on the website of the Company
Investor Servicing	The Company has designated a separate E-mail ID called investors@sobha.com for investor servicing.
Stakeholder Satisfaction Survey	An online survey is available on the website of the Company for addressing the grievances of the stakeholders and for their feedback on the efficacy of investor services

Recommendation of Dividend and Dividend Payment Date

The Board of Directors has recommended a dividend of ₹ 7 for each equity share of ₹ 10 which is subject to the approval of the members in the ensuing Annual General Meeting.

In terms of Section 123 of the Companies Act, 2013, the dividend amount will be deposited in a separate bank account within 5 days from the date of Annual General Meeting. It will be paid to the shareholders within one week from the date of such deposit.

Dividend History

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

Financial Year	Rate of Dividend (%)	Dividend per Share (in ₹)
2006-07	55.00	5.50 per equity share of ₹10 each
2007-08	65.00	6.50 per equity share of ₹10 each
2008-09	10.00	1.00 per equity share of ₹10 each
2009-10	25.00	2.50 per equity share of ₹10 each
2010-11	30.00	3.00 per equity share of ₹10 each
2011-12	50.00	5.00 per equity share of ₹10 each
2012-13	70.00	7.00 per equity share of ₹10 each

Other Information

Custodial Fee	The Company has paid custodial fees for the year 2014-15 to NSDL and CDSL on the basis of the number of beneficial accounts maintained by them.
Listing on Stock Exchanges	The equity shares of the Company are listed on the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE) since December 19, 2006. The Company has paid the requisite Listing Fees to the stock exchanges for 2014-15.
Reconciliation of Share Capital Audit	In terms of Regulation 55A of the SEBI (Depositories and Participants) Regulations, 1996, reconciliation of Share Capital Audit is conducted every quarter by Mr. Natesh K, Practicing Company Secretary to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital and the report is forwarded to the Stock Exchanges where the shares of the Company are listed.
Outstanding GDRs / ADRs / Warrants / Convertible Instruments and their Impact on Equity	As on March 31, 2014, the Company does not have any outstanding GDRs / ADRs / Warrants / Convertible Instruments.
Legal Proceedings	There are no legal proceedings against the Company which are of material nature.
Location of Divisions	<p>Interiors Division</p> <ul style="list-style-type: none"> Plot No.9, JBLR Industrial Area, Hennagara (Post), Anekal Taluk, Bommasandra, Bangalore – 562 106 Shed No.4, Anumepalli Agraharam Village, Krishnagiri District, Hosur Taluk, Tamil Nadu <p>Glazing Division</p> <ul style="list-style-type: none"> Plot No.10, JBLR Industrial Area, Hennagara (Post), Anekal Taluk, Bommasandra, Bangalore – 562 106 Plot No.G6, SIPCOT Industrial Park, Irungulam Village, Sriperumbudur Taluk, Kancheepuram District, Chennai – 602 105 <p>Concrete Products Division</p> <ul style="list-style-type: none"> Plot No # 329, Bommasandra Jigani Link Road, Industrial Area, Jigani, Anekal Taluk, Bangalore – 560 105 Sector 106, 108 and 109, Babupur Village, Near New Palam Vihar, Gurgaon – 122 017 Survey No: 822 / 828 / 829, Ahmed Nagar Road, Sanaswadi Post, Shirur Taluk, Pune - 412 208

	International Securities Identification Number	National Stock Exchange of India Limited	The Bombay Stock Exchange 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

Month	National Stock Exchange (NSE)				Bombay Stock Exchange (BSE)			
	High ₹	Low ₹	Average ₹	Volume No	High ₹	Low ₹	Average ₹	Volume No
April-13	417.00	340.00	369.15	4,456,541	417.00	343.20	369.30	288,775
May-13	425.00	381.40	404.75	2,161,512	425.00	381.05	404.92	179,202
June-13	409.00	336.00	373.90	2,164,862	407.50	337.50	373.27	109,649
July-13	359.80	281.50	329.16	2,793,297	360.00	282.00	328.89	532,196
August-13	298.00	224.10	264.51	2,468,270	294.90	224.10	263.90	116,137
September-13	296.00	213.00	267.26	3,365,226	297.60	214.10	267.14	1,353,685
October-13	336.85	284.90	315.92	2,794,961	336.45	283.95	315.95	401,097
November-13	340.00	285.25	317.03	3,543,964	340.00	294.00	317.28	377,830
December-13	353.50	297.35	323.20	3,218,003	353.80	298.10	323.47	305,802
January-14	337.00	261.00	302.21	2,745,514	338.00	260.20	302.27	222,196
February-14	300.00	265.65	276.05	2,239,774	296.40	265.00	275.85	139,680
March-14	387.70	290.00	345.24	6,215,941	386.40	292.40	345.16	918,166

The share price performance of the Company vis-à-vis the broad based indices during the financial year 2013-14 forms part of the Annual Report

Shareholding Pattern

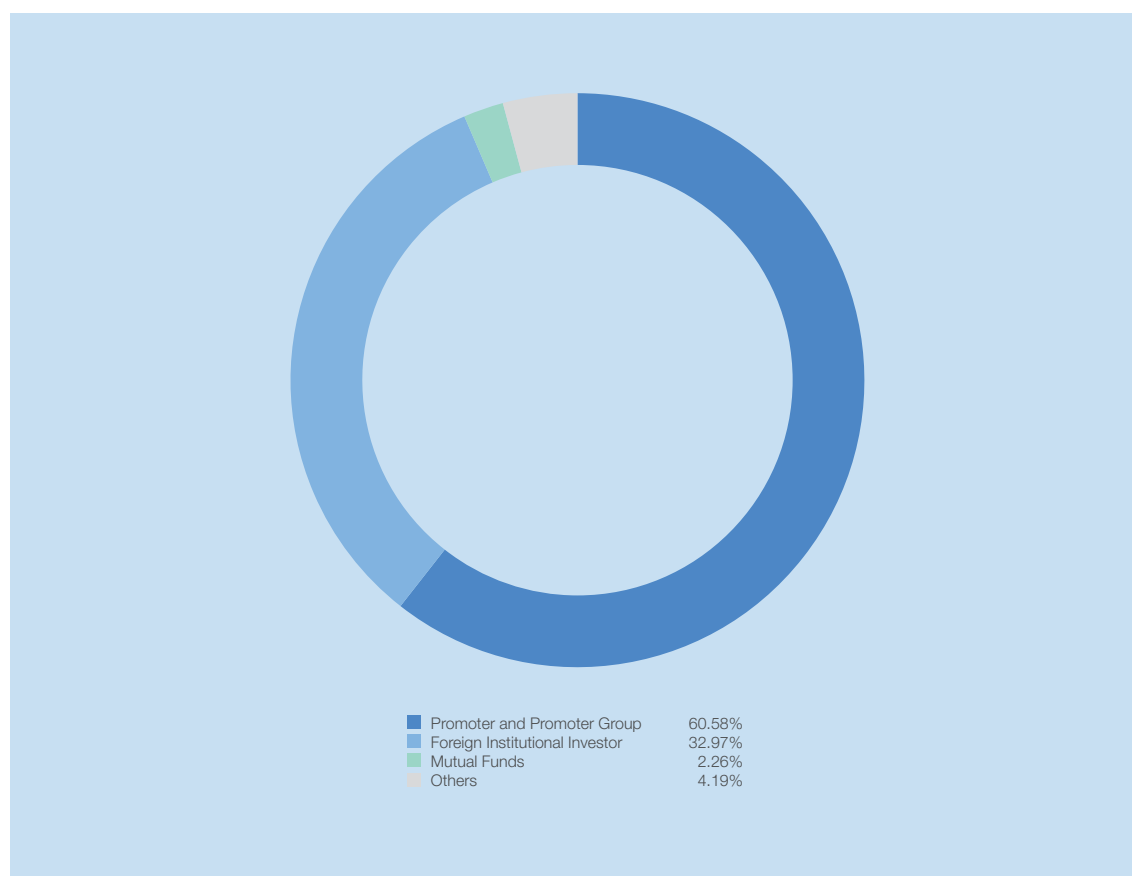
Distribution of Shareholding as on March 31, 2014

Range of Equity Shares held	No. of Shareholders	%	Number of Shares	%
1 – 500	54,019	98.7352	1,382,006	1.4093
501 – 1000	295	0.5392	225,146	0.2296
1001 – 2000	119	0.2175	176,530	0.18
2001 – 3000	39	0.0713	101,579	0.1036
3001 – 4000	18	0.0329	62,305	0.0635
4001 – 5000	17	0.0311	76,175	0.0777
5001 – 10000	26	0.0475	190,477	0.1942
10001 and above	178	0.3253	95,849,650	97.7421
Total	54,711	100	98,063,868	100

Shareholding Pattern of the Company as on March 31, 2014

Category	No. of Shares	%
Promoter Holdings		
Promoters	59,364,300	60.536
Relative of Promoter	45,000	0.046
Total Promoter Holdings	59,409,300	60.582
Public Shareholding		
Institutions		
Mutual Funds / UTI	2,213,777	2.257
Financial Institutions and Banks	551,758	0.563
Foreign Institutional Investors (FI)	32,329,932	32.968
Insurance Companies	83,272	0.085
Others		
Bodies Corporate	781,305	0.797
Individuals	1,953,008	1.992
Independent Directors	20,635	0.021
Clearing Member	189,270	0.193
Trust	1,710	0.002
Non Resident Indians (Repatriable)	338,944	0.346
Non Resident Indians (Non-Repatriable)	37,644	0.038
Overseas Corp Bodies	11	-*
Qualified Foreign Investor	125	-*
Office Bearers	153,177	0.156
Total Public Shareholding	38,654,568	39.418
Grand Total	98,063,868	100

*Shareholding less than 0.001%



Top 10 Shareholders as on March 31, 2014

Sl No	Name of Shareholders	Category	No. of Shares	%
1	Mrs. Sobha Menon	Promoter	41,348,421	42.16
2	Mr. P N C Menon	Promoter	12,488,522	12.73
3	Mr. P N C Menon jointly with Mrs. Sobha Menon	Promoter	5,494,407	5.6
4	Platinum Investment Management Limited A/c Platinum Asia Fund	FII	3,490,393	3.56
5	Eastspring Investments (Singapore) Limited A/c The Prudential Assurance Company Limited	FII	2,969,108	3.03
6	Invesco Asia Consumer Demand Fund	FII	1,650,000	1.68
7	The Wellington Trust Company National Association Multiple Common Trust Funds Trust Emerging Markets Local Equity Portfolio	FII	1,236,235	1.26
8	Eastspring Investments India Equity Open Limited	FII	1,144,580	1.17
9	DNB Fund A/c DNB Fund – Asian Small Cap	FII	1,100,000	1.12
10	Aranda Investments (Mauritius) PTE Ltd	FII	897,407	0.91
	Total		71,819,073	73.22

Share Capital History

Date of Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Nature of Consideration	Reasons for Allotment	Cumulative No. of Equity Shares	Cumulative Paid-up share capital (₹)
August 7, 1997	30	10	10	Cash	Subscribers to Memorandum	30	300
February 11, 1998	1,174,729	10	10	Cash	Further allotment	1,174,759	11,747,590
October 16, 1998	1,934,823	10	10	Cash	Further allotment	3,109,582	31,095,820
December 22, 1998	855,000	10	10	Cash	Further allotment	3,964,582	39,645,820
March 25, 1999	3,000,000	10	10	Cash	Further allotment	6,964,582	69,645,820
July 11, 2002	14,175,898	10	10	Cash	Further allotment	21,140,480	211,404,800
June 28, 2006	42,280,960	10	10	-	Bonus Issue in the ratio of 2:1	63,421,440	634,214,400
October 28, 2006*	97,245	10	617	Cash	Preferential Allotment-Pre IPO Placement to Bennett, Coleman & Co. Limited	63,518,685	635,186,850
October 28, 2006**	486,223	10	617	Cash	Preferential Allotment-Pre IPO Placement to Kotak Mahindra Private Equity Trustee Limited	64,004,908	640,049,080
December 12, 2006***	8,896,825	10	640	Cash	8,014,705 Equity Shares were allotted to the public and 882,120 Equity Shares were allotted pursuant to employee reservation pursuant to the initial public offering	72,901,733	729,017,330
July 03, 2009****	25,162,135	10	209.4	Cash	Qualified Institutional Placement	98,063,868	980,638,680

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

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

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

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

Shares Held in Physical and Dematerialised Form

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

As on March 31, 2014, 99.999 % of the Company's shares were held in dematerialized form and the rest in physical form. The following is the break-up of the equity shares held in the electronic form and in the physical form.

Description	No of Shareholders	No of Shares	% of Equity
NSDL	40,051	97,408,502	99.332
CDSL	14,648	654,848	0.668
Physical	12	518	0.001
Total	54,711	98,063,868	100



Additional Shareholder Information

Unclaimed Dividend

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

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

Financial year	Date of declaration of dividend	Last date for claiming unpaid dividend	Unclaimed amount as on March 31, 2014 (₹)	Due date for transfer to Investor Education and Protection Fund
2006-07	August 13, 2007	August 12, 2014	164,670.00	September 11, 2014
2007-08	July 24, 2008	July 23, 2015	309,478.00	August 22, 2015
2008-09	June 24, 2009	June 23, 2016	401,693.00	July 22, 2016
2009-10	June 11, 2010	June 10, 2017	243,742.50	July 09, 2017
2010-11	June 30, 2011	June 29, 2018	201,771.00	July 28, 2018
2011-12	June 30, 2012	June 29, 2019	324,670.00	July 28, 2019
2012-13	July 05, 2013	July 04, 2020	350,994.00	August 02, 2020

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 situated at 'Sobha', Sarjapur – Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore – 560 103 or send an email to investors@sobha.com

Unclaimed Share Application Money

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

During the financial year 2013-14, the Company was required to transfer to the Investor Education and Protection Fund, share application money received during the Initial Public Offer of the Company which was due for refund and lying unclaimed for a period of seven years from the date they became due for payment. The Company had, through its Registrar and Transfer Agent, Link Intime (India) Private Limited, sent reminders to the applicants to claim the share application money before it becomes due for transfer to the Investor Education and Protection Fund.

The Company has transferred an amount of ₹ 608,000 (Rupees Six Lakhs and Eight Thousand only) to the Investor Education and Protection Fund on January 04, 2014, within the time limits prescribed under Companies Act, 1956.

Unclaimed Equity Shares

In terms of Clause 5A of the Listing Agreement, unclaimed equity shares shall be transferred to an "Unclaimed Suspense Account" opened by the Company for the purpose and the equity shares lying therein shall be dematerialised with a Depository Participant. The voting rights of such equity shares 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, 2013	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, 2014
2013-14	83 Shareholders and 841 outstanding equity shares	–	–	83 Shareholders and 841 outstanding equity shares

Allottees who have not yet claimed their equity shares are requested to make their claim to the Secretarial Department at the Registered and Corporate Office of the Company situated at 'Sobha', Sarjapur – Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore – 560 103 or send an email to investors@sobha.com

Other Information

Corporate Identification Number	L45201KA1995PLC018475
Registered and Corporate Office	Sobha Developers Limited 'Sobha', Sarjapur – Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore – 560 103
Date and Venue of the Annual General Meeting (AGM)	Date: July 11, 2014 Time: 10:00 AM Venue: Park Plaza Bengaluru Hotel, 90-4, Marathahalli Outer Ring Road, Marathahalli, Bangalore – 560 037

Financial Year	The financial year of the Company starts from 1st April of every year and ends on 31st March of the succeeding year.
Book Closure	The date of Book Closure is July 05, 2014
Declaration of Financial Results for financial year 2013-14	<ul style="list-style-type: none"> • For quarter ending June 30, 2013 – August 08, 2013 • For quarter ending September 30, 2013 – November 06, 2013 • For quarter ending December 31, 2013 – February 01, 2014 • For the year ending March 31, 2014 – May 22, 2014
Calendar of Board Meetings for the Financial Year (tentative and subject to change)	<ul style="list-style-type: none"> • For quarter ending June 30, 2014 – July 31, 2014 • For quarter ending September 30, 2014 – October 31, 2014 • For quarter ending December 31, 2014–January 31, 2015 • For the year ending March 31, 2015– April 30, 2015
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
The Bombay Stock Exchange Limited	The Bombay Stock Exchange Limited Floor 25, P.J Towers, Dalal Street, Mumbai – 400 001 Tel: +91 22 2272 1233/4 Website: www.bseindia.com
National Securities Depository Limited	National Securities Depository Limited Trade World, 4th & 5th floor, Kamala Mills Compound, Lower Parel, Mumbai - 400 013 Tel: 22 2499 4200 Website: www.nsdl.co.in
Central Depository Services (India) Limited	Central Depository Services (India) Limited 17th floor, P J Towers, Dalal Street, Fort, Mumbai – 400 001 Tel: 1800 200 5533 Website: www.cdslindia.com
R&T Agents	Link Intime (India) Private Limited C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West) Mumbai 400 078 Tel: +91 22 2594 6970 Fax: +91 22 2594 6969 Email: rnt.helpdesk@linkintime.co.in

Other Information

Share Transfer System	Share transfers would be registered and returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects. The Company holds Share Transfer Committee Meetings up to three times a month or as may be required, for approving the transfers / transmissions of equity shares. Share transfers and other communication regarding share certificates and change of address, etc., may be addressed to the R&T Agents as mentioned above.
Nomination	<p>Pursuant to the provisions of Section 72 of the Companies Act, 2013 read with Companies (Share Capital and Debentures) Rules, 2014, members may file nomination in respect of their shareholdings:</p> <p>For shares held in physical form, members are requested to give the nomination request to Registrar & Share Transfer Agents of the Company.</p> <p>For shares held in dematerialised mode, members are requested to give the nomination request to their respective Depository Participants directly.</p>
E-Voting	<p>Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company has availed the services of National Securities Depository Limited (NSDL) for providing the necessary e-voting platform to the members of the Company for the ensuing Annual General Meeting.</p> <p>For detailed information on the e-voting procedure, members may please refer the Notes to the Notice of Annual General Meeting.</p>

Address for Correspondence

For any queries, please write to

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

For queries relating to financial statements, please write to

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

Secretarial Audit Report for the year ended March 31, 2014

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

I have examined the records, registers and documents of Sobha Developers Limited (hereinafter

referred to as ["the Company"] for the financial year ended on March 31, 2014, required to be maintained under the provisions of -

1. The Companies Act, 1956, hereinafter referred to as ("the Act"), rules made there under and also the provisions contained in the Memorandum of Association and Articles of Association of the Company;

2. The Companies Act, 2013, hereinafter referred to as ("the New Act") to the extent applicable;
3. The Equity Listing Agreements with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
4. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');
 - i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
 - ii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

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

- A. The provisions of the Companies Act, 1956 ("the Act") and the Rules made there under, the Companies Act, 2013 ("the New Act") to the extent applicable and also the provisions contained in the Memorandum of Association and Articles of Association of the Company, with specific reference to:
 - 1) The Company has kept and maintained the requisite registers and other records required under the Act, the Rules made there under. The Company on its own volition has kept and maintained the requisite registers and other records as per the Secretarial Standards issued by the Institute of Company Secretaries of India.
 - 2) The Company has filed required forms, returns, documents, and resolutions required to be filed with the Registrar of Companies, Ministry of Corporate Affairs.
 - 3) The Company closed its Register of

Members and Share Transfer Books on June 29, 2013 and necessary compliance of Section 154 of the Act has been made.

- 4) The Board of Directors of the Company is duly constituted in accordance with the Act and Clause 49 (I) (A) of the Listing Agreement.
- 5) The Board of Directors of the Company met 5 (Five) times, during the financial year viz. May 10, 2013, August 08, 2013, November 06, 2013, February 01, 2014 and March 26, 2014 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes book.
- 6) During the financial year, no Circular Resolution was passed by the Board of Directors of the Company.
- 7) As per the declarations received by the Company, the Directors have disclosed their interest in other firms / companies to the Board of the Directors pursuant to the Provisions of Section 299 of the Act.
- 8) As per the declarations received by the Company, none of the Directors are disqualified under Section 274(1) (g) of the Act read with the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003.
- 9) The Audit Committee constituted as per the requirement of Section 292A of the Act and Listing Agreement duly met 4 (four) times during the financial year, viz. May 10, 2013, August 08, 2013, November 06, 2013 and February 01, 2014 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes book.

- 10) The meetings of the other Committees of the Board namely Stakeholders Relationship Committee (Erstwhile Investor Relations Committee), Nomination Remuneration and Governance Committee, Risk Management Committee, Share Transfer Committee, Corporate Social Responsibility Committee and Executive Committee were duly and properly convened and minutes of such meetings have been properly recorded and signed in the Minutes book maintained for the said purpose.
- 11) The Annual General Meeting for the financial year ended on 31st March 2013, was held on July 05, 2013, after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
- 12) During the financial year, no Extraordinary General Meeting of the Company was held.
- 13) The Company has not advanced any Loan to its directors and / or persons or firms or companies referred in Section 295 of the Act and Section 185 of the New Act.
- 14) The Company has obtained approvals of the Members of the Company, the Board of Directors, and the Committees of Directors, wherever required.
- 15) The appointment and remuneration of Managing Director, Whole-time Director, and other Directors of the Company have been made in accordance with the Articles of Association of the Company and the relevant provisions of the Act.
- 16) Pursuant to Section 256 of the Act, the Members had re-appointed Dr. S.K.Gupta and Mr. R.V.S.Rao, Directors retiring by rotation at the Annual General Meeting held on July 05, 2013.
- 17) The Company has re-appointed M/s. S. R. Batliboi & Associates LLP, Chartered Accountants as Statutory Auditors of the Company in accordance with the Act.
- 18) The Company has deposited the amount of dividend declared at the Annual General Meeting held on July 05, 2013, in a separate bank account on July 9, 2013 with State Bank of India within 5 days from the date of declaration of such dividend in accordance with the provisions of Section 205 of the Act.
- 19) During the period under review, the Company was required to effect transfer of Share Application money remaining unclaimed or unpaid for a period of 7 (Seven) years to the Investor Education and Protection Fund, received during the Initial Public Offer of the Company. An amount of ₹ 6,08,000/- (Rupees Six Lakhs Eight Thousand) only was transferred to the Investor Education and Protection Fund.

Except to the extent mentioned above, there were no other amounts which were required to effect any transfer to the Investor Education and Protection Fund from unpaid dividend account, matured deposits, matured debentures and the interest accrued thereon which have been remained unclaimed or unpaid.
- 20) The Company has not issued any Redeemable Non Convertible Debentures / Commercial Paper during the financial year and there are no outstanding Redeemable Non Convertible Debentures / Commercial Paper issued by the Company.

- 21) The Company has not issued any redeemable preference shares and there was no redemption of preference shares during the financial year.
- 22) The Company has not bought back any shares during the financial year.
- 23) The Company has not altered the provisions of the memorandum with respect to the situation of the Company's registered office from one State to another during the year under scrutiny.
- 24) The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
- 25) The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
- 26) The Company has not altered the provisions of the memorandum with respect to the Share Capital of the Company during the year under scrutiny.
- 27) The Company has not altered its Articles of Association during the financial year under report.
- 28) During the year under review, Sobha Assets Private Limited and Sobha Developers (Pune) Limited continued to be the Subsidiary of the Company. Based on the information and explanation provided by the Company, M/s Sobha Highrise Ventures Private Limited is not a Subsidiary of the Company within the meaning of the Companies Act, 2013.

- 29) During the year under review, the Company continues to have the entire economic interest in "Sobha City" a Registered Partnership Firm registered under the Partnership Act, 1932.

B. I further report that,

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

C. I further report that,

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

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

Place: Bangalore
Date : May 22, 2014

Markets and Operating Environment

Macroeconomic Overview

The macro environment in India has been challenging since the credit crisis of 2008, with slowing growth and stretched macro stability indicators (persistently high inflation, a widening current account deficit and weak deposit growth). Fiscal 2014 was a particularly difficult year for the Indian economy with the GDP growth rate falling to its lowest level in a decade. A receding economy, rising inflation combined with heightened interest rates had an adverse impact on the savings ability of the population leading to a decline in demand for housing and real estate.

The slowdown has resulted in slippage of productivity growth in the past few years. In this context, steps that help to revive productivity growth and reduce bureaucratic interventions will be key in driving a sustainable improvement in GDP growth.

With a stable political environment, this is probably the most conducive period for a steady pace of implementation of policy reforms. This will encourage private sector investment, creating the platform to utilize the country's advantageous demographic potential and lay the foundations for real GDP growth to move to higher levels.

There should be definite and concrete measures to manage growth in rural wages in line with productivity, reduce the fiscal deficit through rationalization of expenditure and tax reforms and improve the business environment. Improving the allocation of natural resources through transparent mechanisms, focusing on urbanization and improvement in infrastructure and implementing policy reforms to iron out the regulatory issues in the area of taxes and approval related functions should be given priority.

Sector Overview

Several factors still continue to act as strong drivers for long term sustainable real estate demand like Latent demand for homes, Continued economic growth, Trend towards nuclear families, Young working population, Rising disposable incomes, Increased urbanisation, Inherent desire to own a home etc.

Inflation, Higher interest rates, High risk weight-age for loans to companies operating in the sector, Non-availability of low cost working capital, Employment growth, Time lag during the approval process while launching a project, Higher statutory levies, Non-availability of skilled manpower, Uncertainty of title continue to remain as challenges being faced by the Sector as a whole.

The employment generated in the construction and real estate sector is immense and it is, in fact, the second largest employer in the country. The development of the real estate and construction industry can also be directly linked to the development of approximately 250 different industries like cement, steel, building materials etc. It is, therefore, imperative that impetus should be provided to the construction and real estate sector so that overall economic development can be achieved.

The positive sentiments prevailing post General Elections are motivating the economy to perform better and push the limits but it may take a few months before the growth in the real estate industry is actually visible. As long as the government's action plans focus on a progressive economy, we believe that the industry operations will revive in the coming few quarters. We hope that the government will focus on policies that will reduce the burden on real estate builders by accelerating the approval process, reducing the interest costs and taxes levied and controlling the trending inflationary pressures.

Outlook of our Markets

In the real estate vertical, Sobha has a presence in 9 cities spanning 5 States. The Company has added 5 new markets, viz. NCR, Chennai, Mysore, Cochin and Calicut during the last 4 financial years. The Company looks to expand in the southern markets and consolidate its presence in the NCR and Pune markets.

During the financial year, the slowdown in the real estate sector was more prominent in the NCR region and the Western markets. Though the Southern markets continued to be fairly resilient, the

performance of the real estate sector on the whole has been subdued.

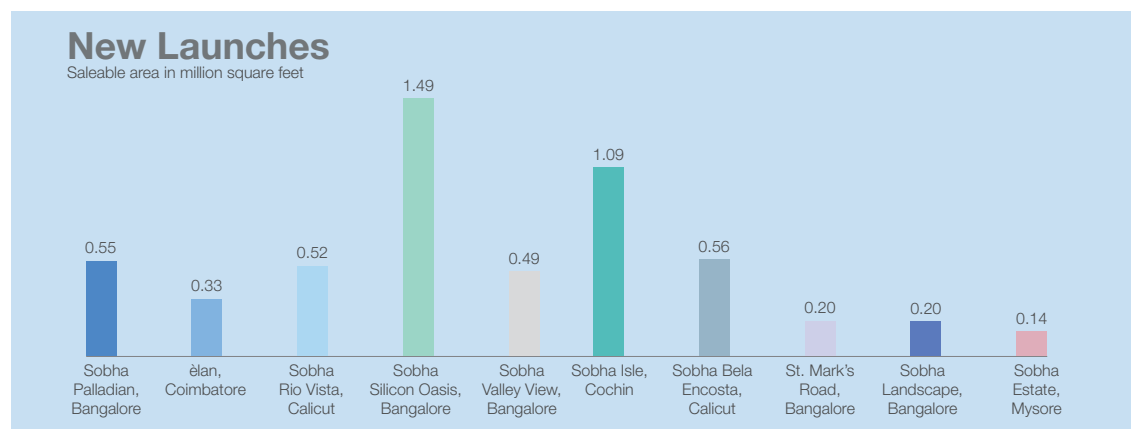
Bearing in mind the macro-economic pressures, the Company's sales performance during the first half of the financial year was credible. The Company however, was, not completely insulated against the effects of the slowdown which reflected in the lower sales performance in the second half of the year.

The Company had set a guidance of new sales valued at ₹ 26 billion comprising of 4.20 million Square Feet for the financial year 2013-14. Owing to the tough economic conditions and its consequent impact on the real estate market, particularly in the NCR-Gurgaon region, the Company achieved 3.59 million Square Feet of new sales area valued at ₹ 23.43 billion at an average price realisation of

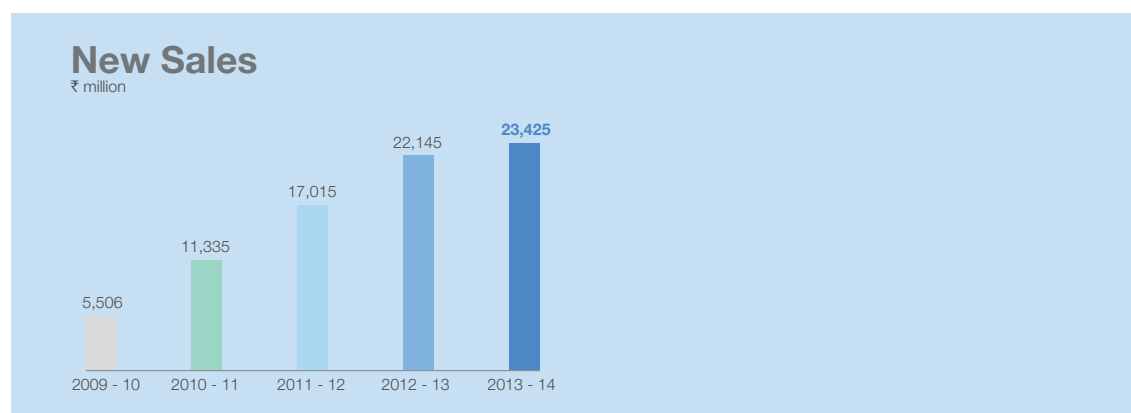
₹ 6,534 per square feet. Whilst the volume declined by 5% in FY'14, the new sales value has increased by 5.78% and average price realisation has registered a growth of 10.80% Y-O-Y.

The sharp slowdown in the NCR-Gurgaon market saw its contribution to the Company's new sales performance declining from 13.56% in FY'13 to 3.59% in volume terms and from 22.52% to 6.01% in value terms. The growth in new sales volume and new sales value is 6.47% and 28.32% respectively as compared to FY'13 if the share of NCR Gurgaon is excluded.

During the financial year, the Company launched 10 projects with a Total Saleable Area of 5.57 million Square Feet. Out of these, three were in the second fortnight of March 2014.

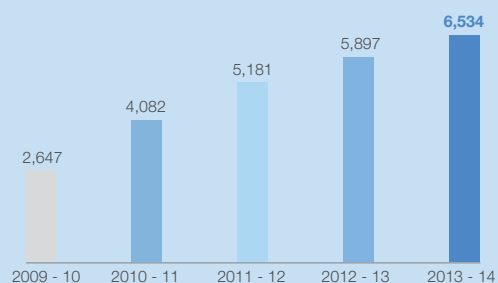


The projects have generated a positive response from the customers and the Company intends to carry the sales momentum forward.



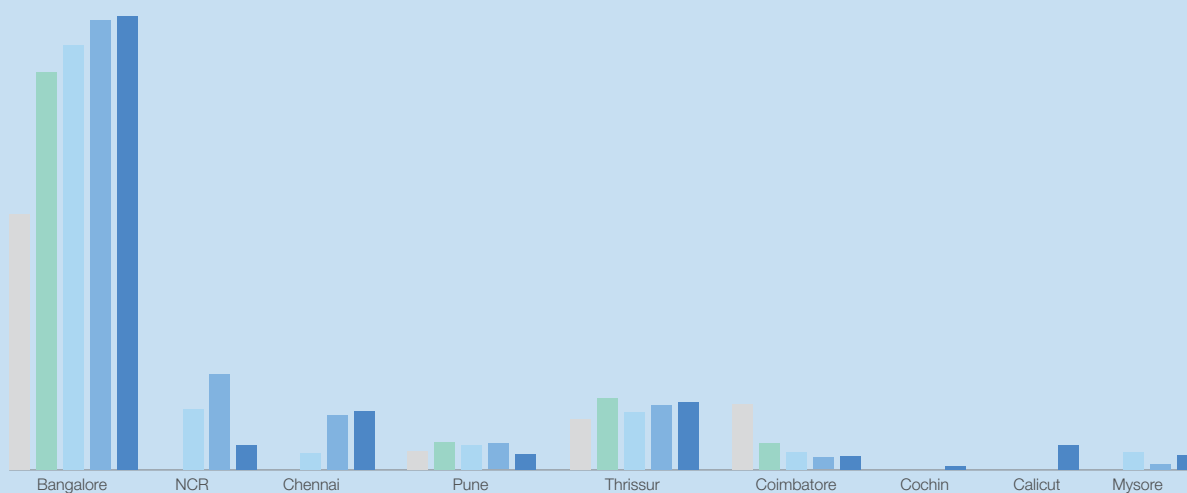
Average Price Realization

per square feet



New Sales

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



	Bangalore	NCR	Chennai	Pune	Thrissur	Coimbatore	Cochin	Calicut	Mysore
2009-10	1.36	-	-	0.10	0.27	0.35	-	-	-
2010-11	2.11	-	-	0.15	0.38	0.14	-	-	-
2011-12	2.26	0.32	0.09	0.13	0.30	0.09	-	-	0.09
2012-13	2.39	0.51	0.29	0.14	0.34	0.06	-	-	0.03
2013-14	2.41	0.13	0.31	0.08	0.36	0.07	0.02	0.13	0.08

With a strong pipeline of launches in the coming quarters backed by the new sales generated by launches in March 2014, the Company is confident of improving its sales performance in FY'15.

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

Regulatory Environment

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

The Government has introduced the Real Estate (Regulation and Development) Bill, 2011 which was placed in the public domain for comments. The Bill seeks to establish a Real Estate Regulatory Authority for the planned development of the real estate sector. It also mandates prior registration with the Real Estate Regulatory Authority for any project exceeding prescribed threshold limits, an escrow mechanism and compliance with the requirements stated through a web enabled platform. It also provides for the establishment of a Real Estate Appellate Tribunal as a dispute redressal authority. Though this is a welcome step as it would bring in greater transparency, it should be ensured that there will not be any regulatory delays which will hamper the execution of projects.

The statute relating to Land Acquisition aims to provide fair compensation to land owners and increasing transparency for land acquisition. Apart from being procedurally complex, there are many grey areas leading to uncertainty in land acquisitions which may make the process longer, thereby making the acquisition financially unviable.

Since the Real Estate sector is one of the major recipients of Foreign Direct Investment in India, various conditions related to the same should be eased to include the development of small sized projects and the taxation aspect of investments coming from specified jurisdictions should be made amply clear.

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

The Company looks forward to the new Union Budget for the year 2014 – 2015 and anticipates certain sector specific initiatives like the erstwhile Section 80(IA) and Section 80(IB) of the Income Tax Act, 1961 as such initiatives had resulted in revival of many other industries which are ancillary in nature and which support the real estate and construction industry. The Company also expects benefits to the end customers in the form of increased tax deductions on housing loans.

We continue to be upbeat about the markets we operate. The positive sentiment which has arisen post General Elections gives us an optimistic outlook on a long term basis.

Projects and Work Done in 2013-14

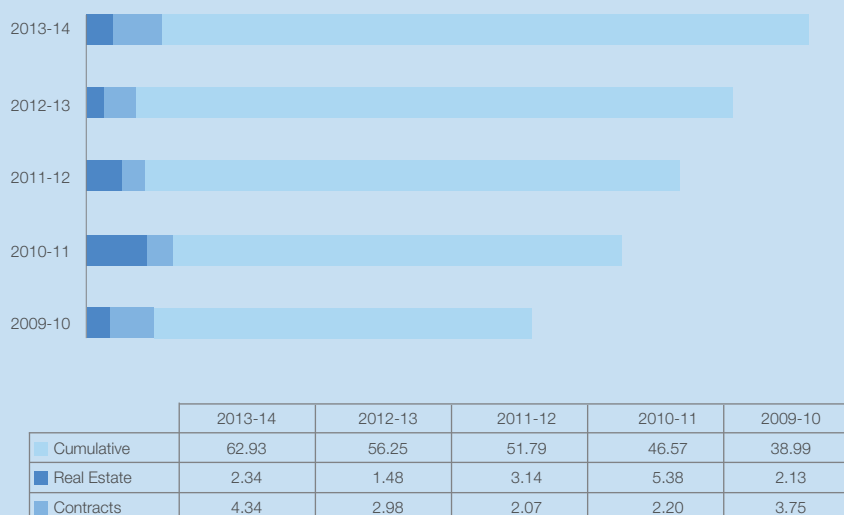
Strong execution capabilities aided by a robust backward integration model, provides the Company competencies necessary to grow in the existing markets and the confidence to explore newer markets. The execution and delivery strengths of Sobha have made it one of the few real estate companies in the country to have a successful presence in multiple cities across India.

I. Overall Execution

The Company has since inception executed 339 projects aggregating to 62.93 million Square Feet. The Company has been consistently launching new real estate projects and executing new contractual projects wherein significant project level investments are being continuously made. These ongoing projects are excluded from the purview of overall execution since on an average, a real estate project takes around 3 to 4 years for completion.

Execution Track Record

Area in million square feet



II. Completed Projects

In fiscal 2014, the Company completed a total of 26 projects in its Real Estate and Contractual verticals, measuring 6.68 million Square Feet of developable area and 6.17 million Square Feet of Super Built-up area.

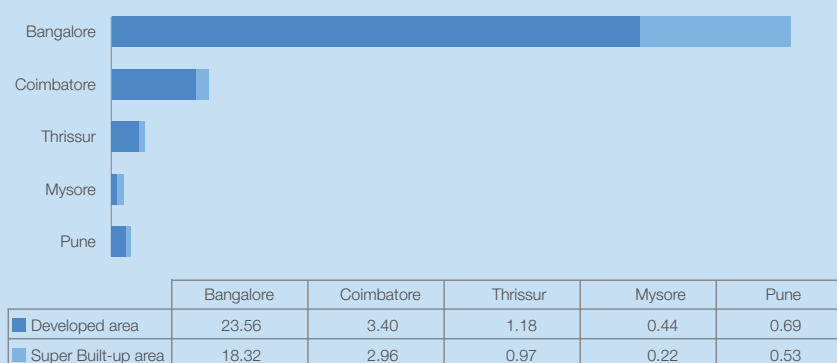
a. Real Estate

During the financial year 2013-14, we completed 7 Real Estate projects measuring 2.34 million Square Feet of developable area and 1.84 million Square Feet of Super Built-up area spread across 5 cities.

Since inception we have completed 92 real estate projects measuring 29.27 million Square Feet of developable area and 23.00 million Square Feet of Super Built-up area.

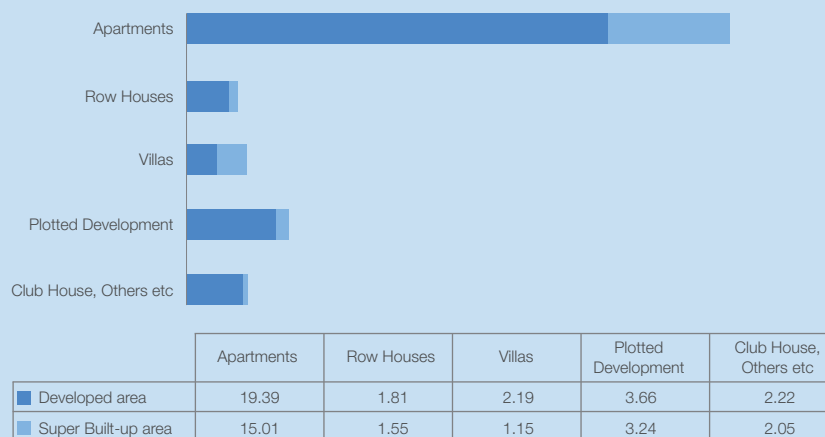
Real Estate Completed - Location wise breakup

Area in million square feet



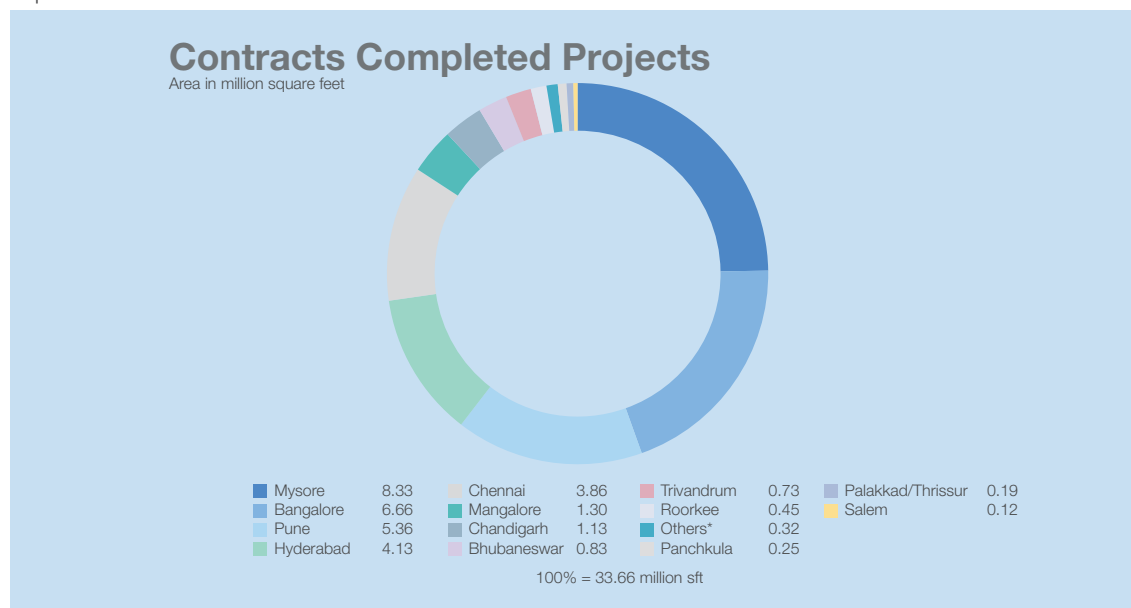
Real Estate Completed - Product Mix

Area in million square feet



b. Contractual

During the financial year 2013-14, we completed 19 Contractual projects measuring 4.34 million Square Feet spread across 6 cities. Since inception, we have completed 247 contractual projects measuring 33.66 million Square Feet.



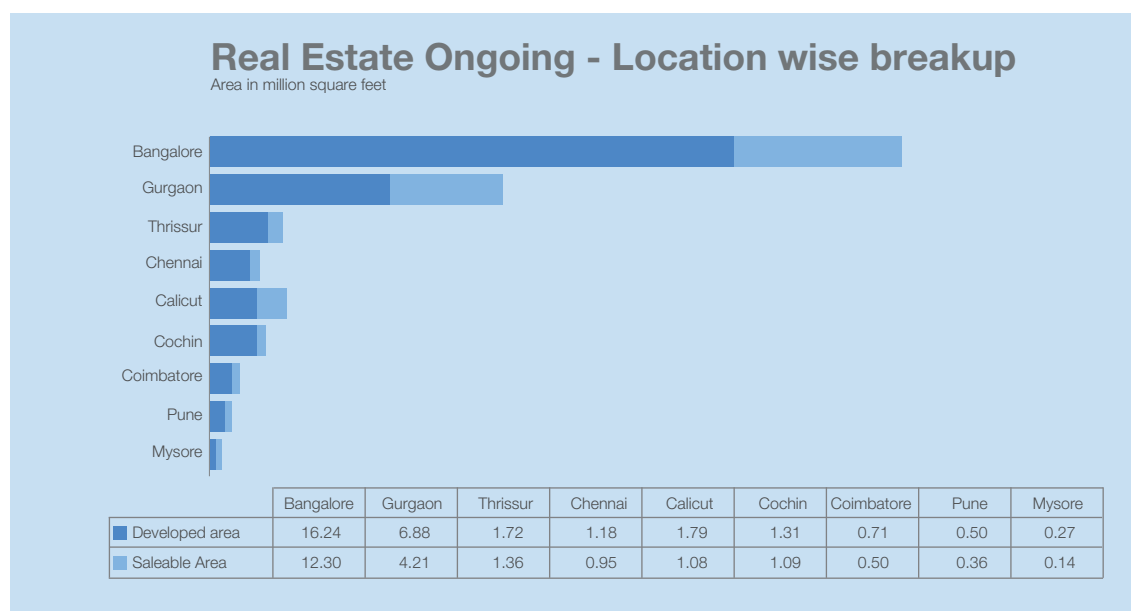
*Others include Jaipur, Baddi, Noida, Gurgaon, Kolkata, Ooty, Calicut and Mumbai.

III. Ongoing Projects

The Company has 79 ongoing projects measuring 40.28 million square feet of developable area and 31.65 million square feet of super built up area.

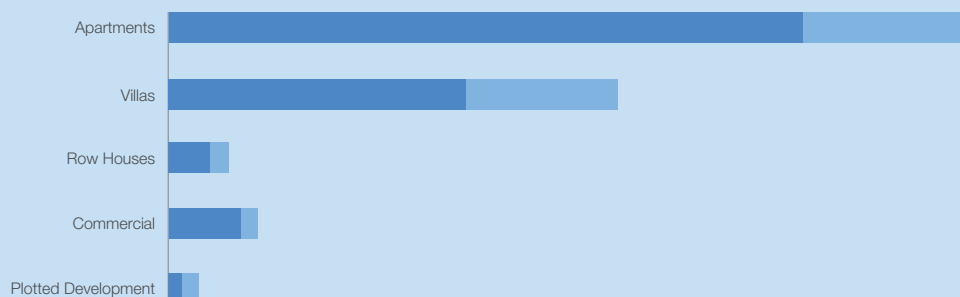
a. Real Estate

The Company currently has 48 ongoing real estate projects aggregating to 30.61 million square feet of developable area and 21.98 million square feet of super built up area spread across 9 cities.



Real Estate Ongoing - Product Mix

Area in million square feet



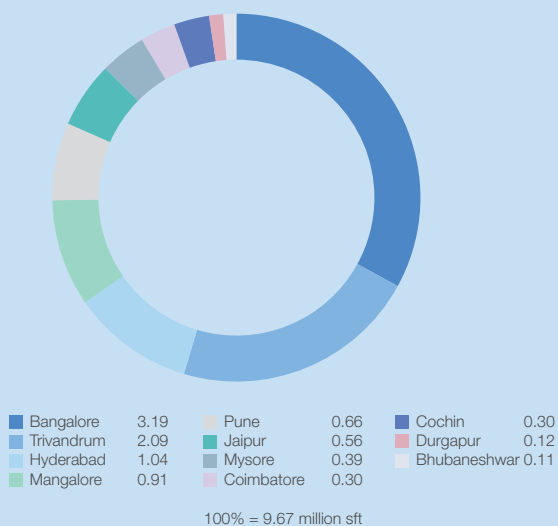
	Apartments	Villas	Row Houses	Commercial	Plotted Development
Developed area	18.71	7.70	1.41	2.09	0.70
Saleable Area	14.80	4.15	0.98	1.71	0.34

b. Contractual

The Company has 31 ongoing contractual projects aggregating to 9.67 million square feet spread across 11 cities.

Contracts Ongoing Projects

Area in million square feet



Environment, Health and Safety

Environment

Besides our penchant for delivering high quality products to our customers, we are equally driven to do our bit for the society through our environment-friendly initiatives. While rendering our construction services, we strive to make Environmental, Health and Safety (EHS) matters an integral part of our business. We have always concentrated on sustainability initiatives that will help build a better future for all generations to come. Not just our construction sites but our manufacturing facilities also relentlessly try to reduce the carbon footprint by adopting the best industry practices and planting as many trees as possible. We have been recognised with the ISO 9001, ISO 14001 and OHSAS 18001 certifications for our quality, safety and environment management systems respectively, making us one of the few construction companies in India to achieve this feat.

By default, our environmental-friendly initiatives qualify all our buildings for a IGBC gold rating. We include rainwater harvesting facilities, sewage treatment plants and organic waste converters in all our projects. These activities are elaborated below.

1. Rainwater Harvesting (RWH)

With burgeoning population and rising demands, the pressure on the existing water resources has grown multi-fold. Rainwater harvesting is the most viable option to meet our immediate water requirements. It also helps restore the depleted aquifers, thereby enhancing the sustainable water yield in the surrounding areas.

With an increase in the demand for fresh water, and rainwater being the purest source of water, these techniques have gained prominence. In view of this, we have adopted rainwater harvesting techniques through collection tanks for roof-based runoff and recharge pits for land-based runoff. This augments the depleting ground water resources and also saves the potable water from municipal supply or ground water.

With primary treatment for sedimentation and filtration, treated rainwater can be used to meet various domestic and non-domestic needs of the residents.

Our rainwater facilities have led to a reduction in the fresh water consumption by nearly 60% of the total water requirement during the monsoon season. During this financial year, we have successfully completed the construction of roof rainwater collection tanks of volume 1.264 MLD and about 130 recharge pits in various projects pan-India.

2. Sewage Treatment Plant (STP)

Sewage treatment plant has been designed to treat the waste water generated from buildings. This assures the availability of water for various secondary uses.

The plant handles the designed quantity of sewage and delivers satisfactory quality of treated water on a consistent, sustained basis and conforms to the stipulated standards. The generated waste water is treated up to tertiary level and after treatment, it is reused for flushing of toilets, landscaping and other secondary uses. STP treated water is also reused for flushing through water efficient plumbing fixtures driven by the dual plumbing mechanism, thus further conserving water.

STP is designed on the principle of hybrid technology i.e. Activated Sludge Process (ASP) combined with Ultra Filtration (UF) technology for enhancing the quality of the final treated sewage to conform to the applicable Pollution Control Board standards.

The UF system has been designed for 40% of the total STP capacity i.e. portion of the STP treated water used for flushing. This reduces the fresh water consumption, fresh water costs and ensures improved public health. In addition, we also provide mobile STPs at construction sites in order to treat the sewage at the source of generation.

During this financial year, we have successfully installed STP with a total capacity of 1.055 MLD in

various projects pan-India. From the existing STPs, the total quantity of sewage treated is 6.378 MLD and about 3.57 MLD of treated sewage is reused for flushing and gardening purposes within our project premises. This has contributed towards sustaining the water resources in the areas we operate.

3. Organic Waste Converter (OWC)

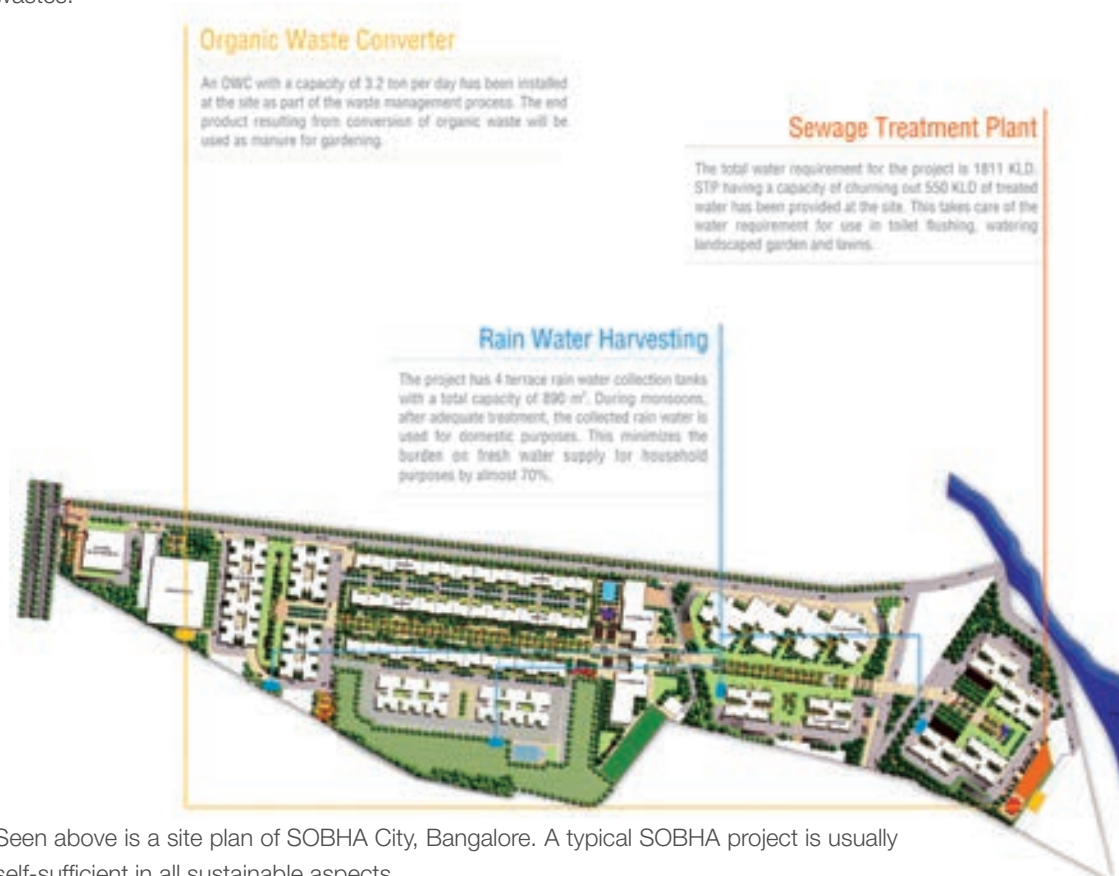
An effective solid management system is the basic requirement for betterment of human health and safety. As a prerequisite, an effective system of solid waste management is formulated at all our projects during the operational phase. The aim is to design and follow a comprehensive Integrated Solid Waste Management (ISWM) system which shall be both environmentally and economically sustainable.

The integrated solid waste management system operates on the 4R principle i.e. Reduce, Reuse, Recycle and Recover the basic components of waste. In this system, waste is segregated at household levels as biodegradable and inorganic wastes.

Waste from plant/ animal origin or manmade food falls under organic waste stream. Organic waste can be treated properly and can be used in the form of manure. The OWC helps faster bio conversion of waste into organic manure.

Such collected biodegradable fraction of waste is treated in OWC and the end product from OWC is utilized for landscaping and gardening. The inorganic portion is handed over to authorized waste recyclers for further processing.

In our projects all over India, we have successfully achieved the installation of OWC having total processing capacity of 1.10 MT during the last financial year. Also from the existing OWC's, about 2.421 MT of garbage has been processed and the composted quantity is about 0.4785 MT. The same is reused as manure within our project premises.



Seen above is a site plan of SOBHA City, Bangalore. A typical SOBHA project is usually self-sufficient in all sustainable aspects

Health and Safety

We at Sobha believe that satisfied employees contribute to the growth and the prosperity of the Company. Therefore, we are highly focused on employee-friendly initiatives and policies. This includes a host of health and safety initiatives that are targeted at the employees and project workforce alike. We are also committed to implement environment-friendly initiatives as well as undertake the health and safety of individuals and the society at large. All our construction sites are given special safety instructions and we ensure strict compliance to these activities. Apart from complying with the requirements laid down by various statutory and regulatory authorities, we have voluntarily undertaken a number of environment and people friendly practices.

On the occasion of National Safety day, we conducted a massive blood donation camp and various safety awareness programmes for our workforce at the contractual work sites. This was done in association with the Indian Red Cross Society (IRCS). Our personnel at these project sites came forward in large numbers to donate for this worthy cause. A training was conducted for our workforce on 'Working at Height' and skits elaborating safety practices were showcased. Mangalore Institute of Fire and Safety Engineering conducted an informative session on health and safety in construction. We have had four Zero accident months in the FY 2013 – 2014 (June 2013, July 2013, February 2014 & March 2014) and these sites were recognised as a part of the celebratory programme.

Being a technology-savvy Company, we also developed an ERP application to monitor and track the in-house statistics of all our residential as well as commercial projects. We also conducted various training programmes and health initiatives for our workforce. Members of Primary Health Centres (PHC), Dermatology/Leprosy Units, Disease Vector Control (DVC) Units, Malaria Unit, Non Communicable Disease (NCD) unit, Integrated Counselling and Testing Centre (ICTC) screening unit, general medicine and supporting staff conducted medical camps at our project sites. The camp was mainly focused on malaria, skin diseases,

leprosy screening, Serially Transmitted Illness (STI) Screening, ICTC screening & general medical check-up. Multiple blood testing campaigns were also conducted. These endeavours have also been honoured by many reputed institutes.

Some of the major initiatory steps taken towards the health and safety of our workforce are:

1. A new standard drawing was approved for all of our labour camps and circulated for implementation at the applicable projects sites.
2. To ensure maximum safety at site at all times, Safety Stewards were designated to take care of the site safety even during the non-working hours.
3. We have started using colour-coded safety helmets for different categories and this process has been implemented at all project sites.
4. In order to ensure a safe work-site, a safety plan for barricading has been prepared and made available at all out project sites.
5. All the projects have a strict mandate to follow a standard method for stabilizing the earth in the excavated area. The safe working distance to work near an excavated area of depth greater than 2m, before & after the construction of a retaining wall has been prepared.
6. A project-wise safety time matrix is prepared by identifying all the critical locations in a project site. Safety personnel are allocated for monitoring these critical areas.
7. Not just for the project work force, we also conducted safety related trainings for our Sales & Marketing teams with the purpose of achieving the organizational objective of developing best safety practices.

We have always been an environmentally conscious organisation and we are always looking to enhance our safety standards. As always, we shall continue to work towards the overall welfare of all our diligent employees and our industrious workforce. We shall also work towards a greener, cleaner and better environment for our future generations.

Corporate Social Responsibility

In today's increasingly dynamic and inter-connected world, a Company and the society in which it operates are intrinsically and inseparably linked. Corporate Social Responsibility or CSR is a natural corollary of this symbiotic and co-dependent relationship. The new Companies Act, 2013 seeks to cast a legal obligation on this responsibility by making CSR a binding commitment for prescribed companies.

Sobha has been a conscientious corporate citizen since its establishment in the year 1995. Community development and social empowerment has been at the forefront of the Company's social responsibility initiatives. Since the year 2006, the CSR activities of the Company are being undertaken through Sri Kurumba Educational and Charitable Trust, a public charitable trust. The CSR activities of the Company spanning a school, healthcare centre and old-age home among others has resulted in the establishment of world-class facilities unmatched in quality and reach. The Company's work in the CSR arena has been recognised and the awards received during the year have been detailed elsewhere in the Annual Report.

The Company has constituted a Corporate Social Responsibility Committee for overseeing the Corporate Social Responsibility activities of the Company.

I. Coverage of CSR Activities

• Palakkad, Kerala

In the year 2006, two panchayats, Vadakkenchery and Kizhakkenchery in the district of Palakkad, Kerala, were brought into the ambit of Graamasobha - akin to the Gandhian concept of 'Gram Swaraj'. To gain an in-depth understanding of the two villages from a socio-economic perspective, a comprehensive Social Empowerment Mapping Exercise (SEME) was undertaken. For about a year, a team of around 20 studied the incidence, extent, and severity of poverty of the beneficiaries.

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

• Hoskote, Karnataka

In the year 2013, seven panchayats in Hoskote Taluk were selected for carrying out the CSR activities of the Company. A study is currently underway for the purpose of mapping the beneficiaries.

II. CSR Programmes / Projects



- **The Sobha Academy**

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

The Sobha Academy is now 825 students strong and every year; 90 new children are brought into the fold.

- **Sobha Icon**

To expand the scope of our initiatives in the area of education, Sobha Icon was launched. This is a focus programme in which bright students from other government schools are selected and coached extensively to improve their knowledge of basic subjects. With the help of academic professionals, over 250 students have benefited from the initiative. They have demonstrated better grasp and academic performance and have also been able to realise their full potential.

Shadow Icon is an intensive weekend academic support programme. Around 75 students from standard 6 and 7 from different local schools are beneficiaries of this programme.

Sobha Icon High School Support programme is an after school teaching and learning initiative. Around 90 students of standard 8 to 10 from the only Government school in the area have been brought under the ambit of this initiative. In the year 2013 and 2014 SSLC Board examinations, the Icon students displayed exemplary performance, with all of them passing with distinction. Out of the 30 students of

Standard 8, 20 have topped the National Means and Merit Scholarship Exam conducted by the General Education Department of the State. This is highest individual score from the district of Palakkad.

Sobha Icon Higher Secondary programme is a regular academic programme for 120 students from the science and commerce streams. All beneficiaries are from the Project Panchayats.

This is the 2nd SSLC batch and First HSS batch of students of Sobha Icon.

In an effort to maximise the benefits derived from the programmes, Sobha Academy, Sobha Icon and Shadow Icon convene regular meetings with parents, to discuss the progress of their children. From the academic year 2013-14 onwards, SSLC examination rank holders in the CSR project areas are being recognised with Sobha Medals for Academic Excellence.

- **Sobha Vocational Training Centre**

Sobha Vocational Training Centre (SVTC) provides functional vocational training and paid apprenticeships in carpentry to youth hailing from the economically weaker sections of the society. The centre provides direct and indirect employment to 20 persons annually. Centres have also been set up to impart training in computer education, music and tailoring.

- **Sobha Hermitage**

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

Independent rooms, library, a common TV room, gym and Internet access are some of the basic facilities provided for the residents. The Hermitage also provides round-the-clock medical support. Cultural activities and celebrations of birthdays

and festivals are a regular feature of life at the Hermitage. The young widows, respectfully called young mothers, are provided with opportunities to complete their education and become self-reliant. Sobha Hermitage currently calls it itself home to 17 elders, 15 young mothers and 23 children.

- **Sobha Healthcare**

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

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

Sobha Healthcare conducts outreach programmes to assist the deprived at their doorstep. The Sobha Health Programme also provides for an annual medical screening of over 3,000 students from the surrounding government schools. The centre is planning to introduce specialty care for children and women.

In the financial year 2013-14, the centre provided treatment to 15,486 patients. The Physiotherapy unit started functioning in April 2013. Since 2011, Sobha Health Care has also been conducting an annual Health Screening Programme for all its project staff and migrant workers in the CSR Project areas.

Apart from specific initiatives of the healthcare centre, the Graamasobha has also worked relentlessly towards raising the standard of hygiene and cleanliness in the areas covered by the projects.

- **Sobha Community Centre**

Sobha Community Centre is the stage for various community development programmes. This grand structure hosts social weddings, conducts medical

camps and orientation/training classes. The centre has a spacious dining hall with a capacity of around 300 where the poor and destitute sections of the society are provided with free food twice a day.

- **Sobha Young Mother Rehabilitation Programme**

A comprehensive rehabilitation package for the young mothers and children residing at the Hermitage has also been undertaken. The young mothers are in the employment of Sobha Academy and adequately remunerated. They are also provided an opportunity to pursue their education free of cost. Their children are enrolled as students of Sobha Academy and imparted quality education. Support is also extended to the young mothers if they wish to remarry.

- **Sobha Senior Widows Welfare Programme**

Around 53 widowed mothers and their children from selected Panchayats have also been extended the benefits from the widow outreach programme. Majority of these women are the unfortunate victims of poverty and indebtedness. They are provided with basic living facilities and given a monthly subsistence allowance of ₹1,700. The children's educational expenses are met by the programme.

- **Sobha Social Wedding Programme**

The Social Wedding Programme is an initiative to enable people belonging to the economically weaker sections to get married. Dowry-less mass social weddings are organised and so far, 411 weddings have been conducted. Around 40 weddings are solemnised under this initiative every year. The wedding expenses are sponsored and the couples are provided with the necessities required to embark on their marital life. Pre-marriage counselling is held and financial assistance is also rendered post marriage, if required.

- **Other Initiatives**

Several green initiatives are underway in the CSR project areas. An entire campus was constructed without any alterations being made to the terrain with more than 3,000 plants and herbs planted and

rainwater-harvesting methods implemented. Waste management is a priority and effective means are in place to process the waste generated. The campus is also a plastic free and a no-smoking area.

Support is also extended to other projects such as maintaining the community pond, and providing financial aid to needy and deserving students admitted to engineering and medical graduate courses.

III. New Programmes and Initiatives

A Young Mothers' Quarters is being constructed and the young mothers currently occupying the Sobha Hermitage will be accommodated in the quarters.

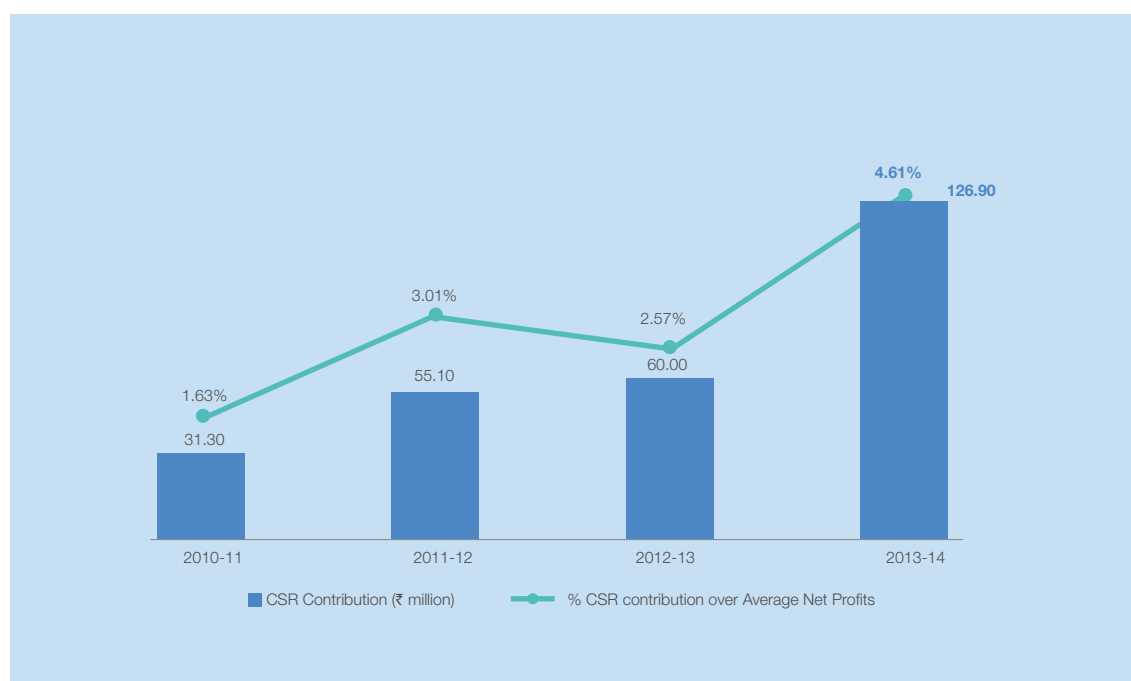
Plans are also in the works to convert a portion of Sobha Hermitage into a dormitory which will accommodate 55 students from the Sobha Academy.

IV. CSR Contribution

Effective from 2014-15, at least 2% of average net profits of past three years should be expended on CSR activities in terms of the new Companies Act 2013. The Company has on an average contributed 2.95% of its average net profits (standalone) to Sri Kurumba Educational and Charitable Trust in the past four financial years.

During the financial year 2013-14, the Company has contributed an amount of ₹126.90 million to Sri Kurumba Educational and Charitable Trust for undertaking its CSR activities. The Board of Directors has approved a minimum CSR spend of ₹ 60 million in fiscal 2015 in terms of the 2% criteria laid down under the Act.

Sobha continues to be dedicated and steadfast in the fulfilment of its Corporate Social Responsibility objectives.



Research and Development

With two decades of engineering excellence and pioneering timely delivery of world-class products, we are today, a premier real estate developer in India. By continuously improvising every millimetre of our products through intense Research and Development (R&D) activities, we are able to create maximum value to all our stakeholders.

We aim to offer the best quality products that are executed with enhanced efficiency to ensure cost optimization. We also strive to continually develop new technologies to improve every little detail of our existing as also new products. We are at par with the global technology and construction trends and our best practices are standardised and followed across all our projects.

Excellence in innovation is a key success factor for a technology-focused organization such as ours. The success of R&D initiatives depends on selecting the right method of construction, the right machines and the right kind of materials.

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

We are driven by our passion for perfection and we continue to give utmost prominence to R&D activities. The technology/ innovation initiatives at SOBHA can be categorized into three levels:

1. Central innovations
2. Divisional innovations
3. Project Specific innovations

1. CENTRAL INNOVATIONS

Central level innovations indicate the R&D activities that impact organisation wide activities. Some of the initiatives followed across the organisation are:

a. Home Truths – Live Demo

Home Truths was a pioneer event, the first-of-its-kind initiative by any real estate developer in India. The idea was to not only help the consumers understand and absorb the novel techniques of construction, but also gain knowledge on the various processes that go on 'behind the scenes' in building an ideal home. This was a two day event which was conducted in November 2013 at SOBHA Forest View, Bangalore.

Various teams at SOBHA collaborated to make this event a grand success. At the event, crucial components like block work, plastering, tiling, under tile waterproofing, wood work, metal fabrication work and block paver laying were capably demonstrated by SOBHA's master craftsmen. Furthermore, this was emphasized by making different videos showcasing each of the activities demonstrated during the event. In the process, six home truths videos were created in-house and then uploaded on SOBHA's website as also YouTube channel.



b. Material Selection Application

The material selection application is an app available on smart devices as well as desktop systems that was developed internally to assist the Design and Engineering (D&E) team with the process of selecting and applying materials for floors and walls of their respective projects. The catalogue clearly lists the materials under various categories such as ceramic tiles, vitrified tiles, granite, natural marble, carpets, engineered marble, other stones and wooden flooring. It provides the exact location for each material to aid in its easy retrieval from the material display room. The items in each material type can be selected based on several attributes like price, size, color tone and finish.

The D&E team can select various items from the display room and add them to a cart. Once this is completed, the cart can be submitted for approval to the concerned supervisor. The supervisor can then approve items from the basket and sanction it to be used applicably. Once the material has been selected and approved, all the relevant stakeholders (project team, purchase department, D&E team, CRM) are informed regarding the details of the material selected. An audit trail is enabled for the selection and approval process for future reference and for archival reasons. Significant benefits of the application are:

- Process of material selection can happen real-time by using the application on an iPad
- Complete transparency to the selection process with audit trail (archives) for future reference
- The automated communication of the selected material ensures timely and accurate information

2. DIVISIONAL INNOVATIONS

Divisional innovations are R&D activities pioneered by various divisions within SOBHA. The important initiatives undertaken by various departments at SOBHA are:

a. Concrete Products Division (CPD)

i. Smart Dynamic Concrete (SDC)

SDC is the form of concrete that has all the properties of self-compacting concrete (SCC) while using a lower amount of cementitious material without any detrimental effects. The production of SDC is made possible by combining an innovative Viscosity Modifying Agent (VMA) with a super plasticizer.

SDC requires minimal-to-no vibration due to its self-compacting properties, thereby reducing the dependency on manual labour.

De-shuttering can be done in just 16 hours thereby saving time in the slab cycle which will lead to faster project delivery. This produces excellent surface finish without honeycombs and voids. Similarly, the need for plastering of exposed surfaces prior to painting, as is the common industry practice, can also be eliminated. This is an effective cost saving measure.

ii. Wooden or Bamboo Textured Glass Fibre Reinforced Concrete (GFRC) Cladding panels

GFRC, one of CPD's flagship products, has been selected to be used as the cladding material in many of our in-house projects. Thin sections of 15mm thickness can be made with GFRC, which is a lightweight material as compared to conventional concrete. GFRC acts as a



noise absorbent and also has fire resistant properties. The alkali resistant glass fibres used in GFRC contain high percentage of Zirconium, which increases the flexural strength of concrete. Customized products can be made with GFRC which can be easily installed at site and requires low maintenance.

b. Restoplus Division

Regal Touch

The R&D team at SOBHA Restoplus has put together the perfect combination of comfort and support to produce a new mattress variant aptly named “Regal Touch”.

This faux top mattress combines the “firm” support of a bonnell mattress with the “plush” comfort of pocketed springs and is designed to respond with care. The core-bonnell unit lends the ultimate support and ensures that sleep is uninterrupted and comfortable. The pocket layer reduces pressure points for a more peaceful sleep.

Encased within a quilted cover of high quality 300 GSM polyester wadding and 250 GSM knitted fabric, the mattress truly gives a complete feeling of wellness. It is available in 12” and 14” heights.



3. PROJECT SPECIFIC INNOVATIONS

Some of the project specific innovations are:

a. Tool for maintaining horizontal blockwork

To achieve the horizontal level in blockwork, previously we used to keep blocks at both ends of the area where block work needed to be done and then a long nylon thread was used to ensure correct alignment. An alternative approach, suggested by our execution team, proposed the replacement of

blocks with plywood pieces. Plywood pieces are kept in place by the guard nails. The two guard nails are kept at a distance equal to the thickness of the masonry and this ensures that the tool is fixed in position. This method improves the safety as it prevents mishaps that may arise during the activity like falling of the block. Being light-weight, it also results in ease of workmanship.

b. Column stirrups in column beam junction

Due to reduced accessibility at the column beam junction, it is challenging to keep the column stirrups at the junction within the required spacing. An alternate method was implemented to improve the efficiency. Extra rods of 8 mm diameter each are tied to the column stirrups. This ensures maintenance of exact spacing as suggested by the structural consultant. These rods are tied to the beam reinforcement and lowered to position along with it. This excellent execution friendly practice helps in the right positioning of the stirrups at the column beam junction.

c. Curing system

Curing is a critical construction related activity. The earlier curing practice was not very environment friendly considering the excessive water consumption. It also required someone to be physically present in the pump room to switch off the pump when the tank was full. The present curing system is very effective as it comprises of fittings like auto level controller, pressure release valve and sprinkler to name a few. This results in reduced water consumption and eliminates the need for extra manpower.

d. Standard counter weight for marble laying

We now use concrete in cylindrical shape with a PVC outer covering, MS handle on the top and smooth marble at the bottom as the standard counter weight for marble laying. The old method of using concrete blocks as a counter weight during marble flooring used to cause scratches on the flooring and was not easy to handle. The newer improved method results in these weights being used repeatedly while ensuring better protection of the flooring as also reduced need for constant housekeeping.

Employees

For any real estate Company, its human capital is an invaluable asset. At Sobha, it is even more so.

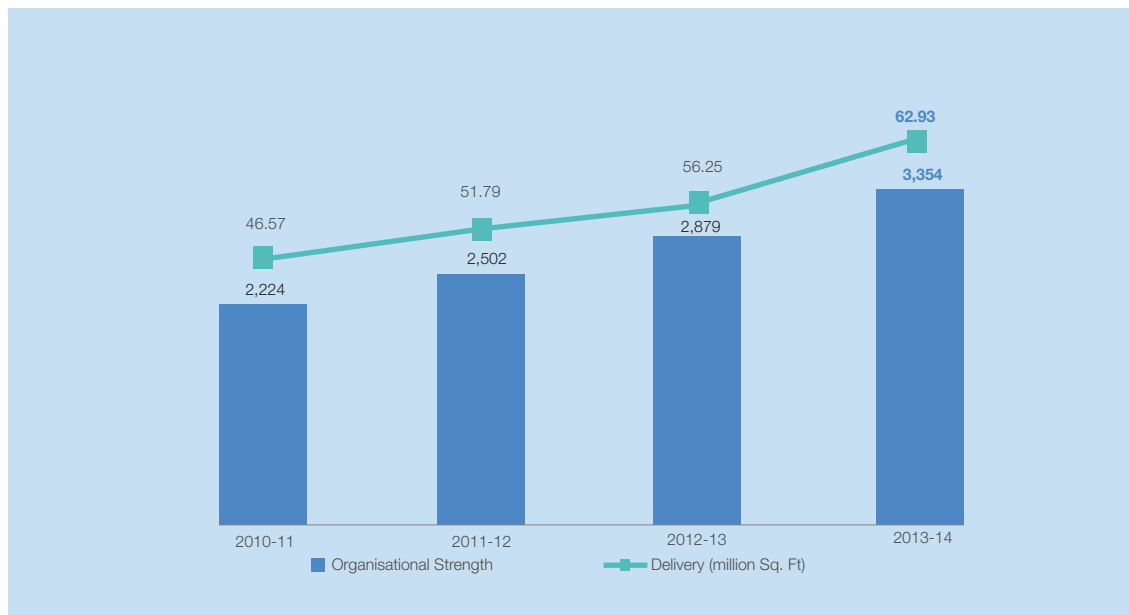
The Company follows a backward integration model, i.e., all activities involved in construction are carried out in-house. The Company has a design, structural and architectural studio and three manufacturing divisions – Glazing and Metal Works, Concrete Products and Interiors. Unlike most real estate companies, the Company does not outsource the construction activity. Further, even the sales and customer relationship management functions are internally managed.

All these activities and other support functions are either manpower-intensive or people-oriented. A talented, skilled and resourceful workforce therefore becomes a key differentiator. At Sobha, talent management is given prime importance. Employee development, safety and welfare is recognised and acknowledged as fundamental for the growth of the Company.

Organisational Strength

Sobha is one of the largest employers in the real estate sector and has 26 departments and 3 manufacturing divisions. The Company has a presence in 24 cities and 13 states across India with 7 Regional/Area Offices located at New Delhi, Chennai, Thrissur, Pune, Coimbatore, Calicut and Cochin.

The organisational strength of Sobha as on March 31, 2014 was 3,354; a 16% increase over 2012-13. The delivery levels of the Company during the period also increased from 56.25 million Square Feet to 62.93 million Square Feet, an increase of 12%. The execution and delivery capabilities of a construction Company are directly proportional to the availability of skilled manpower.



Workforce Diversity

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

We have a young workforce with an average age of 30 years. Brimming with innovative and creative ideas, they bring with them a fresh and unbiased approach to work. They are the conduits of delivery and the drivers of the Company's growth momentum. The senior employees in the organisation with their wealth of knowledge and experience act as mentors and steer the Company in the right direction.

Recruitment, Training and Development

The growth of the organization is closely linked with its ability to successfully meet the increasing demand for highly skilled manpower for a wide gamut of diverse functions. The Company has a proficient and well-experienced team for recruiting and inducting the best available talent in the market.

A detailed and comprehensive recruitment process is followed by the Company. In addition to the conventional methods of recruitment, social media platforms are also being utilised for posting relevant job requirements. Prospective employees are screened across varied parameters under the three broad categories: technical, functional and behavioural competencies. The Company has initiated the usage of online IQ and technical tests as well as psychometric testing in the hiring process for certain positions to enhance the decision making process.

When a new employee joins the organisation, he or she undergoes an induction programme which includes a visit to the Company's manufacturing facilities. The induction programme gives a broad overview of the Company, its processes and policies and fosters seamless integration of the new recruits into the organisational set-up. The Company has been able to bring on board, not only indigenous

talent but also expatriates to occupy key positions in the organization.

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

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

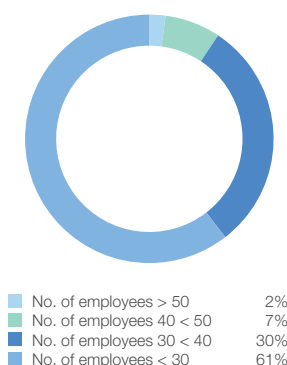
The Management Trainee Scheme is a leadership development programme wherein talented civil engineers from reputed educational institutes are selected and groomed into future leaders. The intensive training sessions equip the trainees with the necessary skill sets and knowledge to handle critical functions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

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

The training structure is as follows:

1. Induction programmes for all new recruits to acquaint them with the organisation structure, business units, departments and work processes.
2. Twenty-four hours each of mandatory behavioural and technical training every year.
3. Reverse training at project sites. In this, employees don the mantle of trainers and impart their knowledge and experience to others.

Age wise distribution



4. Workforce development training programmes to address the concerns of construction workers and contribute to their overall well-being.

Sobha Academy

The Leadership, Development and Training Department located in the Sobha Academy, Bangalore, is entrusted with the responsibility of overseeing the development graph of employees. The Academy has 10 in-house trainers who conduct behavioural and technical training programmes throughout the year.

Technical Training

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

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

Masons, carpenters, brick and tile layers and other craftsmen are selected and trained in batches of 25-30. The trainees are taught about quality consciousness, adherence to safety procedures and workspace cleanliness.

Technicians are methodically and meticulously instructed and trained in each aspect of their trade. A novice technician undergoes theoretical and practical training for an average of four weeks. On-the-job training under the supervision and direction of skilled and experienced technicians is provided for a period of eight weeks. After twelve weeks of precision training, the technician's skills are tested and the level of proficiency attained is assessed. This

is further supplemented by nine-month execution training. After a technician's basic skill set reaches the desired proficiency level, he is trained to acquire higher and advanced skills.

Behavioural Training

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

During the financial year 2013-14, the Company conducted a total of 14,168 hours of technical training and 43,112 hours of behavioural training for the employees. The Company also conducted 149,040 hours of training for technicians in various trades and 8,992 hours of training for technician supervisors.

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

Productive Work Environment

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

Talent Retention

Being one of the largest real estate companies in the country, the Company attracts a wide-pool of

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

Employee-Specific Initiatives

Creative Club

The Creative Club of the organisation works towards enlivening the work life of the employees. The Club ensures that important occasions such as Earth Day, World Plumbing Day, Earth Hour and Environment Day receive organisation-wide support and participation. Key festivals are celebrated through theme-based festivities. It is responsible for organising 'Sobha Utsav', an annual cultural

celebration wherein employees are given a platform to showcase their talent and creativity. The Club also conducts regular, open-for-all toastmasters meetings for enhancing the communication skills of the employees.

Employee Safety Measures

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

Employee Communiqué

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

Acknowledgement

The Company would like to acknowledge the contribution made by the employees towards the growth and performance of the Company and would like to express its gratitude for their diligence, commitment and team spirit.

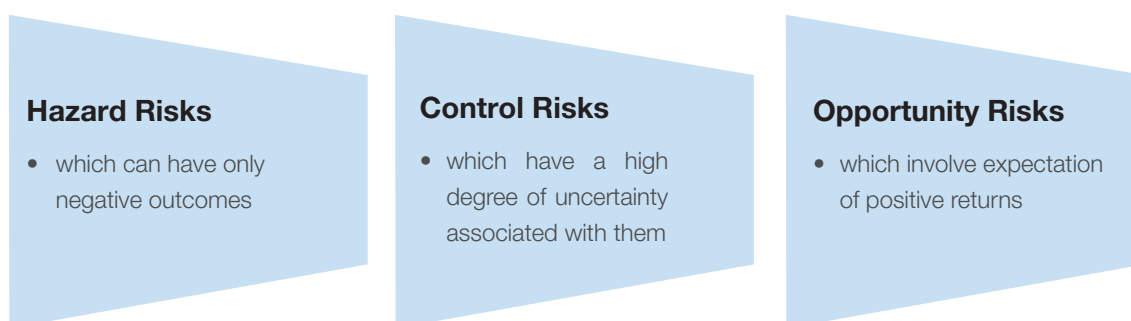
Risk Management Report

Risk is an inevitable and necessary adjunct to the functioning of an organisation. Whether it is strategic decision making or carrying out the normal day-to-day operations of a Company, almost every activity involves an element of risk or uncertainty. Risk Management assists in identification, assessment and prioritisation of the various risks faced by a Company. It helps the organisation to understand potential risks, its impact and provides an opportunity

to be prepared with alternative risk responses to mitigate/reduce the occurrence or impact of such risks.

Being engaged in the construction and development of properties, the Company is exposed to varying degrees of uncertainty both at the macro-level which affects the economy as a whole and at the sector level. Effective risk management is, therefore, crucial for the Company to optimise its performance.

Risks can be broadly divided into three categories



I. Hazard Risk

Disaster Risks

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

Risk Containment Strategy and Measures

The Company takes adequate insurance cover for managing disaster-related risks and takes suitable measures to reduce the incidence of man-made disasters. The Company also ensures that the structural design of the buildings are able to withstand the impact of seismic activities.

II. Control Risk

Sales Market Risk

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

The downturn in the economy could also lead to a decrease in sales or market rates for residential projects. Prospective customers may not be able to obtain housing finance. The Company may also run the risk of customer insolvencies though the registration of property happens only on receipt

of entire dues from the customers. These factors could decrease the revenue generation from some or all of the Company's residential business, and adversely affect the business and future growth of the Company.

Customer Risk

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

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

Borrowing Risk

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

Liquidity Risk

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

Land Related Risk

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

Credit Risk

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

Project Implementation Risk

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

Input Costs Risk

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

Supply Chain Risk

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

Personnel Risk

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

IT and System Risk

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

Sector Specific Risk

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

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

Interest Rate Risk

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

Competition Risk

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

Regulatory Risk

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

Legal Risk

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

Political Risk

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

Risk Containment Strategy and Measures

The Company's endeavour is to produce high-value products for quality conscious and discerning customers. The majority of our customers are not dependent on external financing and are able to self-finance the purchase of our products. We have a dedicated and robust in-house sales and marketing team, which is entrusted with the task of generating enquiries for the products and translating these into sales. This reduces the reliance on external agents and brokers. A Customer Relationship Management (CRM) department has also been constituted to exclusively interact with customers, resolve their queries, address issues, streamline the purchase process and receive feedback. An online portal has been designed for customers where they can share their views and also check on the status of the project. The core responsibility of the CRM function is to ensure smooth and hassle-free transactions to the satisfaction of the customer.

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

On the contractual projects' front, there has been a conscious effort to enlarge the client base. Catering to a wide pool of corporates and institutions ensures that dependence on any one particular client is reduced. Out of the projects currently under progress, the share of contractual orders received from other clients have increased to 39%.

The Company has a proven track record in servicing its debt obligations. The gearing levels of the Company have been efficiently managed in the last six financial years. The gearing ratio has come down from 1.76 in 2008-09 to 0.54 in 2013-14. As on March 31, 2014, the Company has unutilised borrowing limits of ₹19,048 million. The management believes in maintaining an optimum level of debt and is committed to keeping the debt equity ratio within 0.60.

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

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

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

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

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

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

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

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

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

III. Opportunity Risks

Diversification and Investment Risk

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

Potential impairment of intangible assets arising out of acquisitions like goodwill can also place an additional financial burden on the Company.

Investments usually have a gestation period spanning several years. Associated risks include those relating to obtaining the requisite regulatory approvals for the projects. Changing government policies may also impose restrictions on investments.

Risk Containment Strategy and Measures

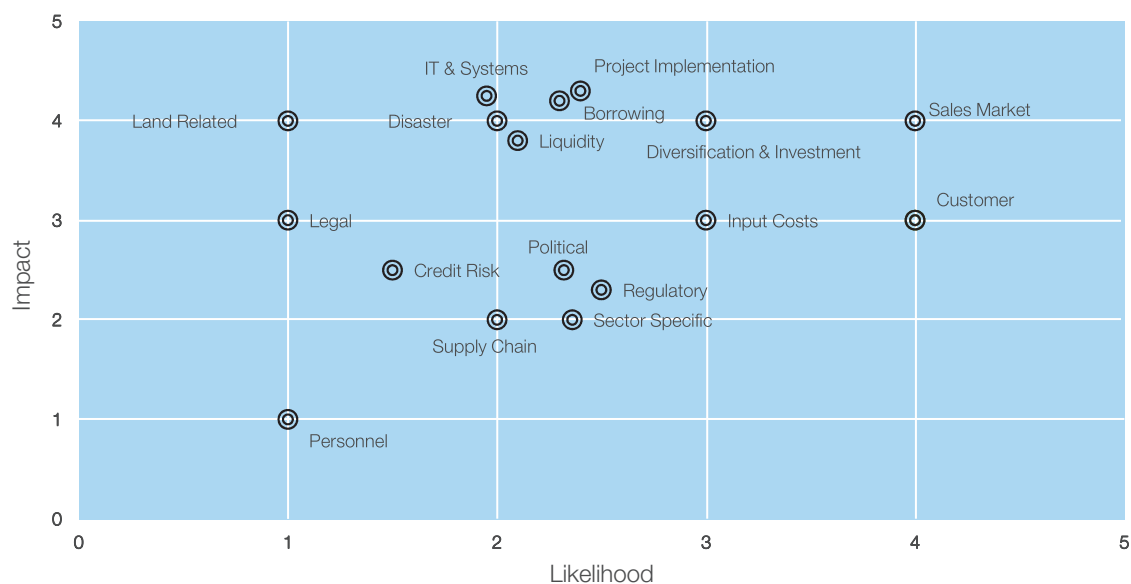
The Company's foray into new geographies is based on a thorough analysis of the prevailing market conditions and regulatory environment. Several contractual projects have been successfully executed in the cities that the Company plans to enter and therefore, there is a good understanding of the local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

Risk Interaction

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

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

The various risks faced by the Company, likelihood and impact of these risks are mapped below



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

Operational and Financial Analysis

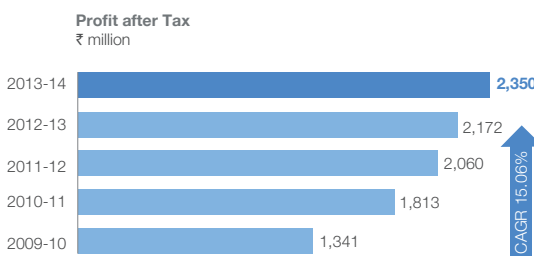
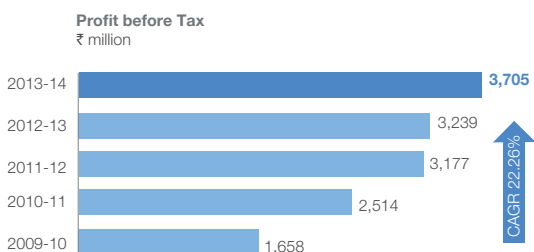
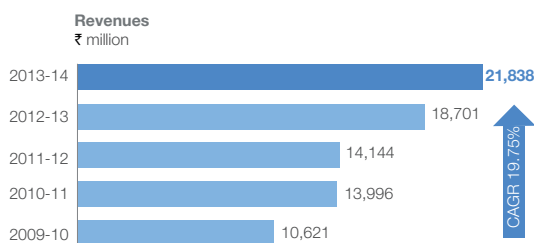
The macroeconomic environment during fiscal 2013 – 2014 was challenging with GDP growth rates falling below 5% levels coupled with factors like high inflation, mounting fiscal deficit and rising interest costs. This led to a general slowdown in the Indian economy and the growth of all industries including real estate was affected. In this backdrop, we present our financial and operational performance for the year.

Following are the key financial takeaways for fiscal 2013 – 2014

- Highest ever turnover of ₹ 21.84 billion
- Over ₹ 15 billion of revenue from real estate operations
- Over ₹ 6 billion of revenue from contracts and manufacturing operations
- Best ever collections of ₹ 26.89 billion
- Highest ever New Sales achieved of ₹ 23.43 billion
- Highest ever average price realization of ₹ 6,534 per square feet
- Net operational cash flows at ₹ 6.61 billion
- Highest ever PBT of ₹ 3.71 billion
- Highest ever PAT of ₹ 2.35 billion
- Debt Equity ratio as on March 31, 2014 at 0.54
- Credit rating – ICRA (A-) [upgrade], CARE (A) [new] and Brickwork Ratings (A) [upgrade]

On operational parameters, the Company had

- Developed 62.93 million Square Feet of Total Area since inception
- Execution of 40.28 million Square Feet of Total Area in progress
- Expanded our geographical reach to Calicut and Cochin
- Executed over 28 million Square Feet in cumulative for our single largest contractual customer
- Completed a cumulative of 339 projects in the Real Estate and Contracts domain
- Execution presence of Real Estate and Contractual projects in 24 Cities covering 13 States in India



New Sales

During the financial year, the Company registered new sales area of 3.59 million Square Feet valued at ₹ 23.43 billion at an average price realisation of ₹ 6,534 Per Square Feet. The value of new sales increased by 5.78% on an annual basis and the average sales realisation has gone up by 10.80% compared to FY'13.

Composition of New Sales

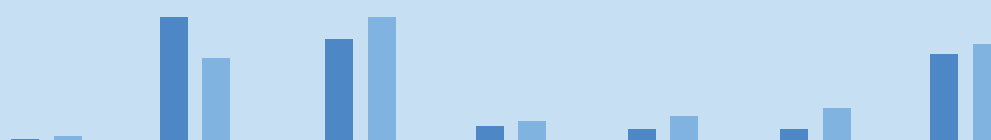
Our core competency has always been to provide superior products with enduring value. The average ticket size of our products is ₹ 7.50 million and above. Factors such as increasing income levels, emergence of dual income household, increasing aspiration for global standard products, and urbanisation have made this one of the fast growing segments in the

real estate space. The Company's strength lies in its ability to cater to the ever increasing demand from customers belonging to this stratum.

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

Sales Value in terms of Price Band

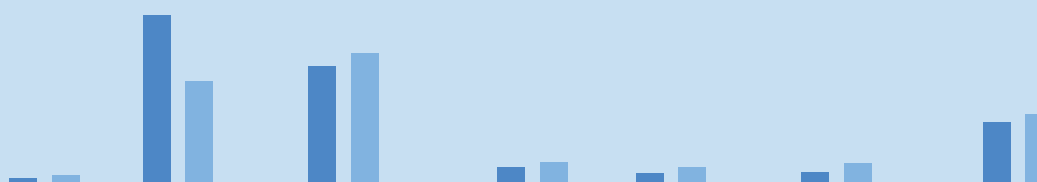
₹ million



	< 5*	5 -10	10 to 15	15 to 20	20 to 25	25 to 30	Above 30
2012-13	205	7,858	6,471	990	751	815	5,504
2013-14	325	5,297	7,835	1,371	1,662	2,131	6,109

Area Sold in terms of Price Band

in million square feet



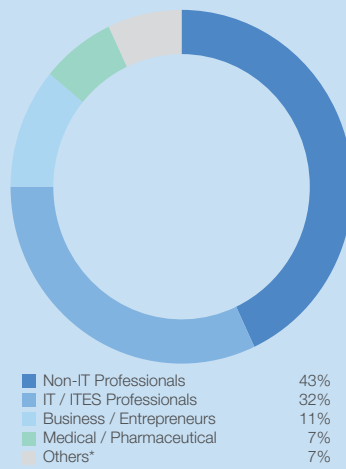
	< 5*	5 -10	10 to 15	15 to 20	20 to 25	25 to 30	Above 30
2012-13	0.05	1.61	1.14	0.15	0.10	0.11	0.60
2013-14	0.09	1.01	1.25	0.21	0.16	0.21	0.66

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

Our Customers

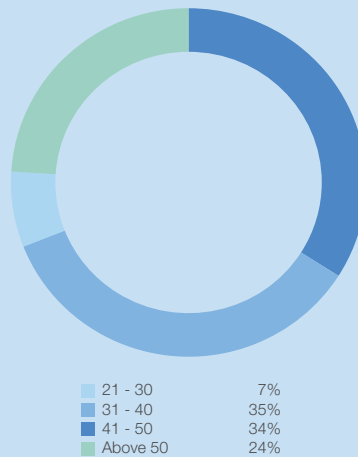
The products of the Company have been well received by our customers. A deeper analysis of the profile of the customers indicates the quality and the commitment of the customers. It has a healthy mix comprising of IT/ ITES Professionals, Non IT Professionals, Entrepreneurs & Professionals. About 32% of our customers are IT / ITES professionals and we continue to enjoy good support from these customers.

Profession wise break-up



* Others include agriculturists, government employees etc.

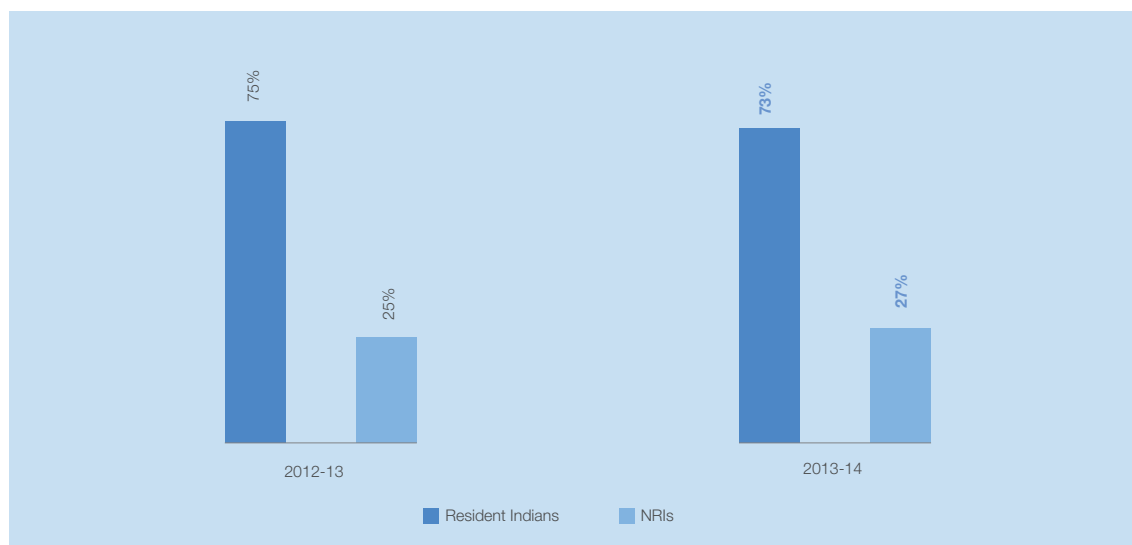
Age wise break-up



About 50% of our customers purchase property by availing mortgage finance, whilst the balance is self-funded. The following graph depicts the pattern of our customers who have depended on mortgaged based financing to purchase the products of the Company. There has not been any major shift in this trend compared to the previous calendar year.



The Company has established a representative office in Dubai and a Branch Office in Singapore to market the products of the Company among the NRI community who wish to invest in their homeland. A considerable 25% – 27% of our customers are from the NRI category and this trend has continued in the financial year 2013-14. During the year, the weakening of Indian Rupee helped in achieving higher volume of sales to NRI customers.



Real Estate

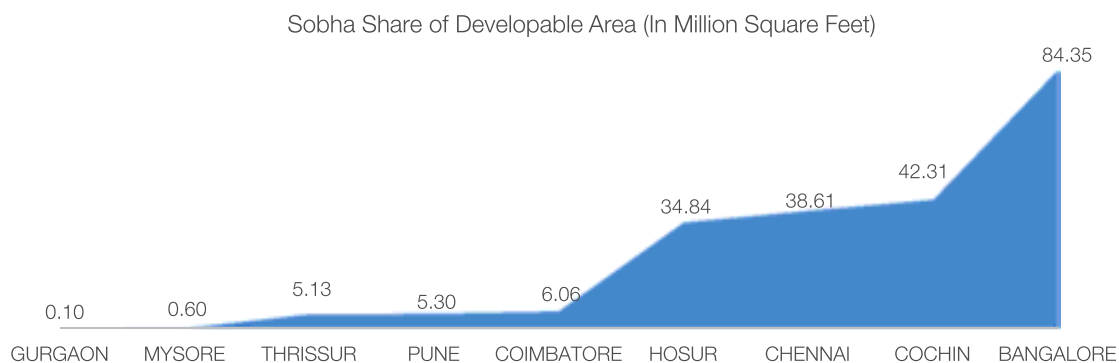
The main strength of the Company is its ability to consistently deliver quality products in the real estate space. The real estate operations of the Company are currently spread across 9 cities. The Company had further expanded into Calicut and Cochin during the financial year 2013-14.

Following is the performance of the Real Estate Vertical:

	2013-14	2012-13	2011-12	2010-11	₹ million 2009-10
Revenue	15,243.41	14,112.19	10,313.69	10,739.34	7,930.49
Share of Revenue (%)	69.80	75.46	72.92	76.73	74.66

Land Portfolio

Land Portfolio is the key differentiating asset for a real estate Company. The ability to acquire land parcels at competitive prices or enter into Joint Developments for future launches helps in maximising profits for the Company. The Company has a land portfolio comprising of 2,601 Acres wherein the Company holds an economic interest of 2,517 Acres. The majority of the land portfolio has already been paid for. An amount of ₹ 1,017 million is payable as a part of its commitments to acquire the economic interest. The overall cost per square feet of the land portfolio is ₹ 169 and the FSI cost is ₹ 85 per square feet which is one of the lowest in the industry. The location wise distribution of the land portfolio is given below:



Project Launches

During the year, the Company has launched the following 10 real estate projects –

- Sobha Silicon Oasis in Bangalore with a Total Saleable Area of 1.49 million Square Feet
- Sobha Isle in Cochin with a Total Saleable Area of 1.09 million Square Feet
- Sobha Bela Encosta in Calicut having a Total Saleable Area of 0.56 million Square Feet
- Sobha Palladian (a 100% FDI compliant Project through Sobha Highrise Ventures Private Limited, a joint venture between Sobha Developers Limited and Sun Area Property Partners) in Bangalore having a Total Saleable Area of 0.55 million Square Feet
- Sobha Rio Vista in Calicut with a Total Saleable Area of 0.52 million Square Feet
- Sobha Valley View in Bangalore with a Total Saleable Area of 0.49 million Square Feet
- èlan in Coimbatore having a Total Saleable Area of 0.33 million Square Feet
- Sobha Landscape, a plotted development project admeasuring 0.20 million Square Feet
- A Commercial Project at St. Mark's Road,

Bangalore admeasuring total saleable area of 0.20 million Square Feet and

- Sobha Estate, a plotted development project in Mysore having a Total Saleable Area of 0.14 million Square Feet

Successful entry into new Geographies

Though it is generally perceived that real estate is a regional play devoid of opportunities beyond the home turf, the Company has been consistently venturing into new cities. In the last four financial years, the Company has entered into five new markets, viz. NCR, Chennai, Calicut, Cochin and Mysore. The Company's foray into the new markets has been successful as the products launched by the Company in these 5 locations have been well received. The Company has a presence in 24 diverse markets in 13 states in both real estate and contracts verticals.

Contracting

The contracts vertical has been executing orders ranging from civil structures, finishes, MEP works, metal and glazing works and interior furnishings for reputed clients such as Bosch, Dell, ITC, Biocon, Huawei Technologies, Lulu Mall, Manipal Group, Institute of Public Enterprises (IPE), Pan Card Club, Magna Warehousing and many more including Infosys. The contracts vertical of the Company has been a significant contributor to the revenue stream of the Company. With 9.67 million Square Feet of contractual orders under progress and contractual orders of approximately ₹ 6.90 billion pending to be executed as at March 31, 2014, the contractual operations will continue to be a source of steady revenue.

Following is the performance of the Contracts Vertical:

	2013-14	2012-13	2011-12	2010-11	₹ million 2009-10
Revenue	4,445.06	3,013.06	2,347.51	2,341.86	1,702.89
Share of Revenue (%)	20.36	16.10	16.61	16.73	16.03

Manufacturing

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

Our backward integration model comprises of Glazing and Metal Works, Interiors and Furnishing Works and Concrete Works which supplement our

core business of real estate and contracting. Each of these manufacturing divisions is a profit centre by itself and is efficiently and professionally managed.

Glazing and Metal Works Division

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

Interiors Division

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

Concrete Products Division

The Concrete Products Division of the Company deals with the manufacture of a wide range of

concrete products such as concrete blocks, pavers, kerb stones, water drainage channels, paving slabs and elite landscape product. The Division has also set-up facilities for producing Glass Fibre Reinforced

Concrete Manufacturing. The Division has facilities in Bangalore, Gurgaon and Pune.

Following is the performance of the Manufacturing Vertical:

	₹ million				
Sales	2013-14	2012-13	2011-12	2010-11	2009-10
Glazing and Metal Works Division	1,239.24	756.44	745.36	466.99	546.03
Interiors Division	580.81	556.33	524.71	321.40	370.09
Concrete Products Division	184.90	164.29	123.02	52.03	32.77
Total	2,004.94	1,477.06	1,393.09	840.42	948.89
Share of Revenue (%)	9.18	7.90	9.85	6.00	8.93

Cash Flows

The cash flow summary for the financial year 2013-14 under direct cash flow method is as follows:

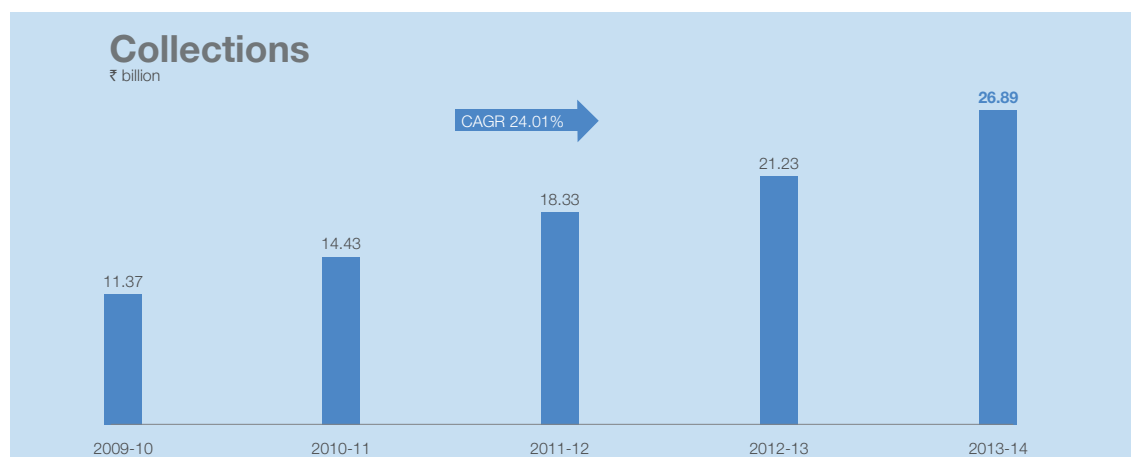
Particulars	₹ million
2013-14	
Operational Cash inflow	26,890
Operational Cash outflow	20,277
Net Operational Cash inflow	6,613

The Company has collected ₹ 26.89 billion during the year from real estate, contractual and manufacturing activities. After expending on construction expenses for real estate, contractual, manufacturing activities, overheads, etc. the net operating cash inflows were ₹ 6,613 million.

Out of the above, the Company has utilised ₹1,951 million towards payment of interest (including loan processing fees paid and net of interest received) and ₹989 million for income taxes. This leads to a surplus of ₹ 3,673 million of which the Company utilised ₹1,782 million towards land payments during the year. In addition to this, the Company incurred ₹1,004 million towards capex and ₹ 803 million for dividend payments including tax.

The net surplus cash flow as on March 31, 2014 stood at ₹ 84 million.

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

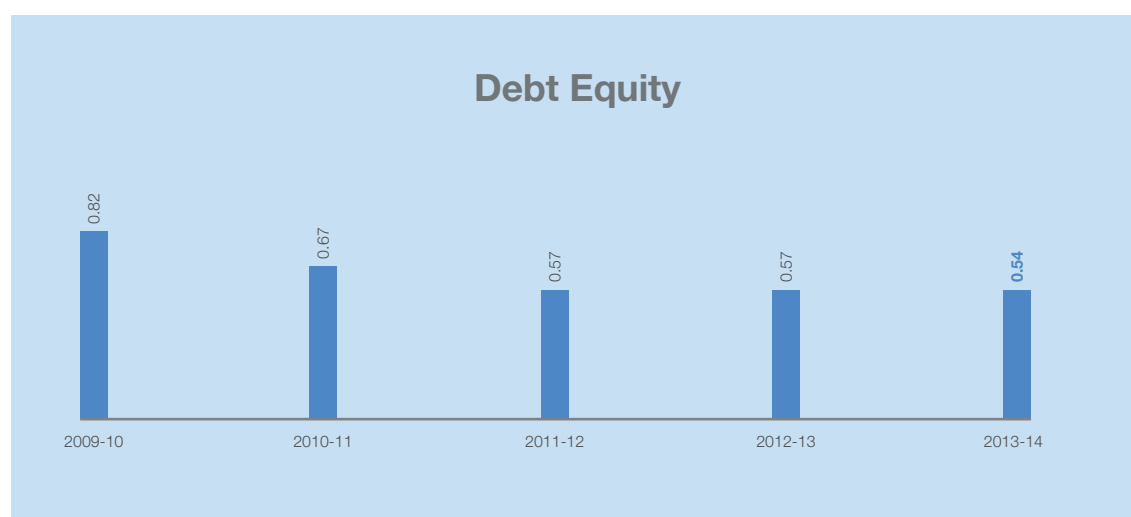
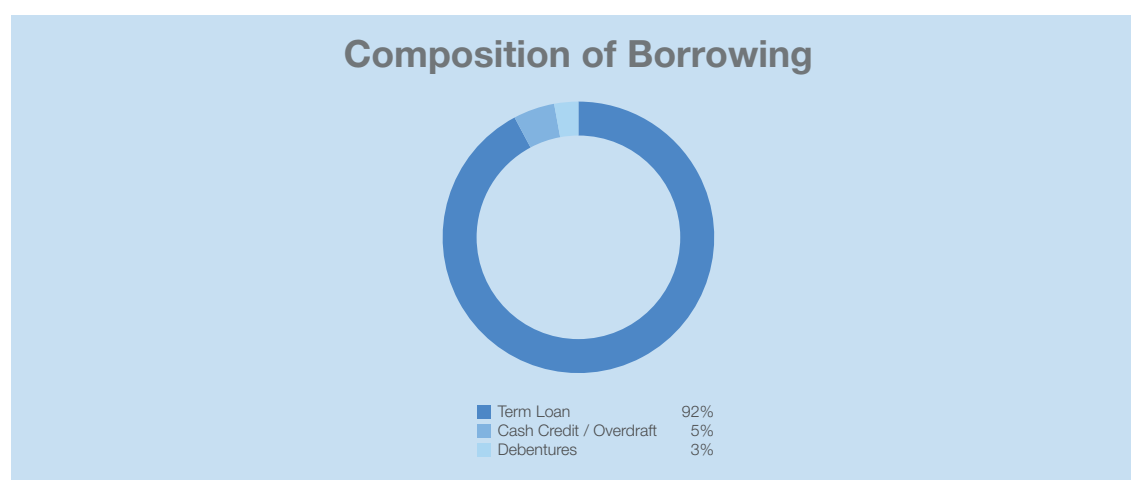


Debt

Since the economic downturn of 2008-09, the Company has successfully brought down its net debt levels from ₹ 19,107.58 million in the year 2008-09 to ₹ 12,342 million at the close of FY'14. The reduction of debt is mainly on account of increase in operating cash flows through higher volume of execution and improved sales coupled with various proactive measures taken by the Company in the form of managing its working capital and monetisation of land wherever possible. While leverage is important to achieve growth, the Company is committed to peg its debt-equity ratio in the range of 0.50-0.60.

	₹ million	
	2013-14	2012-13
Gross Debt*	13,498	13,024
Cash and Bank Balance	1,156	815
Net Debt	12,342	12,209
Debt Equity Ratio	0.54	0.57

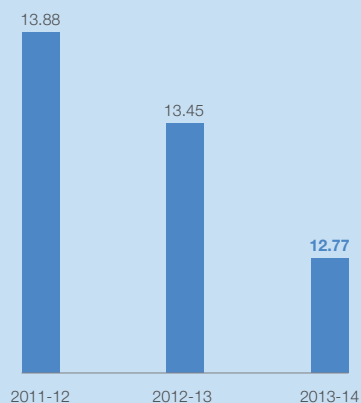
*Gross Debt represents debt due to third parties other than Joint Venture Partners and also excludes amount due to leasing companies.



The cost of indebtedness as on March 31, 2014 is 12.77%

Borrowing Cost

%



During the year, the borrowings of the Company have been rated by various Credit Rating Agencies as follows:

CARE	A
ICRA	A- (upgraded from BBB+)
Brickwork Ratings	BWR A (upgraded from BWR A-)

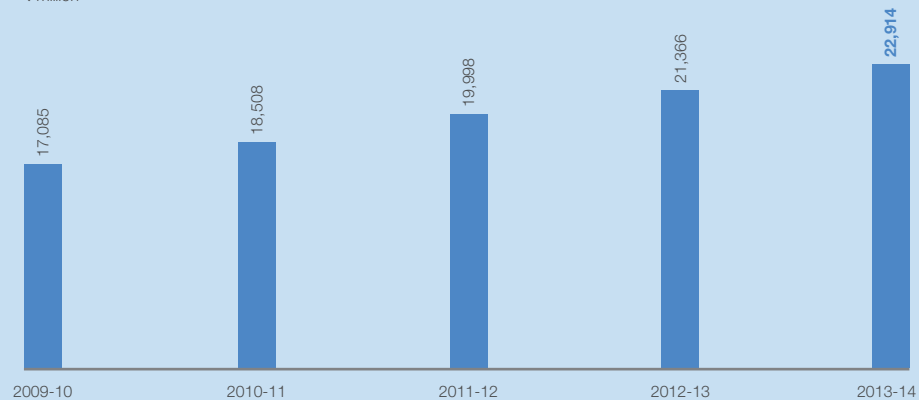
Despite the economic slowdown and its consequent impact on the real estate sector, the Company's credit rating was upgraded.

Net Worth

The net worth of the Company as on March 31, 2014 was ₹ 22,914 million.

Net Worth

₹ million



The compounded annual rate of growth in net worth over the past five financial years is 7.61 %.

Fixed Assets

During the financial year 2013-14, the gross addition to Fixed Assets was ₹ 720.19 million. About 61.50% of gross block addition was on account of investment in scaffolding items and 28.34% on account of additions to Plant and Machinery.

Current Assets

During the financial year 2013-14, the Current Assets increased by ₹ 5,936.04 million as compared to the previous year. This is mainly on account of increase in inventories by ₹ 5,255.43 million.

Current Liabilities

During the financial year 2013-14, the Current Liabilities increased by ₹ 4,323.94 million. This is on account of increase in trade payables by ₹ 1,477.49 million and other current liabilities by ₹ 2,836.54 million.

Cautionary Statement : The financial and operational information contained in the Management Report is based on the consolidated operations of the Company unless stated otherwise. Further, statements in the Management Report describing the Company's objectives, projections, estimates, expectations may be "forward looking statements" within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Shareholders and readers are cautioned that in the case of data and information external to the Company, no representation is made on its accuracy and comprehensiveness though the same are based on sources believed to be reliable. Utmost care has been taken to ensure that the opinions expressed by the management herein contain its perceptions on the material impacts on the Company's operations but it is not exhaustive.

Dividends

The Company aims to follow a consistent Dividend Payout while striving to achieve a trade-off between deployment of internal accruals for growth and the payment of dividends. The Board of Directors has recommended a dividend of ₹ 7 per equity share for the year.

Guidance

The Company has set a guidance of new sales value of ₹ 27 billion measuring around 4 million Square Feet for the financial year 2014-15 with an average price realisation of ₹ 6,750 per square feet and is confident of successfully meeting the same. The Guidance set out is higher by 15% in value terms and 11.5% in volume terms compared to the FY'14 performance.


Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certificate


(As per Clause 49 of the Listing Agreement)

We certify that:

1. We have reviewed the financial statements and cash flow statement of Sobha Developers Limited for the financial year ended 31st March 2014 and to the best of our knowledge and belief;
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. To the best of our knowledge and belief, there are, no transactions entered into by the Company during the financial year ended 31st March 2014, which are fraudulent, illegal or violating the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls over financial reporting and we have evaluated the effectiveness of Internal Control Systems of the Company over financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls over financial reporting, if any, of which we are aware and the steps we have taken, propose to take to rectify these deficiencies. In our opinion, there are adequate internal controls over financial reporting.
4. We have indicated to the auditors and the audit committee:
 - (i) significant changes / improvements in internal controls over financial reporting during the financial year ended 31st March 2014.
 - (ii) significant changes in accounting policies made during the financial year ended 31st March 2014, if any have been disclosed in the notes to the financial statements.
 - (iii) That there are no instances of fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Bangalore
May 22, 2014


Ganesh Venkataraman
Chief Financial Officer


J C Sharma
Vice Chairman and
Managing Director

Independent Auditors' Report

To the Members of Sobha Developers Limited

Report on the financial statements

We have audited the accompanying financial statements of Sobha Developers Limited ('the Company') which comprise the balance sheet as at March 31, 2014, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 ("the Act"), read with General Circular 8/2014 dated April 04, 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

- a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- c) in the case of cash flow statement, of the cash flows for the year ended on that date.

Report on other legal and regulatory requirements

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

required by law have been kept by the Company so far as appears from our examination of those books;

- c) The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the balance sheet, statement of profit and loss and cash flow statement comply with the Accounting Standards notified under the Companies Act 1956, read with General Circular 8/2014 dated April 04, 2014 issued by the Ministry of Corporate Affairs;
- e) On the basis of the written representations received from the directors, as on March 31, 2014, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

Other matter

We did not audit the financial information as regards Company's share in profits of partnership firm (post tax) amounting to ₹ 182.64 million for the year ended March 31, 2014. The financial information has been audited by other auditors whose reports have been furnished to us, and the Company's share in profits of partnership firm investments has been included in the accompanying financial statements solely based on the report of other auditors. Our opinion is not qualified in respect of this matter.

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



per Adarsh Ranka
Partner
Membership No.: 209567

Place: Bengaluru
Date: May 22, 2014

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

Re: Sobha Developers Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were not material, and have been properly dealt with in the books of account.
- (iii) (a) The Company has granted unsecured loan and subscribed to unsecured debentures to two parties covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was ₹ 505.15 million and the year-end balance was ₹ 472.87 million.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans/ debentures are not prima facie prejudicial to the interest of the Company.

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

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

Name of the statute	Nature of dues	Amount * (₹ million)	Period to which amount relates	Forum where dispute is pending
Andhra Pradesh Sales Tax Act	Basis of charge of sales tax	26.92	2002-04	High Court
Karnataka Sales Tax Act	Basis of charge of sales tax	30.68	1998-06	Sales Tax Appellate Tribunal
Karnataka Sales Tax Act	Basis of charge of sales tax	64.55	2003-05	High Court
Karnataka Sales Tax Act	Basis of charge of sales tax	127.27	2007-08	High Court
Income Tax Act	Differential tax treatment	1.65	1999-01	High Court
Income Tax Act	Differential tax treatment	1.89	1999-01	Income Tax Appellate Tribunal
Income Tax Act	Disallowances	0.40	2008-09	Commissioner of Income Tax (Appeal)
Income Tax Act	Disallowances	4.60	2007-11	Additional Commissioner of Income Tax
Income Tax Act	Disallowances	153.21	2005-07	High Court
Finance Act, 1994 (Service Tax Provisions)	Basis of valuation	95.67	2006-08	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994 (Service Tax Provisions)	Disallowances	4.23	2002-07	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994 (Service Tax Provisions)	Service tax demand	119.32	2008-11	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994 (Service Tax Provisions)	Service tax demand	315.91	2006-11	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994 (Service Tax Provisions)	Service tax demand	111.06	2011-12	Commissioner of Central Excise and Service Tax (LTU)
Finance Act, 1994 (Service Tax Provisions)	Service tax demand	0.33	2008-11	Commissioner of Central Excise and Service Tax (Appeals)
Customs Act, 1962	Differential tax treatment	1.27	2010-11	Assistant Commissioner (Customs)

* Net of ₹ 153.69 million, paid under protest

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

- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable to the Company.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per

the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

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



per Adarsh Ranka
Partner
Membership No.: 209567

Place: Bengaluru
Date: May 22, 2014

Balance sheet as at March 31, 2014

	Notes	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Equity and liabilities			
Shareholders' funds			
Share capital	3	980.64	980.64
Reserves and surplus	4	21,449.16	20,186.85
		22,429.80	21,167.49
Non-current liabilities			
Long-term borrowings	5	390.28	149.04
Deferred tax liability (net)	13	1,009.77	638.11
Trade payables	6	177.62	177.62
Long-term provisions	7	20.04	14.47
		1,597.71	979.24
Current liabilities			
Short-term borrowings	8	10,691.69	10,784.64
Trade payables	9	5,629.98	4,072.99
Other current liabilities	9	10,478.05	8,424.94
Short-term provisions	7	1,371.55	1,264.91
		28,171.27	24,547.48
TOTAL		52,198.78	46,694.21
Assets			
Non-current assets			
Fixed assets			
Tangible assets	10	3,209.72	3,128.01
Intangible assets	11	38.41	40.73
Capital work-in-progress		412.23	-
Non-current investments	12	2,323.58	2,478.30
Long-term loans and advances	14	4,404.92	4,287.90
Trade receivables	15.1	123.27	20.23
Other non-current assets	15.2	67.09	88.62
		10,579.22	10,043.79
Current assets			
Inventories	16	20,619.84	15,879.56
Trade receivables	15.1	2,467.93	1,646.73
Cash and bank balances	17	741.99	545.23
Short-term loans and advances	14	14,453.18	13,978.11
Other current assets	15.2	3,336.62	4,600.79
		41,619.56	36,650.42
TOTAL		52,198.78	46,694.21

Summary of significant accounting policies

2.1

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

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

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

per Adarsh Ranka
Partner
Membership No.: 209567

Ravi PNC Menon
Chairman

J.C. Sharma
Vice Chairman and
Managing Director

Ganesh Venkataraman
Chief Financial Officer

Kishore Kayarath
Company Secretary and
Compliance Officer

Place: Bengaluru
Date: May 22, 2014

Place: Bengaluru
Date: May 22, 2014

Statement of profit and loss for the year ended March 31, 2014

	Notes	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Income			
Revenue from operations (gross)	18	21,241.63	18,104.47
Less : Excise duty		112.74	74.26
Revenue from operations (net)		21,128.89	18,030.21
Other income	19	158.77	76.73
Total revenue		21,287.66	18,106.94
Expenses			
Land purchase cost		2,319.22	1,136.37
Cost of raw material and components consumed	20	1,725.30	1,078.09
(Increase)/ decrease in inventories of building materials, finished goods, stock in trade - flats, land stock and work-in-progress	21	(4,850.41)	(1,487.65)
Purchase of project materials		7,000.20	5,045.12
Subcontractor and labour charges		5,168.86	3,465.08
Employee benefits expense	22	1,864.58	1,635.45
Depreciation and amortization expense	24	655.84	559.65
Finance costs	25	1,368.65	1,428.66
Other expenses	23	2,898.79	2,368.30
Total		18,151.03	15,229.07
Profit before tax		3,136.63	2,877.87
Tax expenses			
Current tax		699.55	604.40
Deferred tax charge/ (credit)		371.66	307.74
Total tax expense		1,071.21	912.14
Profit for the year		2,065.42	1,965.73
Earnings per equity share [nominal value of ₹ 10 (Previous year - ₹ 10)]			
Basic and Diluted	27	21.06	20.06

Summary of significant accounting policies 2.1

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

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

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

per Adarsh Ranka
Partner
Membership No.: 209567

Ravi PNC Menon
Chairman

J.C. Sharma
Vice Chairman and
Managing Director

Ganesh Venkataraman
Chief Financial Officer

Kishore Karyarat
Company Secretary and
Compliance Officer

Place: Bengaluru
Date: May 22, 2014

Place: Bengaluru
Date: May 22, 2014

Cash flow statement for the year ended March 31, 2014

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Cash flow from operating activities		
Profit before tax	3,136.63	2,877.87
Non-cash adjustment to reconcile profit before tax to net cash flows		
Share of profit from investment in partnership firm	(182.64)	(130.77)
Depreciation/ amortization	655.84	559.65
Profit on sale of fixed assets (net)	(2.46)	(0.29)
Provision for doubtful debts and advances	49.20	20.00
Interest expense	1,260.11	1,342.47
Interest income	(88.39)	(54.04)
Operating profit before working capital changes	4,828.29	4,614.89
Movements in working capital :		
Increase/ (decrease) in trade payables	1,556.99	860.28
Increase/ (decrease) in other current liabilities	2,050.65	3,702.26
Decrease/ (increase) in trade receivables	(973.44)	(518.52)
Decrease/ (increase) in inventories	(4,740.28)	(1,514.19)
Decrease/ (increase) in other assets	1,268.00	(2,435.43)
Decrease/ (increase) in loans and advances	(270.82)	65.48
Increase/ (decrease) in provisions	19.10	19.61
Cash generated from/ (used in) operations	3,738.49	4,794.38
Direct taxes paid (net of refunds)	(608.87)	(787.63)
Net cash flow from/ (used in) operating activities (A)	3,129.62	4,006.75
Cash flows from investing activities		
Purchase of fixed assets, including capital work-in-progress and capital advances	(1,197.05)	(877.42)
Proceeds from sale of fixed assets	11.01	2.91
Purchase of non-current investments	(21.50)	(808.40)
Amounts withdrawn from partnership current account	358.86	-
Investments in/(redemption of) bank deposits (having original maturity of more than three months) - net	(135.72)	70.92
Interest received	84.56	30.61
Net cash flow from/ (used in) investing activities (B)	(899.84)	(1,581.38)

Cash flow statement for the year ended March 31, 2014

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Cash flows from financing activities		
Proceeds from long-term borrowings	500.00	133.69
Repayment of long-term borrowings	(251.74)	(141.15)
Proceeds from short-term borrowings	4,305.00	4,446.86
Repayment of short-term borrowings	(4,397.95)	(4,511.71)
Interest paid (gross)	(1,542.66)	(1,690.56)
Dividends paid on equity shares	(686.26)	(489.99)
Tax on equity dividend paid	(116.66)	(79.54)
Net cash flow from/ (used in) in financing activities (C)	(2,190.27)	(2,332.40)
Net increase/ (decrease) in cash and cash equivalents (A + B + C)	39.51	92.97
Cash and cash equivalents at the beginning of the year	449.88	356.91
Cash and cash equivalents at the end of the year	489.39	449.88
Components of cash and cash equivalents		
Cash on hand	6.50	2.59
Cheques/ drafts on hand	12.81	10.40
With banks- on current account	468.64	435.78
- unpaid dividend accounts*	1.44	1.11
Total cash and cash equivalents (note 17)	489.39	449.88

Summary of significant accounting policies

2.1

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

As per our report of even date

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

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

per Adarsh Ranka
Partner
Membership No.: 209567

Ravi PNC Menon
Chairman

J.C. Sharma
Vice Chairman and
Managing Director

Ganesh Venkataraman
Chief Financial Officer

Kishore Kayarat
Company Secretary and
Compliance Officer

Place: Bengaluru
Date: May 22, 2014

Place: Bengaluru
Date: May 22, 2014

Notes to the financial statements for the year ended March 31, 2014

1 Corporate Information

Sobha Developers Limited ('Company' or 'SDL') was incorporated on August 07, 1995. SDL is a leading real estate developer engaged in the business of construction, development, sale, management and operation of all or any part of townships, housing projects, commercial premises and other related activities. The Company is also engaged in manufacturing activities related to interiors, glazing and metal works and concrete products which also provides backward integration to SDL's turnkey projects.

2 Basis of preparation

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting, unless stated otherwise and comply with the mandatory Accounting Standards ('AS') prescribed under the Companies Act, 1956 read with the General Circular 8/2014 dated April 04, 2014 issued by the Ministry of Corporate Affairs and other accounting principles generally accepted in India. The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year.

2.1 Summary of significant accounting policies

a) Use of estimates

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

b) Tangible fixed assets and Intangible assets

i. Tangible fixed assets

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

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

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

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the statement of profit and loss.

ii. Intangible assets

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

c) Depreciation on tangible fixed assets

Depreciation on assets, is provided using written down value method at the rates prescribed under schedule XIV of the Companies Act, 1956, which is also estimated by the management to be the estimated useful lives of the assets and which is as follows:

	Rate of Depreciation
Factory buildings	10.00%
Other buildings	5.00%
Plant and machinery	13.91%
Furniture and fixtures	18.10%
Vehicles	25.89%
Computers	40.00%
Office equipments	13.91%

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

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

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

d) Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is any indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An

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

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

e) Leases

Where the Company is lessee

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

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

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

f) Investments

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

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

Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

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

g) Inventories

Related to contractual and real estate activity

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

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

Related to manufacturing activity

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

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

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

h) Revenue recognition

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

i. Recognition of revenue from contractual projects

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

ii. Recognition of revenue from real estate projects

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

a. Recognition of revenue from property development

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

Recognition of revenue from construction activity

Revenue from real estate under development/ sale of developed property is recognised upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/ agreements, except for contracts where the Company still has obligations to perform substantial acts even after the transfer of all significant risks

and rewards. In such cases, the revenue is recognised on percentage of completion method, when the stage of completion of each project reaches a reasonable level of progress. Revenue is recognised in proportion that the contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs. Land costs are not included for the purpose of computing the percentage of completion.

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

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

Recognition of revenue from sale of villa plots

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

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

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

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

- all critical approvals necessary for the commencement of the project have been obtained;
- the expenditure incurred on construction and development costs (excluding land cost) is not less than 25 % of the total estimated construction and development costs;
- at least 25 % of the saleable project area is secured by contracts/agreements with buyers; and

- (d) at least 10 % of the contracts/agreements value are realised at the reporting date in respect of such contracts/agreements.

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

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

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

iii. Recognition of revenue from manufacturing division

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

iv. Dividend income

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

v. Share in profits of partnership firm investments

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

vi. Interest income

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

i) Foreign currency translation

Foreign currency transactions are recorded in

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

j) Taxes

Tax expense comprises of current and deferred tax.

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

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

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

Minimum Alternative tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to

the effect that Company will pay normal income tax during the specified period.

k) Retirement and other employee benefits

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

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

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

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

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

l) Earnings per share

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

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

m) Provisions

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

n) Contingent liabilities

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

o) Cash and cash equivalents

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

p) Borrowing costs

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

q) Land

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

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

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

3 Share Capital

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Authorised shares		
150,000,000 (Previous year - 150,000,000) equity shares of ₹10 each	1,500.00	1,500.00
5,000,000 (Previous year - 5,000,000) 7% redeemable preference shares of ₹100 each	500.00	500.00
Issued, subscribed and fully paid-up shares		
98,063,868 (Previous year - 98,063,868) equity shares of ₹10 each fully paid up	980.64	980.64
Total issued, subscribed and fully paid-up share capital	980.64	980.64

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

	31-Mar-14		31-Mar-13	
	No of Shares	₹ million	No of Shares	₹ million
<i>Equity shares</i>				
At the beginning of the year	98,063,868	980.64	98,063,868	980.64
Issued during the year	-	-	-	-
Outstanding at the end of the year	98,063,868	980.64	98,063,868	980.64

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting. In event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of shareholder	31-Mar-14		31-Mar-13	
	No of Shares in million	Holding percentage	No of Shares in million	Holding percentage
<i>Equity shares of ₹10 each fully paid up</i>				
Mrs. Sobha Menon	41.35	42.16%	41.35	42.16%
Mr. P.N.C. Menon	12.49	12.74%	12.49	12.74%
Mr. P.N.C. Menon and Mrs. Sobha Menon (Jointly)	5.49	5.60%	5.49	5.60%

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

4 Reserves and surplus

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Capital redemption reserve		
Balance as per the last financial statements	87.29	87.29
Closing balance	87.29	87.29
Securities premium account		
Balance as per the last financial statements	10,497.27	10,497.27
Closing balance	10,497.27	10,497.27
General reserve		
Balance as per the last financial statements	1,904.44	1,704.44
Add: Transfer from statement of profit and loss	207.00	200.00
Closing balance	2,111.44	1,904.44
Surplus in the statement of profit and loss		
Balance as per last financial statements	7,697.85	6,735.23
Profit for the year	2,065.42	1,965.73
Less: Appropriations		
Proposed final equity dividend (amount per share ₹ 7 (Previous year - ₹ 7))	(686.45)	(686.45)
Tax on proposed equity dividend	(116.66)	(116.66)
Transfer to general reserve	(207.00)	(200.00)
Total appropriations	(1,010.11)	(1,003.11)
Net surplus in the statement of profit and loss	8,753.16	7,697.85
Total reserves and surplus	21,449.16	20,186.85

5 Long-term borrowings

₹ million

	Current maturities		Non current portion	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
Secured loans				
Term loans from banks	-	-	100.00	-
Term loans from financial institutions	116.13	-	283.87	-
Finance lease obligations	141.63	238.34	6.41	148.02
Equipment loans	0.97	13.37	-	1.02
	258.73	251.71	390.28	149.04
Amount disclosed under the head "other current liabilities" (refer note 9)	(258.73)	(251.71)		
Net amount	-	-	390.28	149.04

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-14	31-Mar-13			
Term loans from banks	100.00	-	11%-12%	Secured by equitable mortgage of certain land of the Group and hypothecation of all project specific assets and receivables of the Company.	Twenty four equal monthly installments of ₹ 25 million commencing from June 30, 2016.
Term loans from financial institutions	400.00	-	12%-13%	Secured by equitable mortgage of certain land, building and project specific receivables of the Company.	Thirty one equal monthly installments of ₹ 12.90 million after a moratorium period of five months from the date of first disbursement.
Finance lease obligations	148.04	386.36	13%-15%	Secured by hypothecation of plant and machinery taken on lease.	Thirty five monthly installments commencing from the month the loan is availed.
Equipment loan	0.97	14.39	13%-15%	Hypothecation against specific equipment	Thirty five monthly installments commencing from the month the loan is availed.

6 Other long term liabilities

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Trade payables		
(refer note 35 for details of dues to micro and small enterprises)		
Land cost payable	177.62	177.62
	177.62	177.62

7 Provisions

₹ million

	Short term		Long term	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
Provision for employee benefits				
Provision for gratuity (refer note 30)	51.72	44.21	20.04	14.47
Provision for leave benefits	51.50	45.48	-	-
	103.22	89.69	20.04	14.47
Other provisions				
Provision for taxation (net of advance tax payments)	465.22	371.90	-	-
Provision for wealth tax (net of advance tax payments)	-	0.21	-	-
Proposed equity dividend	686.45	686.45	-	-
Tax on proposed equity dividend	116.66	116.66	-	-
	1,268.33	1,175.22	-	-
	1,371.55	1,264.91	20.04	14.47

8 Short-term borrowings

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Secured		
Term loans from banks *	8,429.14	7,049.24
Term loans from financial institutions *	1,467.17	1,675.00
Cash credit from banks	645.38	2,060.40
	10,541.69	10,784.64
Unsecured		
Term loans from banks *	150.00	-
	150.00	-
	10,691.69	10,784.64

* Term loan from banks and financial institutions represents amount repayable within the operating cycle. Amount payable within twelve months ₹ 8,196.44 million (Previous year - ₹ 3,090.04 million)

(i) Secured loans

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-14	31-Mar-13			
From banks					
Term Loan	645.00	385.00	12%-14%	Secured by equitable mortgage of certain project specific inventory and receivables of the Company. Further, the loan has been guaranteed by way of corporate guarantee given by certain group Companies.	Nine monthly installments in accordance with repayment schedule mentioned by the bank commencing from July 31, 2014.
Term Loan	410.00	760.00	12%-14%	Secured by equitable mortgage of certain project specific inventory and receivables of the Company and maintaining of Debt Service Reserve account equal to three months interest.	Four quarterly installments of amounts as mentioned in the repayment schedule commencing from June 30, 2014.
Term Loan	1,000.00	380.00	12%-14%	Secured by equitable mortgage of certain project specific inventory and receivables and certain lands of the Company. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Four quarterly installments of ₹ 80 million, ₹ 200 million ₹ 300 million and ₹ 420 million respectively commencing from June 30, 2014.
Term Loan	300.00	100.00	12%-14%	Secured by equitable mortgage of certain project specific inventory and receivables and certain lands of the Company. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Two quarterly installments of ₹ 120 million and ₹ 180 million respectively commencing from September 30, 2014.
Term Loan	500.00	-	12%-13%	Secured by equitable mortgage of certain land and inventory of the Company.	Three equal quarterly installments of ₹ 650 million after a moratorium of twenty seven months from the date of first disbursement.
Term Loan	-	290.00	13%-15%	Secured by equitable mortgage of certain project specific inventory and receivables of the Company.	Two half yearly installments of ₹ 145 million commencing from February 14, 2014.
Term Loan	871.14	972.44	13%-14%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Company and maintaining of Debt Service Reserve account equal to three months interest. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Quarterly installments of amounts as mentioned in the repayment schedule commencing from September, 30, 2013.
Term Loan	-	650.00	14%-15%	Secured by equitable mortgage of certain land, building, project specific inventory and receivables of the Company and maintaining of Debt Service Reserve account equal to three months interest. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Eleven equal monthly installments of ₹ 50 million commencing from January 15, 2013 and ten monthly installments of ₹ 25 million commencing from July 15, 2013.
Term Loan	1,078.00	1,041.80	13%-14%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Company. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Quarterly installments of amounts as mentioned in the repayment schedule commencing from two years from the date of disbursement of loan.

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-14	31-Mar-13			
Term Loan	3,000.00	1,470.00	14%-15%	Secured by equitable mortgage of certain land and inventory of the Company. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Three quarterly installments of ₹ 750 million, ₹ 900 million and ₹ 1,350 million after a moratorium of twenty seven months from the date of first disbursement.
Term Loan	625.00	1,000.00	12%-15%	Secured by equitable mortgage of certain project specific inventory of the Company. Further, the loan has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company and maintaining of Debt Service Reserve account equal to three months interest and one quarterly principal repayment.	Eight equal quarterly installments of ₹ 125 million commencing from September 30, 2013.
From financial institutions					
Term Loan	400.00	1,040.00	12%-14%	Secured by equitable mortgage of certain leasehold land and project land and building of the Company. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Twelve quarterly installments of ₹ 160 million commencing from October, 2011 and last installment of ₹ 80 million due in October 2014.
Term Loan	367.17	375.00	13%-14%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Company.	Quarterly installments of amounts as mentioned in the repayment schedule commencing from September, 30, 2013.
Term Loan	-	260.00	15%-16%	Secured by equitable mortgage of certain land of the Company. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Twenty five equal monthly installments of ₹ 20 million starting from April 15, 2012.
Term Loan	700.00	-	12%-13%	Secured by equitable mortgage of certain land, building and project specific receivables of the Company. Further, the loan has been guaranteed by way of corporate guarantee given by certain group Company.	Seven equal monthly installments of ₹ 100 million after a moratorium of eighteen months from the date of first disbursement.
From banks					
Cash credit	-	43.00	12%-14%	Secured by equitable mortgage of certain project specific inventory and receivables of the Company.	Repayable on demand
Cash credit	24.94	49.00	12%-14%	Secured by charge on specific project inventory and receivables of the Company. Further, secured by equitable mortgage of land of the Company.	Repayable on demand
Cash credit	62.53	268.90	12%-15%	Secured by way of equitable mortgage of certain land and project specific receivables of the Company. Further, the facility has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company.	Repayable on demand
Cash credit	282.78	649.00	10%-14%	Secured by charge on specific project inventory, current assets and receivables of the Company. Further, the facility has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company and by way of corporate guarantee given by certain group Companies (till March 28, 2014).	Repayable on demand

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-14	31-Mar-13			
Cash credit	107.27	858.00	12%-14%	Secured by equitable mortgage of certain land, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company. Further, the loan has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company (till February 22, 2014).	Repayable on demand
Cash credit	13.38	16.00	10%-14%	Secured by lien on fixed deposits of the Company.	Repayable on demand
Cash credit	103.78	99.00	11%-13%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Company.	Repayable on demand
Cash credit	19.96	20.00	12%-14%	Secured by charge on specific project inventory, current assets and receivables of the Company. Further, the facility has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company (till February 22, 2014).	Repayable on demand
Cash credit	13.75	25.88	10%-14%	Secured by charge on specific project inventory, current assets and receivables of the Company. Further, the facility has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company and by way of corporate guarantee given by certain group Companies (till March 28, 2014).	Repayable on demand
Cash credit	8.71	15.50	10%-14%	Secured by charge on specific project inventory, current assets and receivables of the Company. Further, the facility has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company and by way of corporate guarantee given by certain group Companies (till March 28, 2014).	Repayable on demand
Cash credit	4.16	10.00	10%-14%	Secured by lien on fixed deposits of the Company.	Repayable on demand
Cash credit	4.12	6.12	12%-14%	Secured by charge on specific project inventory, current assets and receivables of the Company. Further, it has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company (till February 22, 2014).	Repayable on demand
(ii) Unsecured loans					
Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-14	31-Mar-13			
Term Loan	150.00	-	12%-13%	Secured by way of collateral security offered by group companies through equitable mortgage of land. Further, the loan has been guaranteed by way of corporate guarantee given by certain group Companies.	Four quarterly installments of ₹ 253 million, ₹ 200 million, ₹ 235 million and ₹ 112 million after a moratorium of ten quarters from the date of first disbursement.

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

Nature of loan	Amount outstanding (₹ million)		Name of the Company	Nature of security
	31-Mar-14	31-Mar-13		
Term loans	400.00	1,040.00	Vayaloor Properties Private Limited Vayaloor Builders Private Limited Vayaloor Developers Private Limited Vayaloor Real Estate Private Limited Valasai Vettikadu Realtors Private Limited	Equitable mortgage of land
Term loans	645.00	385.00	Megatech Software Private Limited Tirur Cyber City Developers Private Limited Thakazhi Developers Private Limited Sobha Innercity Technopolis Private Limited	Equitable mortgage of land
Term loans	700.00	-	Sobha Glazing & Metal Works Private Limited	Equitable mortgage of land and building
Term loans	150.00	-	Rusoh Marina Properties Private Limited Chikmangaloor Developers Private Limited Mapedu Realtors Private Limited Kuthavakkam Realtors Private Limited Rusoh Modern Properties Private Limited Kuthavakkam Builders Private Limited Mapedu Builders Private Limited Allapuzha Fine Real Estate Private Limited Mapedu Real Estate Private Limited Vayaloor Builders Private Limited Kuthavakkam Properties Private Limited Chikmangaloor Properties Private Limited Rusoh Modern Builders Private Limited Rusoh Modern Developers Private Limited Kuthavakkam Developers Private Limited Rusoh Home Developers Private Limited Marina Realtors Private Limited Chikmangaloor Realtors Private Limited Rusoh Fine Builders Private Limited	Equitable mortgage of land
Cash credit	-	268.90	Sobha Innercity Technopolis Private Limited	Equitable mortgage of land and building
Cash credit	-	690.38	Allapuzha Fine Real Estate Private Limited Rusoh Modern Properties Private Limited Mapedu Realtors Private Limited Chikmangaloor Properties Private Limited Rusoh Marina Properties Private Limited Mapedu Real Estates Private Limited Chikmangaloor Realtors Private Limited Rusoh Fine Builders Private Limited Mannur Real Estate Private Limited Kilai Builders Private Limited Kilai Properties Private Limited Tirur Cyber Real Estates Private Limited Thakazhi Realtors Private Limited Kilai Super Developers Private Limited Thakazhi Developers Private Limited	Equitable mortgage of land

9 Other current liabilities

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Trade payables		
(refer note 35 for details of dues to micro and small enterprises)		
Land cost payable	1,904.87	1,563.60
Others	3,725.11	2,509.39
	5,629.98	4,072.99
Other liabilities		
Current maturities of long-term borrowings (refer note 5)	258.73	251.71
(Includes current maturity of finance lease obligation ₹ 141.63 million (Previous year - ₹ 238.34 million))		
Book overdraft from scheduled banks	6.34	15.52
Advance from customers	9,074.91	7,021.94
Interest accrued but not due on borrowings	35.94	24.33
Investor education & protection fund shall be credited for unclaimed dividends when due	1.44	1.25
Others		
Service tax payable	-	82.20
Non-trade payable	216.31	200.57
Security deposit towards maintenance services	670.03	673.62
Payable to related parties (refer note 26)	80.47	10.83
Payable for purchase of fixed assets	91.67	108.03
Withholding taxes payable	32.08	26.20
Others	10.13	8.74
	10,478.05	8,424.94
	16,108.03	12,497.93

10 Tangible assets

₹ million

	Freehold land	Leasehold land Note 1	Factory buildings	Other buildings	Plant and machinery	Scaffolding items	Furniture and fixtures	Vehicles	Computers	Office equipments	Total
Cost - At 1 April 2012	42.72	26.49	352.39	1,127.53	1,559.64	1,372.66	77.91	51.09	164.16	54.70	4,829.29
Additions	-	12.69	32.21	56.91	509.33	290.66	3.34	4.36	14.94	4.88	929.32
Disposals	-	-	-	-	(16.53)	(558.53)	(0.23)	(2.80)	(0.67)	(0.22)	(578.98)
Other adjustments - Note 1	39.18	(39.18)	-	-	-	-	-	-	-	-	-
At 31 March 2013	81.90	-	384.60	1,184.44	2,052.44	1,104.79	81.02	52.65	178.43	59.36	5,179.63
Additions	-	-	0.49	30.04	204.10	442.89	19.58	1.81	16.50	4.78	720.19
Disposals	-	-	-	(5.51)	-	(250.89)	(9.38)	(3.37)	(34.78)	(9.36)	(313.29)
At 31 March 2014	81.90	-	385.09	1,208.97	2,256.54	1,296.79	91.22	51.09	160.15	54.78	5,586.53
Depreciation - At 1 April 2012	-	-	149.75	33.46	744.23	938.27	32.99	39.44	122.36	29.19	2,089.69
Charge for the year	-	-	22.12	55.10	235.82	188.25	9.51	3.37	19.23	4.89	538.29
Disposals	-	-	-	-	(15.64)	(557.49)	(0.21)	(2.26)	(0.62)	(0.14)	(576.36)
At 31 March 2013	-	-	171.87	88.56	964.41	569.03	42.29	40.55	140.97	33.94	2,051.62
Charge for the year	-	-	25.04	59.49	287.53	222.35	9.84	3.39	18.29	4.00	629.93
Disposals	-	-	-	(1.51)	-	(250.89)	(8.04)	(3.12)	(34.30)	(6.88)	(304.74)
At 31 March 2014	-	-	196.91	146.54	1,251.94	540.49	44.09	40.82	124.96	31.06	2,376.81
Net Block											
At 31 March 2013	81.90	-	212.73	1,095.88	1,088.03	535.76	38.73	12.10	37.46	25.42	3,128.01
At 31 March 2014	81.90	-	188.18	1,062.43	1,004.60	756.30	47.13	10.27	35.19	23.72	3,209.72

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

2) Assets taken on finance lease

	Plant and machinery		Scaffolding items	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
Gross block	371.89	371.89	306.54	306.54
Depreciation charge for the year	124.16	112.73	101.60	99.30
Accumulated depreciation	267.09	142.93	263.76	162.16
Net book value	104.80	228.96	42.78	144.38

11 Intangible assets

	₹ million		
	Software	Intellectual property rights	Total
Gross block - At 1 April 2012	76.50	50.00	126.50
Purchase	6.54	-	6.54
Other adjustments	-	(2.38)	(2.38)
At 31 March 2013	83.04	47.62	130.66
Purchase	23.59	-	23.59
Other adjustments	(28.70)	-	(28.70)
At 31 March 2014	77.93	47.62	125.55
Amortization - At 1 April 2012	68.52	0.05	68.57
Charge for the year	5.54	15.82	21.36
At 31 March 2013	74.06	15.87	89.93
Charge for the year	10.04	15.87	25.91
Other adjustments	(28.70)	-	(28.70)
At 31 March 2014	55.40	31.74	87.14
Net Block			
At 31 March 2013	8.98	31.75	40.73
At 31 March 2014	22.53	15.88	38.41

12 Non-current investments

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
<i>Investment in subsidiaries</i>		
526,320 (Previous year - 526,320) equity shares of ₹ 1 each fully paid-up in Sobha Developers (Pune) Limited	986.41	986.41
100,000 (Previous year - 100,000) Class A equity shares of ₹ 10 each fully paid-up in Sobha Highrise Ventures Private Limited	1.00	1.00
2,500,000 (Previous year - 2,500,000) Class D equity shares of ₹ 10 each fully paid-up in Sobha Highrise Ventures Private Limited	25.00	25.00
10,000 (Previous year - 10,000) equity shares of ₹ 10 each fully paid-up in Sobha Assets Private Limited	0.10	0.10
Investment in the capital of partnership firm (Subsidiary)		
99% (Previous year - 99%) share in the profits of partnership firm:		
Sobha City - Capital account	399.99	399.99
Sobha City - Current account	307.40	483.62
Consideration paid for additional share in capital and profit of the partnership firm	128.00	128.00
Unquoted preference instruments		
<i>Investment in subsidiary *</i>		
7,700,000 (Previous year - 7,700,000) Compulsorily Convertible Preference shares of ₹ 10 each fully paid-up in Sobha Highrise Ventures Private Limited	77.00	77.00
Unquoted debenture instruments		
<i>Investment in subsidiary *</i>		
3,985,000 (Previous year - 3,770,000) 17.5% Series B compulsorily convertible debentures of ₹ 100 each fully paid-up in Sobha Highrise Ventures Private Limited **	398.50	377.00
	2,323.40	2,478.12

* Subsidiary Company under Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended).

**Series B debentures have been issued at par and are convertible into Class D equity shares respectively in the ratio of two Class D equity shares for each Series B allotted, on expiry of 19 years from the date of issue or on happening of certain events. The price per equity share, for conversion of Series B debentures into Class D equity shares shall be ₹ 50 per equity share. The debentures carry a simple interest of 17.5% per annum.

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Non-trade investments (valued at cost unless stated otherwise)		
<i>Investment in equity instruments (unquoted)</i>		
2,680,000 (Previous year - 2,680,000) equity shares of ₹ 10 each fully paid-up in Sobha Renaissance and Information Technology Private Limited	26.80	26.80
Less: Provision for diminution in value of investment	(26.70)	(26.70)
	0.10	0.10
<i>Government and trust securities (unquoted)</i>		
National savings certificates	0.08	0.08
	0.08	0.08
	2,323.58	2,478.30
Aggregate amount of unquoted investments (net of provision for diminution in value of investments)	2,323.58	2,478.30
Aggregate provision for diminution in value of investments	26.70	26.70

Details of investments in partnership firms*Investment in Sobha City*

	Share of partner in profits (%)	
Name of Partner	31-Mar-14	31-Mar-13
Sobha Developers Limited	99	99
Sobha Developers (Pune) Limited	1	1
Total capital of the firm (₹ million)	400.00	400.00

13 Deferred tax liability (net)

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Deferred tax liability		
Expenses allowed for tax purposes on payment basis but chargeable to the statement of profit and loss in future years	1,083.70	709.46
Gross deferred tax liability	1,083.70	709.46
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	17.68	19.00
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	10.40	24.12
Provision for doubtful debts and advances	45.85	28.23
Gross deferred tax asset	73.93	71.35
Net deferred tax liability	1,009.77	638.11

14 Loans and advances

₹ million

	Current		Non-current	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
Capital advances				
Unsecured, considered good			24.97	0.29
			24.97	0.29
Security deposit				
<i>Unsecured, considered good</i>				
Refundable deposit towards joint development agreement	2,545.74	2,489.47	97.62	79.57
Security deposit - Others	13.95	39.66	598.69	491.40
	2,559.69	2,529.13	696.31	570.97
Inter-corporate deposit to related party (refer note 26)				
<i>Unsecured, considered good</i>	47.11	47.11	-	-
Land advance *				
Unsecured, considered good	10,491.50	10,328.28	3,498.61	3,502.22
Advances recoverable in cash or kind				
Unsecured considered good	1,031.86	892.81	75.66	82.69
	1,031.86	892.81	75.66	82.69
Other loans and advances				
Prepaid expenses	102.06	91.63	109.37	107.23
Balances with statutory / government authorities	220.96	89.15	-	24.50
	323.02	180.78	109.37	131.73
Total	14,453.18	13,978.11	4,404.92	4,287.90

* Advances for land though unsecured, are considered good as the advances have been given based on arrangements/ memorandum of understanding executed by the Company and the Company/ seller/ intermediary is in the course of obtaining clear and marketable title, free from all encumbrances, including for certain properties under litigation.

Loans and advances due by directors or other officers, etc.

₹ million

	Current		Non-current	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
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	374.92	414.65	-	-
Dues from Sobha Interiors Private Limited, in which the Company's director is a director and a member	-	-	-	6.82
Dues from Sobha Highrise Ventures Private Limited, in which the Company's director is a director	-	-	-	0.03
Dues from Sobha Assets Private Limited, in which the Company's director is a director	-	-	70.51	70.37
Dues from Sobha Contracting LLC (Dubai), in which the Company's director is a director	-	-	5.15	5.15
Inter-corporate deposit to related party				
Dues from Sobha Renaissance Information Technology Private Limited, in which the Company's director is a member	47.11	47.11	-	-

15 Trade receivables and other assets

₹ million

	Current		Non-current	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
15.1 Trade receivable				
<i>Outstanding for a period exceeding six months from the date they are due for payment</i>				
Unsecured, considered good	359.08	409.07	-	-
Doubtful	-	-	136.20	87.00
	359.08	409.07	136.20	87.00
Provision for doubtful trade receivables	-	-	136.20	87.00
	359.08	409.07	-	-
<i>Other receivables</i>				
Unsecured, considered good	2,108.85	1,237.66	123.27	20.23
	2,108.85	1,237.66	123.27	20.23
	2,467.93	1,646.73	123.27	20.23
15.2 Other assets				
Unsecured, considered good unless stated otherwise				
Non-current bank balances (refer note 17)			67.09	88.62
Others				
Unbilled revenue	3,019.56	4,287.56	-	-
Interest accrued on investments	27.26	23.43	-	-
Others	289.80	289.80	-	-
Total other assets	3,336.62	4,600.79	67.09	88.62
	5,804.55	6,247.52	190.36	108.85

₹ million

	Current		Non-current	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
Trade receivables include:				
Due from executive director	-	9.51	-	-
Dues from Sri Kurumba Trust in which the Company's director is a trustee	22.76	20.51	-	-

16 Inventories (valued at lower of cost and net realizable value)

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Raw materials and components	291.19	252.94
Building materials	15.76	15.46
Land stock	5,411.72	5,776.30
Work-in-progress	14,766.68	9,661.86
Stock in trade - flats	105.84	149.02
Finished goods	28.65	23.98
	20,619.84	15,879.56

17 Cash and bank balances

	Current		Non-current	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
₹ million				
Cash and cash equivalents				
<i>Balances with banks:</i>				
– On current accounts	468.64	435.78		
– On unpaid dividend account	1.44	1.11		
Cheques/ drafts on hand	12.81	10.40		
Cash on hand	6.50	2.59		
	489.39	449.88		
Other bank balances				
– Deposits with maturity for more than 3 months but less than 12 months	-	1.15	-	-
– Margin money deposit	252.60	94.20	67.09	88.62
	252.60	95.35	67.09	88.62
Less: Amount disclosed under non-current assets (refer note 15.2)			(67.09)	(88.62)
	741.99	545.23	-	-

Margin money deposits given as security

Margin money deposits with a carrying amount of ₹ 319.69 million (Previous year - ₹ 182.82 million) are subject to first charge to secure the Company's borrowings.

18 Revenue from operations

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Revenue from operations		
Sale of products/finished goods		
Income from property development	11,473.56	10,613.86
Income from sale of land and development rights	13.21	1,020.45
Income from glazing works	1,335.30	799.79
Income from interior works	632.29	598.92
Income from concrete blocks	211.85	184.59
Sale of services		
Income from contractual activity - Subsidiaries/ associates	2,906.79	1,699.93
Income from contractual activity - Others	4,445.06	3,013.06
Other operating revenue		
Share in profits of partnership firm investments (post tax)	182.64	130.77
Scrap sales	40.93	43.10
Revenue from operations (gross)	21,241.63	18,104.47
Less: Excise duty #	112.74	74.26
Revenue from operations (net)	21,128.89	18,030.21

Excise duty on sales amounting to ₹ 112.74 million (Previous year - ₹ 74.26 million) has been reduced from sales in statement of profit and loss and excise duty on (Increase)/decrease in inventory of finished goods amounting to ₹ 0.55 million (Previous year - ₹ 0.43 million) has been considered as (income)/expense in note 23 of financial statements.

19 Other income

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Interest income on		
Bank deposits	19.42	24.05
Long term investments	68.97	26.03
Others	-	3.96
Foreign exchange fluctuation (net)	0.07	-
Profit on sale of fixed assets (net)	2.46	0.29
Other non-operating income (net of expenses directly attributable to such income of ₹ Nil (Previous year - ₹ Nil))	67.85	22.40
	158.77	76.73

20 Cost of raw material and components consumed

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Inventory at the beginning of the year		
Glazing material	112.94	96.45
Interior material	101.74	114.53
Concrete block material	38.26	15.42
	252.94	226.40
Add: Purchases		
Glazing material	851.89	535.10
Interior material	532.54	340.94
Concrete block material	379.12	228.59
	1,763.55	1,104.63
Less: Inventory at the end of the year		
Glazing material	116.73	112.94
Interior material	112.88	101.74
Concrete block material	61.58	38.26
	291.19	252.94
Cost of raw material and components consumed		
Glazing material	848.10	518.61
Interior material	521.40	353.73
Concrete block material	355.80	205.75
Cost of raw material and components consumed	1,725.30	1,078.09

21 (Increase)/ decrease in inventories

	31-Mar-14 ₹ million	31-Mar-13 ₹ million	Less: Transferred to capital work- in- progress ₹ million	(Increase) /decrease ₹ million
Inventories at the end of the year				31-Mar-14
Building materials	15.76	15.46	-	(0.30)
Land stock	5,411.72	5,776.30	148.38	216.20
Work-in-progress	14,766.68	9,661.86	-	(5,104.82)
Stock in trade - flats	105.84	149.02	-	43.18
Finished goods	28.65	23.98	-	(4.67)
	20,328.65	15,626.62	148.38	(4,850.41)
Inventories at the beginning of the year				31-Mar-13
Building materials	15.46	17.49	-	2.03
Land stock	5,776.30	5,515.41	-	(260.89)
Work-in-progress	9,661.86	8,525.35	-	(1,136.51)
Stock in trade - flats	149.02	61.69	-	(87.33)
Finished goods	23.98	19.03	-	(4.95)
	15,626.62	14,138.97	-	(1,487.65)
Less: Transferred to Capital work-in-progress	148.38	-		
	15,478.24	14,138.97		
(Increase)/ decrease	(4,850.41)	(1,487.65)		

22 Employee benefits expense

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Salaries, wages and bonus	1,693.35	1,505.77
Contribution to provident and other fund	37.62	31.00
Gratuity expense (refer note 30)	20.58	22.40
Compensated absence	21.92	14.38
Staff welfare expenses	91.11	61.90
	1,864.58	1,635.45

23 Other expenses

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Excise duty on (increase)/ decrease in inventory	(0.55)	(0.43)
License fees and plan approval charges	232.57	417.77
Power and fuel	305.83	214.52
Water charges	71.09	39.91
Freight and forwarding charges	154.43	128.44
Rent	239.60	175.08
Rates and taxes	100.98	73.58
Insurance	31.35	25.89
Property maintenance expenses	82.51	86.79
Repairs and maintenance		
Plant and machinery	19.00	19.40
Others	42.55	30.95
Advertising and sales promotion	488.62	399.26
Brokerage and discounts	96.89	65.14
Donation	137.74	66.04
Travelling and conveyance	338.66	234.51
Legal and professional fees	155.82	111.55
Directors' commission and sitting fees	5.34	5.07
Payment to auditor (Refer details below)	9.22	8.93
Exchange difference (net)	0.53	1.60
Bad debts written off	33.97	-
Provision for doubtful debts and advances	49.20	20.00
Loss on sale of fixed assets (net)	-	3.75
Miscellaneous expenses	303.44	240.55
	2,898.79	2,368.30

Payment to auditor *

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
As auditor:		
Audit fee [including for Limited review ₹ 4.20 million (Previous year - ₹ 3.45 million)]	8.80	8.00
In other capacity:		
Other services	-	0.60
Reimbursement of expenses	0.42	0.33
	9.22	8.93

* Net of service tax of ₹ 1.14 million (Previous year - ₹ 1.10 million)

24 Depreciation and amortization expense

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Depreciation of tangible assets	629.93	538.29
Amortization of intangible assets	25.91	21.36
	655.84	559.65

25 Finance costs

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Interest		
- On borrowings	1,465.93	1,532.63
- On finance lease obligation	28.17	47.48
- Others	62.60	79.87
Bank charges	108.54	86.19
	1,665.24	1,746.17
Less: Interest cross charged and interest inventorised/capitalised to qualifying land advances and capital work-in-progress	(296.59)	(317.51)
Total *	1,368.65	1,428.66

* Gross of interest amounting to ₹ 967.47 million (Previous year - ₹ 1,063.07 million) inventorised to qualifying land stock and work in progress.

26 Related party disclosure

a List of related parties

Subsidiaries

Direct Subsidiaries

Sobha City
Sobha Highrise Ventures Private Limited
[Subsidiary Company under Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) incorporated on May 28, 2012.]
Sobha Developers (Pune) Limited [Formerly Sobha Developers (Pune) Private Limited]
Sobha Assets 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

Key Management Personnel

Mr. P. N. C. Menon [Chairman and Director upto June 30, 2012. Also a key shareholder, refer note 3 (c)]
Mr. Ravi PNC Menon
Mr. J. C. Sharma
Mr. P. Ramakrishnan
Mr. S. Baaskaran [upto January 31, 2013]
Mr. Ganesh Venkataraman [from January 31, 2013]
Mr. Kishore Kayarat

Relatives of key management personnel

Mrs. Sobha Menon [a key shareholder, refer note 3 (c)]
Mrs. Sudha Menon
Mr. P. N. Haridas

Other Related Parties [Enterprise owned or significantly influenced by key management personnel]

Al Barakah Financial Services Limited
Allapuzha Fine Real Estate Private Limited
Architectural Metal Works FZCO
Bikasa Properties Private Limited
Bikasa Realtors Private Limited
Chikmangaloor Realtors Private Limited
Chikmangaloor Properties Private Limited
Cochin Cyber City Private Limited
Cochin Cyber Golden Properties Private Limited
Cochin Cyber Value Added Properties Private Limited
Cochin Super City Developers Private Limited
Daram Cyber Developers Private Limited
Daram Cyber Properties Private Limited
Daram Land Real Estate Private Limited
Greater Cochin Cyber City Private Limited
Greater Cochin Developers Private Limited
Greater Cochin Properties Private Limited
Greater Cochin Realtors Private Limited
HBR Consultants Private Limited
Hill and Menon Securities Private Limited

Kilai Builders Private Limited
Kilai Properties Private Limited
Kilai Super Developers Private Limited
Kuthavakkam Developers Private Limited
Kuthavakkam Properties Private Limited
Mannur Real Estate Private Limited
Mapedu Realtors Private Limited
Megatech Software Private Limited
Mapedu Real Estates Private Limited
Moolamcode Traders Private Limited
Oman Builders Private Limited.
Padmalochana Enterprises Private Limited
Pallavur Projects Private Limited
Perambakkam Builders Private Limited
PNC Technologies Private Limited
Punkunnam Builders and Developers Private Limited
Puzhakkal Developers Private Limited
Red Lotus Realtors Private Limited
Royal Interiors Private Limited
Rusoh Fine Builders Private Limited
Rusoh Marina Properties Private Limited
Rusoh Modern Properties Private Limited
SBG Housing Private Limited
Sengadu Builders Private Limited
Sengadu Developers Private Limited
Sengadu Properties Private Limited
Services and Trading Co. LLC
Sobha Aviation and Engineering Services Private Limited
Sobha Contracting LLC, Dubai
Sobha Engineering and Contracting LLC, Dubai
Sobha Electro Mechanical Private Limited
Sobha Glazing & Metal Works Private Limited
Sobha Innercity Technopolis Private Limited
Sobha Interiors Private Limited
Sobha Jewellery Private Limited
Sobha Maple Tree Developers Private Limited
Sobha Projects & Trade Private Limited
Sobha Puravankara Aviation Private Limited
Sobha Renaissance Information Technology Private Limited
Sobha Space Private Limited
Sobha Technocity Private Limited
Sobha Ventures Limited
Sri Durga Devi Property Management Private Limited
Sri Kanakadurga Property Developers Private Limited
Sri Kurumba Trust
Sri Parvathy Land Developers Private Limited
Sunbeam Projects Private Limited
Technobuild Developers Private Limited
Thakazhi Developers Private Limited
Thakazhi Realtors Private Limited
Tirur Cyber City Developers Private Limited
Tirur Cyber Real Estates Private Limited

b. Transaction with related parties

₹ million

Description of the nature of transaction	Description of relationship	Related party	31-Mar-14	31-Mar-13
Income from contractual activity	Subsidiary	Sobha City	1,538.76	1,051.87
		Sobha Developers (Pune) Limited	1,221.20	648.06
		Sobha Highrise Ventures Private Limited	146.83	-
	Key Management Personnel	Mr. Ravi PNC Menon	-	29.27
	Other related parties	Sri Kurumba Trust	5.35	3.95
Income from sale of land and development rights	Subsidiary	Sobha Highrise Ventures Private Limited	13.21	-
Income from glazing works	Subsidiary	Sobha City	36.36	18.66
	Key Management Personnel	Mr. Ravi PNC Menon	0.31	-
	Other related parties	Sri Kurumba Trust	1.98	-
		Sri Parvathy Land Developers Private Limited	0.03	0.94
Income from interior works	Subsidiary	Sobha City	17.10	10.41
	Other related parties	Sri Parvathy Land Developers Private Limited	1.54	5.97
		Sri Kurumba Trust	3.85	0.43
Income from concrete block material	Subsidiary	Sobha City	8.29	2.90
	Other related parties	Sri Parvathy Land Developers Private Limited	0.16	5.40
Interest income on debentures	Subsidiary	Sobha Highrise Ventures Private Limited	68.97	26.03
Interest income on inter corporate loan given	Subsidiary	Sobha Highrise Ventures Private Limited	-	3.96
Interior works done by the related party for office building	Other related parties	Sobha Engineering and Contracting LLC, Dubai	-	27.42
Purchase of project items	Other related parties	Sobha Projects & Trade Private Limited	157.75	103.17
Amount withdrawn from partnership current account	Subsidiary	Sobha City	358.86	-
Aircraft hire charges - Travelling and conveyance	Other related parties	Sobha Puravankara Aviation Private Limited	165.94	93.54
Advertising and sales promotion	Other related parties	Sobha Engineering and Contracting LLC, Dubai	-	5.80
Share in profits of partnership firm	Subsidiary	Sobha City	182.64	130.77
Investment in equity share capital	Subsidiary	Sobha Highrise Ventures Private Limited	-	25.90
Investment in preference shares	Subsidiary	Sobha Highrise Ventures Private Limited	-	77.00
Investment in debentures	Subsidiary	Sobha Highrise Ventures Private Limited	21.50	377.00
Amount contributed to partnership capital account	Subsidiary	Sobha City	-	199.99
Directors' remuneration	Key management personnel	Mr. J. C. Sharma	51.54	48.28
		Mr. Ravi PNC Menon	89.72	86.45
		Mr. P. Ramakrishnan	8.11	6.97
		Mr. P. N. C. Menon	87.42	62.44
Dividend paid (Payment basis)	Key management personnel	Mr. P. N. C. Menon and Mrs. Sobha Menon (Jointly held shares)	38.46	27.47
		Mr. Ravi PNC Menon	0.23	0.16
		Mr. J. C. Sharma	0.61	0.41
	Relatives of key management personnel	Mrs. Sobha Menon	289.44	206.74
Salary (including perquisites)	Key management personnel	Mr. S. Baaskaran	-	6.43
		Mr. Kishore Kayarat	2.31	2.40
		Mr. Ganesh Venkataraman	8.66	1.79
	Relatives of key management personnel	Mr. P. N. Haridas	0.71	0.69
Inter corporate loan given	Subsidiary	Sobha Highrise Ventures Private Limited	2.60	419.06
Inter corporate loan repaid by related party	Subsidiary	Sobha Highrise Ventures Private Limited	2.60	419.06
Advance received	Other related parties	SBG Housing Private Limited	-	33.61
	Subsidiary	Sobha Highrise Ventures Private Limited	53.76	-
Advance repaid	Other related parties	SBG Housing Private Limited	-	23.57
Donation paid	Other related parties	Sri Kurumba Trust	126.90	60.00

₹ million

Description of the nature of transaction	Description of relationship	Related party	31-Mar-14	31-Mar-13
Reimbursement from related party	Subsidiary	Sobha Assets Private Limited	-	6.41
		Sobha Highrise Ventures Private Limited	31.60	0.23
	Other related parties	Royal Interiors Private Limited	9.88	-
		SBG Housing Private Limited	-	5.58
		Sobha Interiors Private Limited	3.92	3.52
		Sobha Puravankara Aviation Private Limited	6.40	0.43
	Relatives of key management personnel	Mrs. Sobha Menon	1.70	-
Advance paid towards purchase of land, goods or services	Other related parties	Technobuild Developers Private Limited	1.35	241.86
		Sobha Projects & Trade Private Limited	112.85	69.59
		Sobha Maple Tree Developers Private Limited	-	69.82
		Puzhakkal Developers Private Limited	73.15	49.25
		Sobha Puravankara Aviation Private Limited	187.02	95.67
		Sri Durga Devi Property Management Private Limited	1.72	-
		Royal Interiors Private Limited	-	1.16
Assignment of land advance	Subsidiary	Sobha Assets Private Limited	0.14	52.44
	Other related parties	Sri Parvathy Land Developers Private Limited	-	92.14
		Sri Durga Devi Property Management Private Limited	-	48.03
Assignment of land advance paid to Sobha Maple Tree Developers Private Limited to Sobha Highrise Ventures Private Limited	Subsidiary	Sobha Highrise Ventures Private Limited	-	79.92
Refund of advance by the related party	Other related parties	Technobuild Developers Private Limited	-	80.00
Rent paid	Other related parties	Sobha Interiors Private Limited	12.92	12.89
		Sobha Glazing & Metal Works Private Limited	5.12	5.14
	Key management personnel	Mr. Ravi PNC Menon	0.63	0.39

c. Closing Balance

Description of the nature of transaction	Description of relationship	Related party	31-Mar-14	31-Mar-13
Inter-corporate deposit	Other related parties	Sobha Renaissance Information Technology Private Limited	47.11	47.11
		Technobuild Developers Private Limited	8,150.42	8,149.07
Land advance	Other related parties	Puzhakkal Developers Private Limited	125.47	52.32
		Sri Parvathy Land Developers Private Limited	92.14	92.14
		Sri Durga Devi Property Management Private Limited	49.75	48.03
		Sobha Glazing & Metal Works Private Limited	112.03	93.93
Rent deposit	Other related parties	Sobha Interiors Private Limited	280.00	234.53
Investment in subsidiaries - Current account	Subsidiary	Sobha City - Partner current account	307.40	483.62
Investment in preference shares	Subsidiary	Sobha Highrise Ventures Private Limited	77.00	77.00
Investment in debentures	Subsidiary	Sobha Highrise Ventures Private Limited	398.50	377.00
Advances recoverable in cash or in kind	Subsidiary	Sobha Assets Private Limited	70.51	70.37
		Sobha Highrise Ventures Private Limited	-	0.03
		Sobha Projects & Trade Private Limited	374.92	414.65
		Sobha Puravankara Aviation Private Limited	276.86	167.14
	Other related parties	Architectural Metal Works FZCO	0.29	0.29
		Punkunnam Builders and Developers Private Limited	0.03	0.03
		Sobha Contracting LLC, Dubai	5.15	5.15
		Sobha Interiors Private Limited	-	6.82
Trade receivables	Subsidiary	Sobha City	95.93	-
	Other related parties	Sri Kurumba Trust	22.76	20.51
	Key management personnel	Mr. Ravi PNC Menon	-	9.51

Description of the nature of transaction	Description of relationship	Related party	₹ million	
			31-Mar-14	31-Mar-13
Interest accrued on investments	Subsidiary	Sobha Highrise Ventures Private Limited	27.26	23.43
		Sobha Glazing & Metal Works Private Limited	30.11	8.13
		SBG Housing Private Limited	2.68	2.68
Payables	Other related parties	Sobha Interiors Private Limited	47.67	-
		Sobha Puravankara Aviation Private Limited	138.56	35.11
		Sobha Space Private Limited	0.02	0.02
Capital creditors	Other related parties	Sobha Renaissance Information Technology Private Limited	50.00	50.00
		Sobha Developers (Pune) Limited	1,994.65	2,494.96
Advance from customers	Subsidiary	Sobha Highrise Ventures Private Limited	46.39	-
		Sobha City	-	35.90
Non-trade payable	Key management personnel	Mr. J. C. Sharma	37.80	37.95
		Mr. Ravi PNC Menon	33.92	38.02
		Sobha City	1,420.00	745.00
Guarantees given	Subsidiary	Sobha Highrise Ventures Private Limited	150.00	-
		Sobha Developers (Pune) Limited	734.89	1,480.00

Also, refer note 8 as regards guarantees received from key management personnel and relative of key management personnel and collateral securities offered by related companies in respect of loans availed by the Company.

27 Earnings per share ['EPS']

Particulars	₹ million	
	31-Mar-14	31-Mar-13
Profit after tax attributable to shareholders	2,065.42	1,965.73
Weighted average number of equity shares of ₹ 10 each outstanding during the period used in calculating basic and diluted EPS	98,063,868	98,063,868

28 Leases

(a) Finance lease: Company as lessee

The Company has acquired plant and machinery and scaffolding items under finance lease with the respective underlying assets as security. These leases have an average life of 3 to 5 years with renewal option included in the contract. Minimum lease payments (MLP) outstanding in respect of these assets are as follows (Figures in brackets are in respect of the previous year) :

Particulars	₹ million		
	Total MLP outstanding as on March 31, 2014	Interest	Present Value of MLP
Within one year	149.15	7.52	141.63
	(266.51)	(28.17)	(238.34)
After one year but not more than five years	6.54	0.13	6.41
	(155.68)	(7.66)	(148.02)
More than five years	-	-	-
	-	-	-
	155.69	7.65	148.04
	(422.19)	(35.83)	(386.36)

(b) Operating lease: Company as lessee

Operating lease obligations: The Company has taken office, other facilities and other equipments under cancelable and non-cancelable operating leases, which are renewable on a periodic basis with escalation as per agreement.

Particulars	₹ million	
	31-Mar-14	31-Mar-13
Lease payments recognised as an expense in statement of profit and loss	239.60	175.08

Minimum lease payments outstanding in respect of these lease for non-cancelable period are as follows:

Particulars	₹ million	
	31-Mar-14	31-Mar-13
Not later than one year	63.90	44.78
Later than one year and not later than five years	148.41	116.34
Later than five years	210.52	271.76
	422.83	432.88

29 Contingent liabilities and commitments (to the extent not provided for)**i. Contingent liabilities**

Particulars	₹ million	
	31-Mar-14	31-Mar-13
i Guarantees given by the Company	4,524.65	3,700.82
ii Claims against the Company, not acknowledged as debts	-	846.72
iii Income tax matters in dispute	3.94	3.94
iv Sales tax matters in dispute	331.37	363.44
v Service tax matters in dispute	1,441.88	1,182.31
	6,301.84	6,097.23

The Company does not expect any reimbursement in respect of the above contingent liability and it is not practicable to estimate the timings of the cash outflows, if any, in respect of matters above pending resolution of the arbitration/ appellate proceedings and it is not probable that an outflow of resources will be required to settle the above obligations/claims.

Note:

The Company is also involved in certain litigation for lands acquired by it for construction purposes, either through joint development agreements or through outright purchases, the impact of which is not quantifiable. These cases are pending with various courts and are scheduled for hearings. After considering the circumstances and legal advice received, management believes that these cases will not adversely effect its financial statements.

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.

ii. Commitments

- The estimated amount of contracts, net of advances remaining to be executed on capital account is ₹ 211.84 million (Previous year - ₹ 81.56 million).
- At March 31, 2014, the Company has given ₹ 13,990.11 million (Previous year - ₹ 13,830.50 million) as advances for purchase of land. Under the agreements executed with the land owners, the Company is required to make further payments under the agreements based on the terms/ milestones stipulated under the agreement.
- The Company has entered into joint development agreements with owners of land for its construction and development. Under the agreements the Company is required to pay deposits to the owners of the land and share in area/ revenue from such development in exchange of undivided share in land as stipulated under the agreements. As of March 31, 2014 the Company has paid ₹ 2,643.36 million (Previous year - ₹ 2,569.04 million) as refundable deposit against the joint development agreements.
- 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.
- For commitments relating to lease arrangements, please refer note 28.

30 Employee benefits

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service subject to a maximum of ₹ 1,000,000. The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for gratuity benefit.

Statement of profit and loss

Net employee benefit expense (recognised in employee benefits expense)

	₹ million	
Particulars	31-Mar-14	31-Mar-13
Current service cost	12.86	11.38
Interest cost on benefit obligation	6.15	4.96
Expected return on plan assets	(1.59)	(1.78)
Net actuarial loss/ (gain) recognised	3.16	7.84
Net benefit expense	20.58	22.40

Balance sheet

	₹ million	
Particulars	31-Mar-14	31-Mar-13
Defined benefit obligation	91.85	76.92
Fair value of plan assets	20.09	18.24
Plan (asset)/ liability	71.76	58.68
Changes in the present value of the defined benefit obligation		
Opening defined benefit obligation	76.92	62.03
Interest cost	6.15	4.96
Current service cost	12.86	11.38
Benefits paid	(7.48)	(9.36)
Actuarial (gains)/ losses on obligation	3.40	7.91
Closing defined benefit obligation	91.85	76.92
Changes in the fair value of plan assets		
Opening fair value of plan assets	18.24	20.75
Expected return	1.59	1.78
Contributions by employer	7.50	5.00
Benefits paid	(7.48)	(9.36)
Actuarial gains/ (losses)	0.24	0.07
Closing fair value of plan assets	20.09	18.24
Actual return on plan assets		
Expected return on plan assets	1.59	1.78
Actuarial gain/ (loss) on plan assets	0.24	0.07
Actual return on plan assets	1.83	1.85

	₹ million	
Particulars	31-Mar-14	31-Mar-13
Investment details of plan assets		
Investment with insurer - 100% in debt instruments		
The principal assumptions used in determining gratuity obligation		
Discount rate	8.00%	8.00%
Expected rate of return on assets	8.70%	8.70%
The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.		
Increase in compensation cost	5.00%	5.00%

₹ million

Experience adjustment	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Defined benefit obligation	91.85	76.92	62.03	52.67	38.21
Plan assets	20.09	18.24	20.75	21.95	23.07
Surplus / (deficit)	71.76	58.68	41.28	30.72	15.14
Experience adjustments on plan liabilities	7.40	6.40	(0.24)	3.86	9.97
Experience adjustments on plan assets	0.24	0.07	(0.22)	(0.45)	1.65

Notes:

- The Company expects to contribute ₹ 51.72 million (Previous year - ₹ 44.21 million) to the trust towards gratuity fund in 2014-15.
- The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other several factor such as supply and demand factor in the employment market. Employee turnover varies based on various age groups.

31 Segment reporting

As the Company operates on a backward integration model and its business activity primarily falls within a single business segment which constitutes real estate development, there are no additional disclosures to be provided under Accounting Standard 17 'Segment Reporting'. The Company operates primarily in India and there is no other significant geographical segment.

32 Supplementary statutory information**a. Expenditure in foreign currency [on accrual basis]**

₹ million

Particulars	31-Mar-14	31-Mar-13
Salaries, wages and bonus	13.78	10.27
Travelling and conveyance	2.27	2.86
Rent	5.98	-
Legal and professional charges	0.27	1.72
Advertising and sales promotion	12.44	8.56
Miscellaneous expenses	6.68	11.01
	41.42	34.42

b. Value of imports calculated on CIF basis

₹ million

Particulars	31-Mar-14	31-Mar-13
Raw materials (including project items)	363.70	213.82
Capital goods	177.26	121.89
	540.96	335.71

c. Imported and indigenous raw materials consumption

₹ million

Particulars	31-Mar-14		31-Mar-13	
	%	Amount	%	Amount
Raw Materials				
Imported	9.44%	162.79	12.33%	132.91
Indigenously obtained	90.56%	1,562.51	87.67%	945.18
	100.00%	1,725.30	100.00%	1,078.09

33 Construction contracts

₹ million

Particulars	31-Mar-14	31-Mar-13
Contract revenue recognised as revenue for the year ended March 31, 2014	17,277.34	13,002.13
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to March 31, 2014 for all the contracts in progress	31,185.15	25,630.37
The amount of customer advances outstanding for contracts in progress as at March 31, 2014 for which revenue has been recognised.	6,180.64	3,283.51
The amount of retentions due from customers for contracts in progress as at March 31, 2014	415.74	248.21

34 Derivative instruments and unhedged foreign currency exposure

Particulars	₹ million	
	31-Mar-14	31-Mar-13
Foreign currency exposure that are not hedged by derivative instruments or otherwise:		
Payables	6.68	0.99
Receivables	55.39	44.65

35 Based on the information available with the Company, there are no suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as at March 31, 2014.

36 Capitalization of expenditure

During the year, the Company has capitalized the following expenses of revenue nature to capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

Particulars	₹ million	
	31-Mar-14	31-Mar-13
Purchase of project materials	8.39	-
Subcontractor and labour charges	238.10	-
Salaries, wages and bonus	4.17	-
Rent	9.87	-
Miscellaneous expenses	3.32	-
	263.85	-

37 Disclosure as per clause 32 of the Listing agreement of the loans and advances granted to subsidiaries, fellow subsidiaries, joint ventures, associates and other Companies in which the directors are interested:

Particulars	31-Mar-14		31-Mar-13	
	Closing balance	Maximum amount due	Closing balance	Maximum amount due
Sobha Highrise Ventures Private Limited	425.76	458.04	400.43	819.49
Sobha Renaissance Information Technology Private Limited	47.11	47.11	47.11	47.11

38 Transfer pricing

As per the transfer pricing rules prescribed under the Income-tax Act, 1961, the Company is examining the domestic and international transactions and documentation in respect thereof to ensure compliance with the said rules. The management does not anticipate any material adjustment with regard to the transactions involved.

39 Prior year comparatives

The figures of the previous year have been regrouped/reclassified, where necessary, to conform with the current year's classification.

As per our report of even date

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

per Adarsh Ranka
Partner
Membership No: 209567

Place: Bengaluru
Date: May 22, 2014

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

Ravi PNC Menon
Chairman

Ganesh Venkataraman
Chief Financial Officer

Place: Bengaluru
Date: May 22, 2014

J.C. Sharma
Vice Chairman and
Managing Director

Kishore Kayarat
Company Secretary and
Compliance Officer

Independent Auditors' Report

To the Board of Directors of Sobha Developers Limited

We have audited the accompanying consolidated financial statements of Sobha Developers Limited ("the Company") and its subsidiaries (collectively referred to as 'the Group'), which comprise the consolidated balance sheet as at March 31, 2014, the consolidated statement of profit and loss and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An

audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

- (a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2014;
- (b) in the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

Other Matter

We did not audit total assets of ₹ 3,864.25 million as at March 31, 2014, total revenues of ₹ 3,777.46 million and net cash outflows amounting to ₹ 33.44 million for the year then ended (after eliminations), included in the accompanying consolidated financial statements in respect of three subsidiaries, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiaries is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

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



per Adarsh Ranka
Partner
Membership No.: 209567

Place: Bengaluru
Date: May 22, 2014

Consolidated balance sheet as at March 31, 2014

	Notes	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Equity and liabilities			
Shareholders' funds			
Share capital	3	980.64	980.64
Reserves and surplus	4	21,932.92	20,385.55
		22,913.56	21,366.19
Minority interest		88.25	101.80
Non-current liabilities			
Long-term borrowings	5	788.78	526.04
Deferred tax liability (net)	13	1,009.77	638.11
Trade payables	6	177.62	177.62
Long-term provisions	7	20.04	14.47
		1,996.21	1,356.24
Current liabilities			
Short-term borrowings	8	12,996.58	13,009.64
Trade payables	9	5,573.63	4,096.16
Other current liabilities	9	10,080.18	7,243.64
Short-term provisions	7	1,446.12	1,423.13
		30,096.51	25,772.57
TOTAL		55,094.53	48,596.80
Assets			
Non-current assets			
Fixed assets			
Tangible assets	10	3,209.72	3,128.01
Intangible assets	11	136.11	172.51
Capital work-in-progress		412.23	-
Non-current investments	12	0.18	0.18
Long-term loans and advances	14	4,360.51	4,313.97
Trade receivables	15.1	123.27	20.23
Other non-current assets	15.2	107.06	152.49
		8,349.08	7,787.39
Current assets			
Current investments	16	-	1.89
Inventories	17	24,273.05	19,017.62
Trade receivables	15.1	2,460.56	1,641.41
Cash and bank balances	18	1,054.72	669.78
Short-term loans and advances	14	15,194.25	14,356.77
Other current assets	15.2	3,762.87	5,121.94
		46,745.45	40,809.41
TOTAL		55,094.53	48,596.80

Summary of significant accounting policies

2.1

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

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

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

per Adarsh Ranka
Partner
Membership No.: 209567

Ravi PNC Menon
Chairman

J.C. Sharma
Vice Chairman and
Managing Director

Ganesh Venkataraman
Chief Financial Officer

Kishore Kayarat
Company Secretary and
Compliance Officer

Place: Bengaluru
Date: May 22, 2014

Place: Bengaluru
Date: May 22, 2014

Consolidated statement of profit and loss for the year ended March 31, 2014

	Notes	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Income			
Revenue from operations (gross)	19	21,847.08	18,719.68
Less : Excise duty		112.74	74.26
Revenue from operations (net)		21,734.34	18,645.42
Other income	20	103.29	55.17
Total revenue		21,837.63	18,700.59
Expenses			
Land purchase cost		2,319.50	2,045.33
Cost of raw material and components consumed	21	1,725.30	1,078.09
(Increase)/ decrease in inventories of building materials, finished goods, stock in trade - flats, land stock and work-in-progress	22	(5,365.56)	(2,231.64)
Purchase of project materials		7,000.20	5,045.12
Subcontractor and labour charges		5,225.78	3,165.86
Employee benefits expense	23	1,864.58	1,635.45
Depreciation and amortization expense	25	689.92	593.73
Finance costs	26	1,734.44	1,704.90
Other expenses	24	2,938.65	2,424.68
Total		18,132.81	15,461.52
Profit before tax		3,704.82	3,239.07
Tax expenses			
Current tax		996.28	760.74
Deferred tax charge/ (credit)		371.66	307.74
Total tax expense		1,367.94	1,068.48
Profit after tax		2,336.88	2,170.59
(Add)/ Less: Minority interest		(13.55)	(1.20)
Profit after minority interest		2,350.43	2,171.79
Earnings per equity share [nominal value of ₹ 10 (Previous year - ₹ 10)] Basic and Diluted	28	23.97	22.15

Summary of significant accounting policies 2.1

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

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

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

per Adarsh Ranka
Partner
Membership No.: 209567

Ravi PNC Menon
Chairman

Ganesh Venkataraman
Chief Financial Officer

J.C. Sharma
Vice Chairman and
Managing Director

Kishore Kayarat
Company Secretary and
Compliance Officer

Place: Bengaluru
Date: May 22, 2014

Place: Bengaluru
Date: May 22, 2014

Consolidated cash flow statement for the year ended March 31, 2014

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Cash flow from operating activities		
Profit before tax	3,704.82	3,239.07
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/ amortization	689.92	593.73
Profit on sale of fixed assets (net)	(2.46)	(0.29)
Provision for doubtful debts and advances	49.20	20.00
Interest expense	1,623.61	1,611.78
Interest income	(31.16)	(28.33)
Operating profit before working capital changes	6,033.93	5,435.96
Movements in working capital :		
Increase/ (decrease) in trade payables	1,477.47	443.50
Increase/ (decrease) in other current liabilities	2,834.83	2,967.71
Decrease/ (increase) in trade receivables	(971.39)	(501.76)
Decrease/ (increase) in inventories	(5,255.43)	(2,258.18)
Decrease/ (increase) in other assets	1,359.07	(2,503.69)
Decrease/ (increase) in loans and advances	(560.27)	(146.52)
Increase/ (decrease) in provisions	19.10	19.61
Cash generated from / (used in) operations	4,937.31	3,456.63
Direct taxes paid (net of refunds)	(989.25)	(915.10)
Net cash flow from/ (used in) operating activities (A)	3,948.06	2,541.53
Cash flows from investing activities		
Purchase of fixed assets, including capital work-in-progress and capital advances	(1,197.05)	(877.42)
Proceeds from sale of fixed assets	11.01	2.91
Consideration paid for additional share in capital and profit of the partnership firm	-	(479.04)
Purchase of current investments	(599.32)	(80.59)
Proceeds from sale of current investments	601.21	78.70
Investments in/ (redemption of) bank deposits (having original maturity of more than three months) - net	(113.59)	38.18
Interest received	32.93	25.10
Net cash flow from/ (used in) investing activities (B)	(1,264.81)	(1,292.16)

Consolidated cash flow statement for the year ended March 31, 2014

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Cash flows from financing activities		
Proceeds from long-term borrowings	521.50	510.69
Repayment of long-term borrowings	(251.74)	(141.15)
Proceeds from short-term borrowings	5,730.00	5,691.86
Repayment of short-term borrowings	(5,743.06)	(4,681.71)
Proceeds from issue of equity shares to minority shareholders of subsidiary	-	103.00
Interest paid (gross)	(1,909.34)	(1,999.30)
Dividends paid on equity shares	(686.26)	(489.99)
Tax on equity dividend paid	(116.66)	(79.54)
Net cash flow from/ (used in) in financing activities (C)	(2,455.56)	(1,086.14)
Net increase/ (decrease) in cash and cash equivalents (A + B + C)	227.69	163.23
Cash and cash equivalents at the beginning of the year	574.43	411.20
Cash and cash equivalents at the end of the year	802.12	574.43
Components of cash and cash equivalents		
Cash on hand	6.65	2.99
Cheques/ drafts on hand	12.81	10.40
With banks- on current account	780.46	559.22
- on deposit account	0.76	0.71
- unpaid dividend accounts*	1.44	1.11
Total cash and cash equivalents (note 18)	802.12	574.43

Summary of significant accounting policies

2.1

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

As per our report of even date

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

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

per Adarsh Ranka
Partner
Membership No.: 209567

Ravi PNC Menon
Chairman

J.C. Sharma
Vice Chairman and
Managing Director

Ganesh Venkataraman
Chief Financial Officer

Kishore Kayarat
Company Secretary and
Compliance Officer

Place: Bengaluru
Date: May 22, 2014

Place: Bengaluru
Date: May 22, 2014

Notes to the consolidated financial statements for the year ended March 31, 2014

1 Corporate Information

Sobha Developers Limited ('Company' or 'SDL') was incorporated on August 07, 1995. SDL together with its subsidiaries (herein after collectively referred to as 'the Group') is a leading real estate developer engaged in the business of construction, development, sale, management and operation of all or any part of townships, housing projects, commercial premises and other related activities. The Group is also engaged in manufacturing activities related to interiors, glazing and metal works and concrete products which also provides backward integration to SDL's turnkey projects.

2 Basis of preparation

The accompanying consolidated financial statements include the accounts of SDL and its subsidiaries. All the subsidiaries have been incorporated in India. The details of subsidiaries are as follows:

Name of subsidiary	Percentage of holding	
	31-Mar-14	31-Mar-13
Sobha City ['Partnership firm']	100% [Profit sharing ratio]	100% [Profit sharing ratio]
Sobha Developers (Pune) Limited [Formerly Sobha Developers (Pune) Private Limited]	100%	100%
Sobha Assets Private Limited [Subsidiary incorporated on March 13, 2012]	100%	100%
Sobha Highrise Ventures Private Limited	50.0003%	50.0003%

[Subsidiary Company under Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended); incorporated on May 28, 2012]

Subsidiaries of Sobha City

Vayaloor Properties Private Limited	100%	100%
Vayaloor Builders Private Limited	100%	100%
Vayaloor Developers Private Limited	100%	100%
Vayaloor Real Estate Private Limited	100%	100%
Vayaloor Realtors Private Limited	100%	100%
Valasai Vettikadu Realtors Private Limited	100%	100%

The consolidated financial statements have been prepared under the historical cost convention on an accrual basis. The consolidated financial statements have been prepared to comply in all material respects with Accounting Standard (AS) 21 - 'Consolidated Financial Statements' and other accounting standards as applicable, notified by the Companies Accounting Standards Rules, 2006 (as amended) to reflect the financial position and the results of operations of the Group.

The financial statements of the subsidiary are drawn upto the same reporting date as that of the Company i.e March 31, 2014. The consolidated financial statements of the Group have been prepared based on line-by-line consolidation of the balance sheet, statement of profit and loss and cash flows of the Company and its subsidiaries. Inter-Company balances and intra-Company transactions and resulting unrealised profits have been eliminated on consolidation.

The excess of cost of the parent Company of its investment in the subsidiary over its portion of equity in the subsidiary,

on the date of investments is recognised in the financial statements as goodwill. The parent portion of equity in such subsidiary is determined on the basis of book values of assets and liabilities as per the financial statement of the subsidiary as on the date of investment. Goodwill is amortised over a period of 5 years from date of acquisition/investment.

The accounting policies have been consistently applied by the Group and are consistent with those used in previous year.

2.1 Summary of significant accounting policies

a) Use of estimates

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

b) Tangible fixed assets and Intangible assets

i. Tangible fixed assets

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

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

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

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is

charged to the statement of profit and loss.

ii. Intangible assets

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

c) Depreciation on tangible fixed assets

Depreciation on assets is provided using written down value method at the rates prescribed under schedule XIV of the Companies Act, 1956, which is also estimated by the management to be the estimated useful lives of the assets and which is as follows:

	Rate of Depreciation
Factory buildings	10.00%
Other buildings	5.00%
Plant and machinery	13.91%
Furniture and fixtures	18.10%
Vehicles	25.89%
Computers	40.00%
Office equipments	13.91%

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

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

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

d) Impairment of tangible and intangible assets

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss.

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

e) Leases

Where the Group is lessee

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

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

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

f) Investments

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

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

Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

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

g) Inventories

Related to contractual and real estate activity

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

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

Related to manufacturing activity

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

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

h) Revenue recognition

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

i. Recognition of revenue from contractual projects

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

agreements entered into by the Group with its customers.

ii. Recognition of revenue from real estate projects

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

a. Recognition of revenue from property development

For projects commenced and period where revenue recognised before April 01, 2012

Recognition of revenue from construction activity

Revenue from real estate under development/ sale of developed property is recognised upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/ agreements, except for contracts where the Group still has obligations to perform substantial acts even after the transfer of all significant risks and rewards. In such cases, the revenue is recognised on percentage of completion method, when the stage of completion of each project reaches a reasonable level of progress. Revenue is recognised in proportion that the contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs. Land costs are not included for the purpose of computing the percentage of completion.

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

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

Recognition of revenue from sale of villa plots

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

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

For projects commenced on or after April 01, 2012 and also to projects which have already commenced but where revenue is being recognised for the first time on or after April 01, 2012

Revenue from real estate projects including revenue from sale of undivided share of land [group housing] is recognised upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts entered into with buyers, which

generally coincides with the firming of the sales contracts/ agreements. Where the Group still has obligations to perform substantial acts even after the transfer of all significant risks and rewards, revenue in such cases is recognised by applying the percentage of completion method only if the following thresholds have been met:

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

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

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

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

iii. Recognition of revenue from manufacturing division

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

iv. Dividend income

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

v. Interest income

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

i) Foreign currency translation

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

j) Taxes

Tax expense comprises of current and deferred tax.

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

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

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

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

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

k) Retirement and other employee benefits

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

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

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

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

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

l) Earnings per share

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

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

m) Provisions

A provision is recognised when the Group has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

n) Contingent liabilities

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

o) Cash and cash equivalents

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

p) Borrowing costs

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

q) Land

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

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

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

3 Share Capital

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Authorised shares		
150,000,000 (Previous year - 150,000,000) equity shares of ₹10 each	1,500.00	1,500.00
5,000,000 (Previous year - 5,000,000) 7% redeemable preference shares of ₹100 each	500.00	500.00
Issued, subscribed and fully paid-up shares		
98,063,868 (Previous year - 98,063,868) equity shares of ₹10 each fully paid up	980.64	980.64
Total issued, subscribed and fully paid-up share capital	980.64	980.64

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

	31-Mar-14		31-Mar-13	
	No of Shares	₹ million	No of Shares	₹ million
<i>Equity shares</i>				
At the beginning of the year	98,063,868	980.64	98,063,868	980.64
Issued during the year	-	-	-	-
Outstanding at the end of the year	98,063,868	980.64	98,063,868	980.64

(b) Terms/ rights attached to equity shares

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

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

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

Name of shareholder	31-Mar-14		31-Mar-13	
	No of Shares in million	Holding percentage	No of Shares in million	Holding percentage
<i>Equity shares of ₹10 each fully paid up</i>				
Mrs. Sobha Menon	41.35	42.16%	41.35	42.16%
Mr. P.N.C. Menon	12.49	12.74%	12.49	12.74%
Mr. P.N.C. Menon and Mrs. Sobha Menon (Jointly)	5.49	5.60%	5.49	5.60%

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

4 Reserves and surplus

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Capital redemption reserve		
Balance as per the last financial statements	87.29	87.29
Closing balance	87.29	87.29
Securities premium		
Balance as per the last financial statements	10,497.27	10,497.27
Closing balance	10,497.27	10,497.27
General reserve		
Balance as per the last financial statements	1,904.44	1,704.44
Add: Transfer from statement of profit and loss	207.00	200.00
Closing balance	2,111.44	1,904.44
Surplus in the statement of profit and loss		
Balance as per last financial statements	7,896.60	6,727.87
Profit for the year	2,350.43	2,171.79
Less: Appropriations		
Proposed final equity dividend (amount per share ₹ 7 (Previous year - ₹ 7))	(686.45)	(686.45)
Tax on proposed equity dividend	(116.66)	(116.66)
Transfer to general reserve	(207.00)	(200.00)
Total appropriations	(1,010.11)	(1,003.11)
Net surplus in the statement of profit and loss	9,236.92	7,896.55
Total reserves and surplus	21,932.92	20,385.55

5 Long-term borrowings

	₹ million			
	Current maturities		Non current portion	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
Unsecured debentures				
17.5% Series A Compulsorily Convertible Debentures of ₹ 100 each in Sobha Highrise Ventures Private Limited	-	-	398.50	377.00
Secured loans				
Term loans from banks	-	-	100.00	-
Term loans from financial institutions	116.13	-	283.87	-
Finance lease obligations	141.63	238.34	6.41	148.02
Equipment loans	0.97	13.37	-	1.02
	258.73	251.71	788.78	526.04
Amount disclosed under the head "other current liabilities" (refer note 9)	(258.73)	(251.71)		
Net amount	-	-	788.78	526.04

- i) Series A debentures have been issued at par and are convertible into Class C equity shares in the ratio of two Class C equity shares of Sobha Highrise Ventures Private Limited for each Series A allotted in Sobha Highrise Ventures Private Limited, on expiry of 19 years from the date of issue or on happening of certain events. The price per equity share, for conversion of Series A debentures into Class C equity shares shall be ₹ 50 per equity share. The debentures carry a simple interest of 17.5% per annum.

ii) Secured term loans

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-14	31-Mar-13			
Term loans from banks	100.00	-	11%-12%	Secured by equitable mortgage of certain land of the Group and hypothecation of all project specific assets and receivables of the Group.	Twenty four equal monthly installments of ₹ 25 million commencing from June 30, 2016.
Term loans from financial institutions	400.00	-	12%-13%	Secured by equitable mortgage of certain land, building and project specific receivables of the Group.	Thirty one equal monthly installments of ₹ 12.90 million after a moratorium period of five months from the date of first disbursement.
Finance lease obligations	148.04	386.36	13%-15%	Secured by hypothecation of plant and machinery taken on lease.	Thirty five monthly installments commencing from the month the loan is availed.
Equipment loan	0.97	14.39	13%-15%	Hypothecation against specific equipment	Thirty five monthly installments commencing from the month the loan is availed.

6 Other long term liabilities

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Trade payables		
(refer note 35 for details of dues to micro and small enterprises)		
Land cost payable	177.62	177.62
	177.62	177.62

7 Provisions

	Short term		Long term	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
Provision for employee benefits				
Provision for gratuity (refer note 31)	51.72	44.21	20.04	14.47
Provision for leave benefits	51.50	45.48	-	-
	103.22	89.69	20.04	14.47
Other provisions				
Provision for taxation (net of advance tax payments)	539.79	530.12	-	-
Provision for wealth tax (net of advance tax payments)	-	0.21	-	-
Proposed equity dividend	686.45	686.45	-	-
Tax on proposed equity dividend	116.66	116.66	-	-
	1,342.90	1,333.44	-	-
	1,446.12	1,423.13	20.04	14.47

8 Short-term borrowings

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Secured		
Term loans from banks *	10,884.03	9,274.24
Term loans from financial institutions *	1,467.17	1,675.00
Cash credit from banks	645.38	2,060.40
	12,996.58	13,009.64

* Term loan from banks and financial institutions represents amount repayable within the operating cycle. Amount payable within twelve months ₹ 9,021.44 million (Previous year - ₹ 3,930.04 million)

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-14	31-Mar-13			
From banks					
Term Loan	645.00	385.00	12%-14%	Secured by equitable mortgage of certain project specific inventory and receivables of the Group. Further, the loan has been guaranteed by way of corporate guarantee given by certain group Companies.	Nine monthly installments in accordance with repayment schedule mentioned by the bank commencing from July 31, 2014.
Term Loan	410.00	760.00	12%-14%	Secured by equitable mortgage of certain project specific inventory and receivables of the Group and maintaining of Debt Service Reserve account equal to three months interest.	Four quarterly installments of amounts as mentioned in the repayment schedule commencing from June 30, 2014.
Term Loan	1,000.00	380.00	12%-14%	Secured by equitable mortgage of certain project specific inventory and receivables and certain lands of the Group. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Four quarterly installments of ₹ 80 million, ₹ 200 million ₹ 300 million and ₹ 420 million respectively commencing from June 30, 2014.
Term Loan	300.00	100.00	12%-14%	Secured by equitable mortgage of certain project specific inventory and receivables and certain lands of the Group. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Two quarterly installments of ₹ 120 million and ₹ 180 million respectively commencing from September 30, 2014.
Term Loan	500.00	-	12%-13%	Secured by equitable mortgage of certain land and inventory of the Group.	Three equal quarterly installments of ₹ 650 million after a moratorium of twenty seven months from the date of first disbursement.
Term Loan	150.00	-	12%-13%	Secured by equitable mortgage of land of the Group. Further, the loan has been guaranteed by way of corporate guarantee given by certain group Companies.	Four quarterly installments of ₹ 253 million, ₹ 200 million, ₹ 235 million and ₹ 112 million after a moratorium of ten quarters from the date of first disbursement.
Term Loan	-	290.00	13%-15%	Secured by equitable mortgage of certain project specific inventory and receivables of the Group.	Two half yearly installments of ₹ 145 million commencing from February 14, 2014.
Term Loan	871.14	972.44	13%-14%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Group and maintaining of Debt Service Reserve account equal to three months interest. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Quarterly installments of amounts as mentioned in the repayment schedule commencing from September, 30, 2013.
Term Loan	-	650.00	14%-15%	Secured by equitable mortgage of certain land, building, project specific inventory and receivables of the Group and maintaining of Debt Service Reserve account equal to three months interest. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Eleven equal monthly installments of ₹ 50 million commencing from January 15, 2013 and ten monthly installments of ₹ 25 million commencing from July 15, 2013.

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-14	31-Mar-13			
Term Loan	1,078.00	1,041.80	13%-14%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Group. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Quarterly installments of amounts as mentioned in the repayment schedule commencing from two years from the date of disbursement of loan.
Term Loan	3,000.00	1,470.00	14%-15%	Secured by equitable mortgage of certain land and inventory of the Group. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Three quarterly installments of ₹ 750 million, ₹ 900 million and ₹ 1,350 million after a moratorium of twenty seven months from the date of first disbursement.
Term Loan	625.00	1,000.00	12%-15%	Secured by equitable mortgage of certain project specific inventory of the Group. Further, the loan has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company and maintaining of Debt Service Reserve account equal to three months interest and one quarterly principal repayment.	Eight equal quarterly installments of ₹ 125 million commencing from September 30, 2013.
Term Loan	-	1,080.00	12%-15%	Secured by equitable mortgage of certain project specific inventory and receivables of the Group and maintaining of Debt Service Reserve account equal to three months interest.	Eighteen monthly installments in accordance with repayment schedule mentioned by the bank commencing from January 15, 2013.
Term Loan	734.89	400.00	12%-15%	Secured by equitable mortgage of certain project specific inventory and receivables of the Group and maintaining of Debt Service Reserve account equal to three months interest.	Twenty monthly installments in accordance with repayment schedule mentioned by the bank commencing from July 15, 2014.
Term Loan	610.00	-	12%-14%	Secured by equitable mortgage of certain land and project specific receivables of the Group	Twelve equal monthly installments of ₹ 53.33 million commencing from September 12, 2015.
Term Loan	150.00	-	12%-14%	Secured by equitable mortgage of land and inventory of the Group.	Five quarterly installments of ₹ 190 million each after a moratorium of twenty seven months from the date of first disbursement.
Term Loan	810.00	745.00	13%-15%	Secured by equitable mortgage of certain project specific inventory and receivables of the Group.	Two equal quarterly installments after moratorium period of thirty nine months.
From financial institutions					
Term Loan	400.00	1,040.00	12%-14%	Secured by equitable mortgage of certain leasehold land and project land and building of the Group. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Twelve quarterly installments of ₹ 160 million commencing from October, 2011 and last installment of ₹ 80 million due in October 2014.
Term Loan	-	260.00	15%-16%	Secured by equitable mortgage of certain land of the Group. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Twenty five equal monthly installments of ₹ 20 million starting from April 15, 2012.

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-14	31-Mar-13			
Term Loan	367.17	375.00	13%-14%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Group.	Quarterly installments of amounts as mentioned in the repayment schedule commencing from September, 30, 2013.
Term Loan	700.00	-	12%-13%	Secured by equitable mortgage of certain land, building and project specific receivables of the Group. Further, the loan has been guaranteed by way of corporate guarantee given by certain group Company.	Seven equal monthly installments of ₹ 100 million after a moratorium of eighteen months from the date of first disbursement.
From banks					
Cash credit	-	43.00	12%-14%	Secured by equitable mortgage of certain project specific inventory and receivables of the Group.	Repayable on demand
Cash credit	24.94	49.00	12%-14%	Secured by charge on specific project inventory and receivables of the Group. Further, secured by equitable mortgage of land of the Group.	Repayable on demand
Cash credit	62.53	268.90	12%-15%	Secured by way of equitable mortgage of certain land and project specific receivables of the Group. Further, the facility has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company.	Repayable on demand
Cash credit	282.78	649.00	10%-14%	Secured by charge on specific project inventory, current assets and receivables of the Group. Further, the facility has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company and by way of corporate guarantee given by certain group Companies (till March 28, 2014).	Repayable on demand
Cash credit	107.27	858.00	12%-14%	Secured by equitable mortgage of certain land, project specific inventory and receivables of the Group and hypothecation of movable fixed assets of the Group. Further, the loan has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company (till February 22, 2014).	Repayable on demand
Cash credit	13.38	16.00	10%-14%	Secured by lien on fixed deposits of the Group.	Repayable on demand
Cash credit	103.78	99.00	11%-13%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Group.	Repayable on demand
Cash credit	19.96	20.00	12%-14%	Secured by charge on specific project inventory, current assets and receivables of the Group. Further, the facility has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company (till February 22, 2014).	Repayable on demand

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-14	31-Mar-13			
Cash credit	13.75	25.88	10%-14%	Secured by charge on specific project inventory, current assets and receivables of the Group. Further, the facility has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company and by way of corporate guarantee given by certain group Companies (till March 28, 2014)	Repayable on demand
Cash credit	8.71	15.50	10%-14%	Secured by charge on specific project inventory, current assets and receivables of the Group. Further, the facility has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company and by way of corporate guarantee given by certain group Companies (till March 28, 2014)	Repayable on demand
Cash credit	4.16	10.00	10%-14%	Secured by lien on fixed deposits of the Group.	Repayable on demand
Cash credit	4.12	6.12	12%-14%	Secured by charge on specific project inventory, current assets and receivables of the Group. Further, it has been guaranteed by the personal guarantee of promoter and relative of such promoter of the Company (till February 22, 2014).	Repayable on demand

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

Nature of loan	Amount outstanding (₹ million)		Name of the Company	Nature of security
	31-Mar-14	31-Mar-13		
Term loans	645.00	385.00	Megatech Software Private Limited Tirur Cyber City Developers Private Limited Thakazhi Developers Private Limited Sobha Innercity Technopolis Private Limited	Equitable mortgage of land
Term loans	700.00	-	Sobha Glazing & Metal Works Private Limited	Equitable mortgage of land and building
Term loans	150.00	-	Rusoh Marina Properties Private Limited Chikmangaloor Developers Private Limited Mapedu Realtors Private Limited Kuthavakkam Realtors Private Limited Rusoh Modern Properties Private Limited Kuthavakkam Builders Private Limited Mapedu Builders Private Limited Allapuzha Fine Real Estate Private Limited Mapedu Real Estate Private Limited Kuthavakkam Properties Private Limited Chikmangaloor Properties Private Limited Rusoh Modern Builders Private Limited Rusoh Modern Developers Private Limited Kuthavakkam Developers Private Limited Rusoh Home Developers Private Limited Marina Realtors Private Limited Chikmangaloor Realtors Private Limited Rusoh Fine Builders Private Limited	Equitable mortgage of land

Nature of loan	Amount outstanding (₹ million)		Name of the Company	Nature of Security
	31-Mar-14	31-Mar-13		
Cash credit	-	268.90	Sobha Innercity Technopolis Private Limited	Equitable mortgage of land and building
Cash credit	-	690.38	Allapuzha Fine Real Estate Private Limited Rusoh Modern Properties Private Limited Mapedu Realtors Private Limited Chikmangaloor Properties Private Limited Rusoh Marina Properties Private Limited Mapedu Real Estates Private Limited Chikmangaloor Realtors Private Limited Rusoh Fine Builders Private Limited Mannur Real Estate Private Limited Kilai Builders Private Limited Kilai Properties Private Limited Tirur Cyber Real Estates Private Limited Thakazhi Realtors Private Limited Kilai Super Developers Private Limited Thakazhi Developers Private Limited	Equitable mortgage of land

9 Other current liabilities

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Trade payables		
(refer note 35 for details of dues to micro and small enterprises)		
Land cost payable	1,904.87	1,563.60
Others	3,668.76	2,532.56
	5,573.63	4,096.16
Other liabilities		
Current maturities of long-term borrowings (refer note 5)		
(Includes current maturity of finance lease obligation ₹ 141.63 million (Previous year - ₹ 238.34 million))	258.73	251.71
Book overdraft from scheduled banks	6.34	15.52
Advance from customers	8,593.50	5,776.06
Interest accrued but not due on borrowings	77.10	66.24
Investor education & protection fund shall be credited for unclaimed dividends when due	1.44	1.25
Others		
Service tax payable	-	82.53
Non-trade payable	216.31	200.57
VAT Payable	0.95	-
Security deposit towards maintenance services	670.03	673.62
Payable to related parties (refer note 27)	90.97	10.83
Payable for purchase of fixed assets	91.67	108.03
Withholding taxes payable	48.93	35.08
Others	24.21	22.20
	10,080.18	7,243.64
	15,653.81	11,339.80

10 Tangible assets

₹ million

	Leasehold		Freehold land	Factory buildings	Other buildings	Plant and machinery	Scaffolding items	Furniture and fixtures	Vehicles	Computers	Office equipments	Total
	Note 1											
Cost - At 1 April 2012	26.49	42.72	352.39	1,127.53	1,559.64	1,372.66	77.91	51.09	164.16	54.70	4,829.29	
Additions	12.69	-	32.21	56.91	509.33	290.66	3.34	4.36	14.94	4.88	929.32	
Disposals	-	-	-	-	(16.53)	(558.53)	(0.23)	(2.80)	(0.67)	(0.22)	(578.98)	
Other adjustments - Note 1	(39.18)	-	-	-	-	-	-	-	-	-	-	
At 31 March 2013	-	81.90	384.60	1,184.44	2,052.44	1,104.79	81.02	52.65	178.43	59.36	5,179.63	
Additions	-	-	0.49	30.04	204.10	442.89	19.58	1.81	16.50	4.78	720.19	
Disposals	-	-	-	(5.51)	-	(250.89)	(9.38)	(3.37)	(34.78)	(9.36)	(313.29)	
At 31 March 2014	-	81.90	385.09	1,208.97	2,256.54	1,296.79	91.22	51.09	160.15	54.78	5,586.53	
Depreciation - At 1 April 2012	-	-	149.75	33.46	744.23	938.27	32.99	39.44	122.36	29.19	2,089.69	
Charge for the year	-	-	22.12	55.10	235.82	188.25	9.51	3.37	19.23	4.89	538.29	
Disposals	-	-	-	-	(15.64)	(557.49)	(0.21)	(2.26)	(0.62)	(0.14)	(576.36)	
At 31 March 2013	-	-	171.87	88.56	964.41	569.03	42.29	40.55	140.97	33.94	2,051.62	
Charge for the year	-	-	25.04	59.49	287.53	222.35	9.84	3.39	18.29	4.00	629.93	
Disposals	-	-	-	(1.51)	-	(250.89)	(8.04)	(3.12)	(34.30)	(6.88)	(304.74)	
At 31 March 2014	-	-	196.91	146.54	1,251.94	540.49	44.09	40.82	124.96	31.06	2,376.81	
Net Block												
At 31 March 2013	-	81.90	212.73	1,095.88	1,088.03	535.76	38.73	12.10	37.46	25.42	3,128.01	
At 31 March 2014	-	81.90	188.18	1,062.43	1,004.60	756.30	47.13	10.27	35.19	23.72	3,209.72	

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

2) Assets taken on finance lease

	Plant and machinery		Scaffolding items	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
Gross block	371.89	371.89	306.54	306.54
Depreciation charge for the year	124.16	112.73	101.60	99.30
Accumulated depreciation	267.09	142.93	263.76	162.16
Net book value	104.80	228.96	42.78	144.38

11 Intangible assets

	₹ million			
	Goodwill on consolidation	Software	Intellectual property rights	Total
Gross block - At 1 April 2012	42.01	76.50	50.00	168.51
Additions	123.85	6.54	-	130.39
Other adjustments	-	-	(2.38)	(2.38)
At 31 March 2013	165.86	83.04	47.62	296.52
Additions	-	23.59	-	23.59
Other adjustments	-	(28.70)	-	(28.70)
At 31 March 2014	165.86	77.93	47.62	291.41
Amortization - At 1 April 2012	-	68.52	0.05	68.57
Charge for the year	34.08	5.54	15.82	55.44
At 31 March 2013	34.08	74.06	15.87	124.01
Charge for the year	34.08	10.04	15.87	59.99
Other adjustments	-	(28.70)	-	(28.70)
At 31 March 2014	68.16	55.40	31.74	155.30
Net Block				
At 31 March 2013	131.78	8.98	31.75	172.51
At 31 March 2014	97.70	22.53	15.88	136.11

12 Non-current investments

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Non-trade investments (valued at cost unless stated otherwise)		
<i>Investment in equity instruments (unquoted)</i>		
2,680,000 (Previous year - 2,680,000) equity shares of ₹ 10 each fully paid-up in Sobha Renaissance and Information Technology Private Limited	26.80	26.80
Less: Provision for diminution in value of investment	(26.70)	(26.70)
	0.10	0.10
<i>Government and trust securities (unquoted)</i>		
National savings certificates	0.08	0.08
	0.08	0.08
	0.18	0.18
Aggregate amount of unquoted investments (net of provision for diminution in value of investments)	0.18	0.18
Aggregate provision for diminution in value of investments	26.70	26.70

13 Deferred tax liability (net)

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Deferred tax liability		
Expenses allowed for tax purposes on payment basis but chargeable to the statement of profit and loss in future years	1,083.70	709.46
Gross deferred tax liability	1,083.70	709.46
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	17.68	19.00
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	10.40	24.12
Provision for doubtful debts and advances	45.85	28.23
Gross deferred tax asset	73.93	71.35
Net deferred tax liability	1,009.77	638.11

14 Loans and advances

	Current		Non-current	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
Capital advances				
Unsecured, considered good			24.97	0.29
			24.97	0.29
Security deposit				
<i>Unsecured, considered good</i>				
Refundable deposit towards joint development agreement	2,545.74	2,489.47	97.62	79.57
Security deposit - Others	13.95	39.66	598.78	491.47
	2,559.69	2,529.13	696.40	571.04
Inter-corporate deposit to related party (refer note 27)				
Unsecured, considered good	47.11	47.11	-	-
Land advance *				
Unsecured, considered good	10,491.50	10,328.28	3,498.61	3,502.22
Advances recoverable in cash or kind				
Unsecured considered good	1,030.69	843.46	31.15	108.69
	1,030.69	843.46	31.15	108.69
Other loans and advances				
Prepaid expenses	102.06	91.63	109.37	107.23
Balances with statutory / government authorities	963.20	517.16	0.01	24.50
	1,065.26	608.79	109.38	131.73
Total	15,194.25	14,356.77	4,360.51	4,313.97

* Advances for land though unsecured, are considered good as the advances have been given based on arrangements/ memorandum of understanding executed by the Group and the Group/ seller/ intermediary is in the course of obtaining clear and marketable title, free from all encumbrances, including for certain properties under litigation.

15 Trade receivables and other assets

₹ million

	Current		Non-current	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
15.1 Trade receivable				
<i>Outstanding for a period exceeding six months from the date they are due for payment</i>				
Unsecured, considered good	387.64	420.55	-	-
Doubtful	-	-	136.20	87.00
	387.64	420.55	136.20	87.00
Provision for doubtful trade receivables	-	-	136.20	87.00
	387.64	420.55	-	-
Other receivables				
Unsecured, considered good	2,072.92	1,220.86	123.27	20.23
	2,072.92	1,220.86	123.27	20.23
	2,460.56	1,641.41	123.27	20.23
15.2 Other assets				
Unsecured, considered good unless stated otherwise				
Non-current bank balances (refer note 18)			101.22	144.88
Others				
Unbilled revenue	3,473.06	4,832.13	-	-
Interest accrued on fixed deposits	0.01	0.01	2.43	4.20
Others	289.80	289.80	3.41	3.41
Total other assets	3,762.87	5,121.94	107.06	152.49
	6,223.43	6,763.35	230.33	172.72

16 Current investments

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Current investments (valued at lower of cost and fair value)		
Other than trade, unquoted		
Investment in Mutual funds		
Nil (Previous year - 1,889,524) units of Axis Liquid Fund - Daily Dividend Reinvestment of ₹ Nil (Previous year - ₹1,000.1107) each	-	1.89
	-	1.89
Aggregate amount of unquoted investments	-	1.89

17 Inventories (valued at lower of cost and net realizable value)

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Raw materials and components	291.19	252.94
Building materials	15.76	15.46
Land stock	5,688.38	6,016.39
Work-in-progress	18,143.23	12,559.83
Stock in trade - flats	105.84	149.02
Finished goods	28.65	23.98
	24,273.05	19,017.62

18 Cash and bank balances

	Current		Non-current	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
Cash and cash equivalents				
<i>Balances with banks:</i>				
– On current accounts	780.46	559.22		
– Deposits with less than three months maturity	0.76	0.71		
– On unpaid dividend account	1.44	1.11		
Cheques/ drafts on hand	12.81	10.40		
Cash on hand	6.65	2.99		
	802.12	574.43		
Other bank balances				
– Deposits with maturity for more than 12 months	-	-	34.13	56.26
– Deposits with maturity for more than 3 months but less than 12 months	-	1.15	-	-
– Margin money deposit	252.60	94.20	67.09	88.62
	252.60	95.35	101.22	144.88
Less: Amount disclosed under non-current assets (refer note 15.2)			(101.22)	(144.88)
	1,054.72	669.78	-	-

Margin money deposits given as security

Margin money deposits with a carrying amount of ₹ 319.69 million (Previous year - ₹ 182.82 million) are subject to first charge to secure the Group's borrowings.

19 Revenue from operations

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Revenue from operations		
Sale of products/finished goods		
Income from property development	15,230.20	13,091.74
Income from sale of land and development rights	13.21	1,020.45
Income from glazing works	1,298.94	781.13
Income from interior works	615.19	588.51
Income from concrete blocks	203.55	181.69
Sale of services		
Income from contractual activity - Others	4,445.06	3,013.06
Other operating revenue		
Scrap sales	40.93	43.10
Revenue from operations (gross)	21,847.08	18,719.68
Less: Excise duty #	112.74	74.26
Revenue from operations (net)	21,734.34	18,645.42

Excise duty on sales amounting to ₹ 112.74 million (Previous year - ₹ 74.26 million) has been reduced from sales in statement of profit and loss and excise duty on (Increase)/decrease in inventory of finished goods amounting to ₹ 0.55 million (Previous year - ₹ 0.43 million) has been considered as (income)/expense in note 24 of financial statements.

20 Other income

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Interest income on		
Bank deposits	23.52	27.74
Current investments	7.64	0.59
Foreign exchange fluctuation (net)	0.07	-
Profit on sale of fixed assets (net)	2.46	0.29
Other non-operating income (net of expenses directly attributable to such income of ₹ Nil (Previous year - ₹ Nil))	69.60	26.55
	103.29	55.17

21 Cost of raw material and components consumed

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Inventory at the beginning of the year		
Glazing material	112.94	96.45
Interior material	101.74	114.53
Concrete block material	38.26	15.42
	252.94	226.40
Add: Purchases		
Glazing material	851.89	535.10
Interior material	532.54	340.94
Concrete block material	379.12	228.59
	1,763.55	1,104.63
Less: Inventory at the end of the year		
Glazing material	116.73	112.94
Interior material	112.88	101.74
Concrete block material	61.58	38.26
	291.19	252.94
Cost of raw material and components consumed		
Glazing material	848.10	518.61
Interior material	521.40	353.73
Concrete block material	355.80	205.75
Cost of raw material and components consumed	1,725.30	1,078.09

22 (Increase)/ decrease in inventories

₹ million

	31-Mar-14	31-Mar-13	Less: Transferred to capital work- in- progress	(Increase)/ decrease
Inventories at the end of the year				31-Mar-14
Building materials	15.76	15.46	-	(0.30)
Land stock	5,688.38	6,016.39	148.38	179.63
Work-in-progress	18,143.23	12,559.83	-	(5,583.40)
Stock in trade - flats	105.84	149.02	-	43.18
Finished goods	28.65	23.98	-	(4.67)
	23,981.86	18,764.68	148.38	(5,365.56)
Less: Inventories at the beginning of the year				31-Mar-13
Building materials	15.46	17.49	-	2.03
Land stock	6,016.39	5,962.03	-	(54.36)
Work-in-progress	12,559.83	10,472.80	-	(2,087.03)
Stock in trade - flats	149.02	61.69	-	(87.33)
Finished goods	23.98	19.03	-	(4.95)
	18,764.68	16,533.04	-	(2,231.64)
Less: Transferred to Capital work-in-progress	148.38	-	-	
	18,616.30	16,533.04		
(Increase)/ decrease	(5,365.56)	(2,231.64)		

23 Employee benefit expense

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Salaries, wages and bonus	1,693.35	1,505.77
Contribution to provident and other fund	37.62	31.00
Gratuity expense (refer note 31)	20.58	22.40
Compensated absence	21.92	14.38
Staff welfare expenses	91.11	61.90
	1,864.58	1,635.45

24 Other expenses

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Excise duty on (increase)/ decrease in inventory	(0.55)	(0.43)
License fees and plan approval charges	255.04	455.74
Power and fuel	305.83	214.52
Water charges	71.09	39.91
Freight and forwarding charges	154.43	128.44
Rent	239.60	175.08
Rates and taxes	101.23	85.11
Insurance	31.35	25.89
Property maintenance expenses	82.51	86.79
Repairs and maintenance		
Plant and machinery	19.00	19.40
Others	42.55	30.95
Advertising and sales promotion	497.56	401.34
Brokerage and discounts	97.39	78.00
Donation	147.84	78.94
Travelling and conveyance	338.66	234.51
Legal and professional fees	186.02	123.69
Directors' commission and sitting fees	5.34	5.07
Payment to auditor (Refer details below)	10.11	9.44
Exchange difference (net)	0.53	1.60
Bad debts written off	33.97	-
Provision for doubtful debts and advances	49.20	20.00
Loss on sale of fixed assets (net)	-	3.75
Miscellaneous expenses	269.95	206.94
	2,938.65	2,424.68

Payment to auditor *

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
As auditor:		
Audit fee [including for Limited review ₹ 4.50 million (Previous year - ₹ 3.45 million)]	9.68	8.51
In other capacity:		
Other services	-	0.60
Reimbursement of expenses	0.43	0.33
	10.11	9.44
* Net of service tax of ₹ 1.25 million (Previous year - ₹ 1.17 million)		

25 Depreciation and amortization expense

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Depreciation of tangible assets	629.93	538.29
Amortization of intangible assets	59.99	55.44
	689.92	593.73

26 Finance costs

	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Interest		
- On borrowings	1,829.41	1,797.92
- On finance lease obligation	28.17	47.48
- Others	62.62	83.89
Bank charges	110.83	93.12
	2,031.03	2,022.41
Less: Interest cross charged and interest inventorised/capitalised to qualifying land advances and capital work-in-progress	(296.59)	(317.51)
Total *	1,734.44	1,704.90

* Gross of interest amounting of ₹ 1,330.95 million (Previous year - ₹ 1,332.25 million) inventorised to qualifying land stock and work in progress.

27 Related party disclosure

a List of related parties

Key Management Personnel

Mr. P. N. C. Menon [Chairman and Director upto June 30, 2012. Also a key shareholder, refer note 3 (c)]
 Mr. Ravi PNC Menon
 Mr. J. C. Sharma
 Mr. P. Ramakrishnan
 Mr. S. Baaskaran [upto January 31, 2013]
 Mr. Ganesh Venkataraman [from January 31, 2013]
 Mr. Kishore Kayarat

Relatives of key management personnel

Mrs. Sobha Menon [a key shareholder, refer note 3 (c)]
 Mrs. Sudha Menon
 Mr. P. N. Haridas

Other Related Parties [Enterprise owned or significantly influenced by key management personnel]

Al Barakah Financial Services Limited
 Allapuzha Fine Real Estate Private Limited
 Architectural Metal Works FZCO
 Bikasa Properties Private Limited
 Bikasa Realtors Private Limited
 Chikmangaloor Realtors Private Limited
 Chikmangaloor Properties Private Limited
 Cochin Cyber City Private Limited
 Cochin Cyber Golden Properties Private Limited
 Cochin Cyber Value Added Properties Private Limited
 Cochin Super City Developers Private Limited
 Daram Cyber Developers Private Limited
 Daram Cyber Properties Private Limited
 Daram Land Real Estate Private Limited
 Greater Cochin Cyber City Private Limited
 Greater Cochin Developers Private Limited
 Greater Cochin Properties Private Limited
 Greater Cochin Realtors Private Limited
 HBR Consultants Private Limited
 Hill and Menon Securities Private Limited
 Kilai Builders Private Limited
 Kilai Properties Private Limited
 Kilai Super Developers Private Limited
 Kuthavakkam Developers Private Limited
 Kuthavakkam Properties Private Limited
 Mannur Real Estate Private Limited
 Mappedu Realtors Private Limited
 Megatech Software Private Limited
 Mappedu Real Estates Private Limited

Moolamcode Traders Private Limited
 Oman Builders Private Limited
 Padmalochana Enterprises Private Limited
 Pallavur Projects Private Limited
 Perambakkam Builders Private Limited
 PNC Technologies Private Limited
 Punkunnam Builders and Developers Private Limited
 Puzhakkal Developers Private Limited
 Red Lotus Realtors Private Limited
 Royal Interiors Private Limited
 Rusoh Fine Builders Private Limited
 Rusoh Marina Properties Private Limited
 Rusoh Modern Properties Private Limited
 SBG Housing Private Limited
 Sengadu Builders Private Limited
 Sengadu Developers Private Limited
 Sengadu Properties Private Limited
 Services and Trading Co. LLC
 Sobha Aviation and Engineering Services Private Limited
 Sobha Contracting LLC, Dubai
 Sobha Engineering and Contracting LLC, Dubai
 Sobha Electro Mechanical Private Limited
 Sobha Glazing & Metal Works Private Limited
 Sobha Innercity Technopolis Private Limited
 Sobha Interiors Private Limited
 Sobha Jewellery Private Limited
 Sobha Maple Tree Developers Private Limited
 Sobha Projects & Trade Private Limited
 Sobha Puravankara Aviation Private Limited
 Sobha Renaissance Information Technology Private Limited
 Sobha Space Private Limited
 Sobha Technocity Private Limited
 Sobha Ventures Limited
 Sri Durga Devi Property Management Private Limited
 Sri Kanakadurga Property Developers Private Limited
 Sri Kurumba Trust
 Sri Parvathy Land Developers Private Limited
 Sunbeam Projects Private Limited
 Technobuild Developers Private Limited
 Thakazhi Developers Private Limited
 Thakazhi Realtors Private Limited
 Tirur Cyber City Developers Private Limited
 Tirur Cyber Real Estates Private Limited

b Transactions with related parties

Description of the nature of transaction	Description of relationship	Related party	₹ million	
			31-Mar-14	31-Mar-13
Income from contractual activity	Key management personnel	Mr. Ravi PNC Menon	-	29.27
	Other related parties	Sri Kurumba Trust	5.35	3.95
Income from glazing works	Key management personnel	Mr. Ravi PNC Menon	0.31	-
	Other related parties	Sri Kurumba Trust	1.98	-
		Sri Parvathy Land Developers Private Limited	0.03	0.94
Income from interior works	Other related parties	Sri Parvathy Land Developers Private Limited	1.54	5.97
		Sri Kurumba Trust	3.85	0.43
Income from concrete block material	Other related parties	Sri Parvathy Land Developers Private Limited	0.16	5.40
Income from property development	Key management personnel	Mr. P. Ramakrishnan	-	8.72
Interior works done by the related party for office building	Other related parties	Sobha Engineering and Contracting LLC, Dubai	-	27.42
Purchase of project items	Other related parties	Sobha Projects & Trade Private Limited	194.77	138.39
Aircraft hire charges - Travelling and conveyance	Other related parties	Sobha Puravankara Aviation Private Limited	165.94	93.54
Advertising and sales promotion	Other related parties	Sobha Engineering and Contracting LLC, Dubai	-	5.80
		Mr. J. C. Sharma	51.54	48.28
Directors' remuneration	Key management personnel	Mr. Ravi PNC Menon	89.72	86.45
		Mr. P. Ramakrishnan	8.11	6.97
		Mr. P. N. C. Menon	87.42	62.44
		Mr. P. N. C. Menon and Mrs. Sobha Menon (Jointly held shares)	38.46	27.47
Dividend paid (Payment basis)	Key management personnel	Mr. Ravi PNC Menon	0.23	0.16
		Mr. J. C. Sharma	0.61	0.41
	Relatives of key management personnel	Mrs. Sobha Menon	289.44	206.74
Salary (including perquisites)	Key management personnel	Mr. S. Baaskaran	-	6.43
		Mr. Kishore Kayarat	2.31	2.40
		Mr. Ganesh Venkataraman	8.66	1.79
	Relatives of key management personnel	Mr. P. N. Haridas	0.71	0.69
Advance received	Other related parties	SBG Housing Private Limited	-	33.61
Advance repaid	Other related parties	SBG Housing Private Limited	-	23.57
Donation paid	Other related parties	Sri Kurumba Trust	137.00	72.90
Reimbursement from related party	Other related parties	Royal Interiors Private Limited	9.88	-
		SBG Housing Private Limited	-	5.58
		Sobha Interiors Private Limited	3.92	3.52
		Sobha Puravankara Aviation Private Limited	6.40	0.43
	Relatives of key management personnel	Mrs. Sobha Menon	1.70	-
Advance paid towards purchase of land, goods or services	Other related parties	Technobuild Developers Private Limited	1.35	241.86
		Sobha Projects & Trade Private Limited	112.85	91.77
		Sobha Maple Tree Developers Private Limited	-	69.82
		Puzhakkal Developers Private Limited	73.15	49.25
		Sobha Puravankara Aviation Private Limited	187.02	95.67
		Sri Durga Devi Property Management Private Limited	1.72	-
		Royal Interiors Private Limited	-	1.16
		Sri Parvathy Land Developers Private Limited	-	92.14
Assignment of land advance	Other related parties	Sri Durga Devi Property Management Private Limited	-	48.03
Refund of advance by the related party	Other related parties	Technobuild Developers Private Limited	-	80.00
Rent paid	Other related parties	Sobha Interiors Private Limited	12.92	12.89
		Sobha Glazing & Metal Works Private Limited	5.12	5.14
	Key management personnel	Mr. Ravi PNC Menon	0.63	0.39

c Closing balance

			₹ million	
Description of the nature of transaction	Description of relationship	Related party	31-Mar-14	31-Mar-13
Inter-corporate deposit	Other related parties	Sobha Renaissance Information Technology Private Limited	47.11	47.11
		Technobuild Developers Private Limited	8,150.42	8,149.07
		Puzhakkal Developers Private Limited	125.47	52.32
Land advance	Other related parties	Sri Parvathy Land Developers Private Limited	92.14	92.14
		Sri Durga Devi Property Management Private Limited	49.75	48.03
		Sobha Glazing & Metal Works Private Limited	112.03	93.93
Rent deposit	Other related parties	Sobha Interiors Private Limited	280.00	234.53
		Sobha Projects & Trade Private Limited	374.92	436.83
		Sobha Puravankara Aviation Private Limited	276.86	167.14
Advances recoverable in cash or in kind	Other related parties	Architectural Metal Works FZCO	0.29	0.29
		Punkunnam Builders and Developers Private Limited	0.03	0.03
		Sobha Contracting LLC, Dubai	5.15	5.15
		Sobha Interiors Private Limited	-	6.82
		Sri Kurumba Trust	22.76	20.51
Trade receivables	Other related parties	Mr. Ravi PNC Menon	-	9.51
	Key management personnel	Mr. Ravi PNC Menon	-	9.51
Payables	Other related parties	Sobha Glazing & Metal Works Private Limited	30.11	8.13
		SBG Housing Private Limited	2.68	2.68
		Sobha Interiors Private Limited	47.67	-
		Sobha Projects & Trade Private Limited	10.53	-
		Sobha Puravankara Aviation Private Limited	138.56	35.11
		Sobha Space Private Limited	0.02	0.02
Capital creditors	Other related parties	Sobha Renaissance Information Technology Private Limited	50.00	50.00
Non-trade payable	Key management personnel	Mr. J. C. Sharma	37.80	37.95
		Mr. Ravi PNC Menon	33.92	38.02
Securities given by way of charge on receivables of the Group for loan availed by the related party	Other related parties	Sobha Puravankara Aviation Private Limited	940.00	940.00

Also, refer note 8 as regards guarantees received from key management personnel and relative of key management personnel and collateral securities offered by related companies in respect of loans availed by the Company.

28 Earnings per share ['EPS']

Particulars	₹ million	
	31-Mar-14	31-Mar-13
Profit after tax attributable to shareholders	2,350.43	2,171.79
Weighted average number of equity shares of ₹ 10 each outstanding during the period used in calculating basic and diluted EPS	98,063,868	98,063,868

29 Leases

(a) Finance lease: Group as lessee

The Group has acquired plant and machinery and scaffolding items under finance lease with the respective underlying assets as security. These leases have an average life of 3 to 5 years with renewal option included in the contract. Minimum lease payments (MLP) outstanding in respect of these assets are as follows (Figures in brackets are in respect of the previous year):

Particulars	₹ million		
	Total MLP outstanding as on March 31, 2014	Interest	Present Value of MLP
Within one year	149.15	7.52	141.63
	(266.51)	(28.17)	(238.34)
After one year but not more than five years	6.54	0.13	6.41
	(155.68)	(7.66)	(148.02)
More than five years	-	-	-
	-	-	-
	155.69	7.65	148.04
	(422.19)	(35.83)	(386.36)

(b) Operating lease: Group as lessee

Operating lease obligations: The Group has taken office, other facilities and other equipments under cancelable and non-cancelable operating leases, which are renewable on a periodic basis with escalation as per agreement.

Particulars	₹ million	
	31-Mar-14	31-Mar-13
Lease payments recognised as an expense in statement of profit and loss	239.60	175.08

Minimum lease payments outstanding in respect of these lease for non-cancelable period are as follows:

Particulars	₹ million	
	31-Mar-14	31-Mar-13
Not later than one year	63.90	44.78
Later than one year and not later than five years	148.41	116.34
Later than five years	210.52	271.76
	422.83	432.88

30 Contingent liabilities and commitments (to the extent not provided for)

i. Contingent liabilities

Particulars	₹ million	
	31-Mar-14	31-Mar-13
i Guarantees given by the Group	4,524.65	3,700.82
ii Claims against the Company, not acknowledged as debts	-	846.72
iii Income tax matters in dispute	3.94	3.94
iv Sales tax matters in dispute	331.37	363.44
v Service tax matters in dispute	1,441.88	1,182.31
	6,301.84	6,097.23

The Group does not expect any reimbursement in respect of the above contingent liability and it is not practicable to estimate the timings of the cash outflows, if any, in respect of matters above pending resolution of the arbitration/ appellate proceedings and it is not probable that an outflow of resources will be required to settle the above obligations/claims.

Note:

The Group is also involved in certain litigation for lands acquired by it for construction purposes, either through joint development agreements or through outright purchases, the impact of which is not quantifiable. These cases are pending with various courts and are scheduled for hearings. After considering the circumstances and legal advice received, management believes that these cases will not adversely effect its financial statements. 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.

ii. Commitments

- (a) The estimated amount of contracts, net of advances remaining to be executed on capital account is ₹ 211.84 million (Previous year - ₹ 81.56 million.)
- (b) At March 31, 2014, the Group has given ₹ 13,990.11 million (Previous year - ₹ 13,830.50 million) as advances for purchase of land. Under the agreements executed with the land owners, the Group is required to make further payments under the agreements based on the terms/ milestones stipulated under the agreement.
- (c) The Group has entered into joint development agreements with owners of land for its construction and development. Under the agreements the Group is required to pay deposits to the owners of the land and share in area/ revenue from such development in exchange of undivided share in land as stipulated under the agreements. As of March 31, 2014 the Group has paid ₹ 2,643.36 million (Previous year - ₹ 2,569.04 million) as refundable deposit against the joint development agreements.)
- (d) The Company has entered into an aircraft usage agreement with a party wherein the Company along with certain other parties has committed minimum usage of aircraft.
- (e) For commitments relating to lease arrangements, please refer note 29.

31 Employee benefits

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service subject to a maximum of ₹1,000,000. The following tables summarise the components of net benefit expense recognised in the consolidated statement of profit and loss and the funded status and amounts recognised in the balance sheet for gratuity benefit.

Consolidated Statement of profit and loss

Net employee benefit expense (recognised in employee benefit expense)

	₹ million	
Particulars	31-Mar-14	31-Mar-13
Current service cost	12.86	11.38
Interest cost on benefit obligation	6.15	4.96
Expected return on plan assets	(1.59)	(1.78)
Net actuarial loss/ (gain) recognised	3.16	7.84
Net benefit expense	20.58	22.40

Consolidated Balance Sheet

	₹ million	
Particulars	31-Mar-14	31-Mar-13
Defined benefit obligation	91.85	76.92
Fair value of plan assets	20.09	18.24
Plan (asset)/ liability	71.76	58.68
Changes in the present value of the defined benefit obligation		
Opening defined benefit obligation	76.92	62.03
Interest cost	6.15	4.96
Current service cost	12.86	11.38
Benefits paid	(7.48)	(9.36)
Actuarial (gains)/ losses on obligation	3.40	7.91
Closing defined benefit obligation	91.85	76.92
Changes in the fair value of plan assets		
Opening fair value of plan assets	18.24	20.75
Expected return	1.59	1.78
Contributions by employer	7.50	5.00
Benefits paid	(7.48)	(9.36)
Actuarial gains/ (losses)	0.24	0.07
Closing fair value of plan assets	20.09	18.24
Actual return on plan assets		
Expected return on plan assets	1.59	1.78
Actuarial gain/ (loss) on plan assets	0.24	0.07
Actual return on plan assets	1.83	1.85

Particulars	31-Mar-14	31-Mar-13
Investment details of plan assets		
Investment with insurer - 100% in debt instruments		
The principal assumptions used in determining gratuity obligation		
Discount rate	8.00%	8.00%
Expected rate of return on assets	8.70%	8.70%
The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.		
Increase in compensation cost	5.00%	5.00%

	₹ million				
Experience adjustment	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Defined benefit obligation	91.85	76.92	62.03	52.67	38.21
Plan assets	20.09	18.24	20.75	21.95	23.07
Surplus / (deficit)	71.76	58.68	41.28	30.72	15.14
Experience adjustments on plan liabilities	7.40	6.40	(0.24)	3.86	9.97
Experience adjustments on plan assets	0.24	0.07	(0.22)	(0.45)	1.65

Notes:

- The Company expects to contribute ₹ 51.72 million (Previous year - ₹ 44.21 million) to the trust towards gratuity fund in 2014-15.
- The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other several factor such as supply and demand factor in the employment market. Employee turnover varies based on various age groups.

32 Segment reporting

As the Group operates on a backward integration model and its business activity primarily falls within a single business segment which constitutes real estate development, there are no additional disclosures to be provided under Accounting Standard 17 'Segment Reporting'. The Group operates primarily in India and there are no other significant geographical segment.

33 Construction contracts

	₹ million	
Particulars	31-Mar-14	31-Mar-13
Contract revenue recognised as revenue for the year ended March 31, 2014	17,949.78	13,206.74
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to March 31, 2014 for all the contracts in progress	31,019.62	24,834.32
The amount of customer advances outstanding for contracts in progress as at March 31, 2014 for which revenue has been recognised	5,019.48	5,098.70
The amount of retentions due from customers for contracts in progress as at March 31, 2014	415.74	248.21

34 Derivative instruments and unhedged foreign currency exposure

	₹ million	
Particulars	31-Mar-14	31-Mar-13
Foreign currency exposure that are not hedged by derivative instruments or otherwise:		
Payables	6.68	0.99
Receivables	55.39	44.65

- Based on the information available with the Group, there are no suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as at March 31, 2014.

36 Capitalization of expenditure

During the year, the Group has capitalized the following expenses of revenue nature to capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Group.

	₹ million	
Particulars	31-Mar-14	31-Mar-13
Purchase of project materials	8.39	-
Subcontractor and labour charges	238.10	-
Salaries, wages and bonus	4.17	-
Rent	9.87	-
Miscellaneous expenses	3.32	-
	263.85	-

37 Transfer pricing

As per the transfer pricing rules prescribed under the Income-tax Act, 1961, the Group is examining the domestic and international transactions and documentation in respect thereof to ensure compliance with the said rules. The management does not anticipate any material adjustment with regard to the transactions involved.

38 Prior year comparatives

The figures of the previous year have been regrouped/reclassified, where necessary, to conform with the current year's classification.

As per our report of even date

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

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

per Adarsh Ranka
Partner
Membership No.: 209567

Ravi PNC Menon
Chairman

J.C. Sharma
Vice Chairman and
Managing Director

Ganesh Venkataraman
Chief Financial Officer

Kishore Kayarat
Company Secretary and
Compliance Officer

Place: Bengaluru
Date: May 22, 2014

Place: Bengaluru
Date: May 22, 2014

Statement pursuant to Section 212(8) of the Companies Act, 1956 relating to Subsidiary Companies

Particulars	Sobha Developers (Pune) Limited [Formerly Sobha Developers (Pune) Private Limited]		Sobha Assets Private Limited		Sobha Highrise Ventures Private Limited*	
	31-Mar-14 ₹ million	31-Mar-13 ₹ million	31-Mar-14 ₹ million	31-Mar-13 ₹ million	31-Mar-14 ₹ million	31-Mar-13 ₹ million
Share capital	0.53	0.53	0.10	0.10	206.00	206.00
Reserves	1,757.80	1,286.24	(0.03)	(0.01)	(29.48)	(2.39)
Total Assets	3,238.81	3,764.10	70.60	70.47	1,649.03	1,006.90
Total Liabilities	1,480.48	2,477.33	70.52	70.38	1,472.51	803.29
Details of investment	3.18	1.33	-	-	-	1.89
Total Income	2,189.59	1,377.04	-	-	7.72	0.59
Profit before taxation	709.10	280.24	(0.01)	(0.01)	(27.09)	(2.39)
Provision for taxation	237.53	86.94	-	-	-	-
Profit after taxation	471.56	193.30	(0.01)	(0.01)	(27.09)	(2.39)
Proposed Dividend	-	-	-	-	-	-

*Subsidiary in terms of Accounting Standards notified by Companies (Accounting Standards) Rules, 2006.

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

Ravi PNC Menon
Chairman

J.C. Sharma
Vice Chairman and
Managing Director

Ganesh Venkataraman
Chief Financial Officer

Kishore Kayarat
Company Secretary and
Compliance Officer

Place: Bengaluru
Date: May 22, 2014

Notice of the Annual General Meeting

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of Sobha Developers Limited will be held on Friday, the 11th day of July, 2014 at Park Plaza Bengaluru Hotel, 90-4, Marathahalli Outer Ring Road, Marathahalli, Bangalore – 560 037 at 10.00 A.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the standalone and consolidated financial statements of the Company which includes the Audited Balance Sheet as at March 31, 2014, the Statement of Profit and Loss for the financial year ended as on that date and the Cash Flow Statement together with reports of the Board of Directors and the Statutory Auditors thereon.
2. To declare Dividend on equity shares.
3. To appoint a Director in place of Mr. Ramakrishnan Prabhakaran (DIN: 02851981), who retires by rotation and being eligible has offered himself for reappointment.
4. To appoint Statutory Auditors and to fix their remuneration 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 pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made thereunder, M/s S.R. Batliboi & Associates LLP, Chartered Accountants (Registration Number 101049W), be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the Twenty Second Annual General Meeting (subject to annual ratification by the Members at the Annual General Meeting), at such remuneration to be recommended by the

Audit Committee of the Board of Directors and finalized by the Board of Directors in consultation with the Statutory Auditors.”

SPECIAL BUSINESS

5. Appointment of Mr. Meleveetil Damodaran (DIN: 02106990) as a Non-Executive Independent Director.

To consider and if thought fit, to pass with or without modifications, the following resolution as an *Ordinary Resolution*:

“RESOLVED THAT pursuant to Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made thereunder and Clause 49 of the Listing Agreement including any amendment or re-enactment thereof, if any, Mr. Meleveetil Damodaran (DIN: 02106990) in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company for a term of five years and shall hold office up to the conclusion of the Twenty Fourth Annual General Meeting.”

6. Appointment of Dr. Saibal Kanti Gupta (DIN: 00011138) as a Non-Executive Independent Director

To consider and if thought fit, to pass with or without modifications, the following resolution as an *Ordinary Resolution*:

“RESOLVED THAT pursuant to Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made thereunder and Clause 49 of the Listing Agreement including any amendment or re-enactment thereof, if any, Dr. Saibal Kanti Gupta (DIN: 00011138) in respect of whom the Company has received a notice

in writing under Section 160 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company for a term of five years and shall hold office up to the conclusion of the Twenty Fourth Annual General Meeting."

7. Appointment of Mr. Ramachandra Venkatasubba Rao (DIN: 00061599) as a Non-Executive Independent Director

To consider and if thought fit, to pass with or without modifications, the following resolution as an *Ordinary Resolution*:

"RESOLVED THAT pursuant to Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made thereunder and Clause 49 of the Listing Agreement including any amendment or re-enactment thereof, if any, Mr. Ramachandra Venkatasubba Rao (DIN: 00061599) in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company for a term of five years and shall hold office up to the conclusion of the Twenty Fourth Annual General Meeting."

8. Appointment of Mr. Anup Sanmukh Shah (DIN: 00317300) as a Non-Executive Independent Director

To consider and if thought fit, to pass with or without modifications, the following resolution as an *Ordinary Resolution*:

"RESOLVED THAT pursuant to Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made thereunder and Clause 49 of the Listing Agreement including any amendment or re-enactment thereof, if any, Mr. Anup Sanmukh Shah (DIN: 00317300) in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, be and is hereby appointed as an

Independent Director of the Company for a term of five years and shall hold office up to the conclusion of the Twenty Fourth Annual General Meeting."

9. Revision of remuneration of Mr. Ravi PNC Menon (DIN: 02070036), Whole-time director of the Company designated as Chairman

To consider and if thought fit, to pass with or without modifications, the following resolution as a *Special Resolution*:

"RESOLVED THAT in supersession of all the earlier resolutions passed in this regard and pursuant to Sections 197 and 198 read with Schedule V to the Companies Act, 2013, and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made thereunder, and other applicable enactments, as amended from time to time, consent and approval of members of the Company be and is hereby accorded for revision of remuneration of Mr. Ravi PNC Menon (DIN: 02070036), Whole-time Director of the Company designated as Chairman for the remainder of his term of office, 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, 2014, with authority to the Board of Directors to revise the terms and conditions of appointment and remuneration from time to time based on the recommendations of the Nomination, Remuneration and Governance Committee.

RESOLVED FURTHER THAT any of the Directors or the Company Secretary and Compliance Officer of the Company be and are hereby severally authorised to do all such acts, deeds, things, matters, and to execute all such documents as may be required to give effect to this Resolution."

10. Re-appointment of Mr. Jagdish Chandra Sharma (DIN: 01191608) as Vice Chairman and Managing Director

To consider and if thought fit, to pass with or

without modifications, the following resolution as a *Special Resolution*:

"RESOLVED THAT in supersession of all the earlier resolutions passed in this regard and pursuant to Sections 196, 197, 198 and 203 read with Schedule V to the Companies Act, 2013, and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made thereunder, and other applicable enactments, as amended from time to time, consent and approval of members of the Company be and is hereby accorded for the reappointment of Mr. Jagdish Chandra Sharma (DIN: 01191608) as Vice Chairman and Managing Director of the Company for a further period of five years and be paid remuneration by way of salary, perquisites and allowances, performance incentive etc. as detailed in the Statement pursuant to Section 102(1) of the Companies Act, 2013 annexed to the Notice, which shall be effective from April 01, 2014, with authority to the Board of Directors to revise the terms and conditions of appointment and remuneration from time to time based on the recommendations of the Nomination, Remuneration and Governance Committee.

RESOLVED FURTHER THAT any of the Directors or the Company Secretary and Compliance Officer of the Company be and are hereby severally authorised to do all such acts, deeds, things, matters, and to execute all such documents as may be required to give effect to this Resolution."

11. Re-appointment of Mr. Ramakrishnan Prabhakaran (DIN: 02851981) as Deputy Managing Director

To consider and if thought fit, to pass with or without modifications, the following resolution as a *Special Resolution*:

"RESOLVED THAT in supersession of all the earlier resolutions passed in this regard and pursuant to Sections 196, 197, 198 and 203 read with Schedule V to the Companies Act, 2013

and relevant rules made thereunder, and other applicable provisions, if any, of the Companies Act, 2013, and other applicable enactments, as amended from time to time, consent and approval of members of the Company be and is hereby accorded for the reappointment of Mr. Ramakrishnan Prabhakaran (DIN: 02851981) as Deputy Managing Director of the Company for a further period of five years and be paid remuneration by way of salary, perquisites and allowances, performance incentive etc. as detailed in the Statement pursuant to Section 102(1) of the Companies Act, 2013 annexed to the Notice, which shall be effective from April 01, 2014, with authority to the Board of Directors to revise the terms and conditions of appointment and remuneration from time to time based on the recommendations of the Nomination, Remuneration and Governance Committee.

RESOLVED FURTHER THAT any of the Directors or the Company Secretary and Compliance Officer of the Company be and are hereby severally authorised to do all such acts, deeds, things, matters, and to execute all such documents as may be required to give effect to this Resolution."

12. Remuneration to Non-Executive Directors

To consider and if thought fit, to pass with or without modifications, the following resolution as an *Ordinary Resolution*:

"RESOLVED THAT pursuant to Sections 197 and 198 and other applicable provisions if any of the Companies Act, 2013 and relevant rules made thereunder or any amendment or re-enactment thereof, if any and subject to such permissions, sanctions of appropriate authorities as may be required, consent of the Company be and is hereby accorded for the payment of annual remuneration to one or more of the Non-Executive Directors of the Company other than the Managing / Wholetime Director(s) for a period of five years from the financial year commencing from April 01, 2014, of a sum not

exceeding 1% of the net profits of the Company, for each of the said financial years, calculated in accordance with the provisions of Section 198 of the Companies Act, 2013, in addition to the fee payable to them for attending the meetings of the Board of Directors of the Company or any Committee(s) thereof or reimbursement of expenses, if any, to be paid and distributed amongst the Non-Executive Directors as aforesaid in such amounts or proportions and in such manner as the Board of Directors may, from time to time, determine and in default of such determination equally.

RESOLVED FURTHER THAT for the purpose of giving effect to the foregoing resolution, the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper, desirable and to settle any question, difficulty or doubt that may arise in this regard without being required to seek any further consent or approval of the Members of the Company or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

13. Change of name of the Company from Sobha Developers Limited to Sobha Limited

To consider and if thought fit, to pass with or without modifications, the following resolution as a *Special Resolution*:

“RESOLVED THAT pursuant to Sections 4, 13 and other applicable provisions if any of the Companies Act, 2013, relevant rules made thereunder and other applicable enactments, as amended from time to time and subject to the approval of the Central Government, the Members of the Company hereby accord their approval for changing the name of the Company from ‘Sobha Developers Limited’ to ‘Sobha Limited’ or such other name with the prefix ‘Sobha’ as may be approved by the Registrar of Companies, Karnataka.

RESOLVED FURTHER THAT upon the change of name of the Company becoming effective, the name ‘Sobha Developers Limited’ wherever it occurs in the Memorandum and Articles of Association be substituted by the name ‘Sobha Limited’ or such other name with the prefix ‘Sobha’ as may be approved by the Registrar of Companies, Karnataka.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to make necessary application(s) with the Central Government / Registrar of Companies, Karnataka for seeking their approval to change the name of the Company and to do all such acts, deeds and things as may be deemed expedient and necessary in their absolute discretion to give effect to this Resolution in the best interests of the Company.”

14. Power of Board of Directors of the Company to Borrow Funds.

To consider and if thought fit, to pass with or without modifications, the following resolution as an *Special Resolution*:

“RESOLVED THAT pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made thereunder, the consent of the Company be and is hereby granted to the Board of Directors (which includes the Investments and Borrowings Committee) of the Company to borrow money, from time to time, at its discretion either from the Company’s existing bank(s) or any other bank(s), financial institution(s) or any other lending institution or persons on such terms and conditions as may be considered suitable by the Board of Directors and remaining un-discharged at any given time up to a limit not exceeding ₹ 40,000,000,000 (Rupees Four Thousand Crores only) notwithstanding that the money to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of

business) will exceed the aggregate of the paid up share capital of the Company and its free reserves, that is to say reserves not set for any specific purpose.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to sign and execute all such documents, deeds and writings and to do all such acts, deeds, matters and things as may be necessary, expedient and incidental thereto for giving effect to this resolution.”

15. Issue of Non-Convertible Debentures on a Private Placement basis

To consider and if thought fit, to pass with or without modifications, the following resolution as a *Special Resolution*:

“RESOLVED THAT in accordance with the provisions of Sections 42, 71 and other applicable provisions, if any, of the Companies Act, 2013, relevant rules made thereunder and any other law for the time being in force and the provisions contained in the Memorandum and Articles of Association of the Company, the guidelines issued by the Securities and Exchange Board of India (“SEBI”), the Listing Agreements entered into by the Company with stock exchanges and subject to the approval, permissions and sanctions of the lenders of the Company, SEBI, stock exchanges, Reserve Bank of India (“RBI”), the Foreign Investment Promotion Board (“FIPB”), Government of India and other concerned authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of the aforementioned authorities while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company, the consent of the

shareholders be and is hereby accorded to the Board of Directors of the Company to offer or invite subscription for secured or unsecured redeemable non-convertible debentures in one or more series or tranches, aggregating up to ₹20,000,000,000 (Rupees Two Thousand Crores only), on private placement basis, on such terms and conditions as the Board of Directors may, from time to time, determine and consider proper and beneficial to the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the shareholders hereby authorize the Board of Directors to do all such acts, deeds, matters and things, settle all question, difficulties or doubts that may arise in regard to the issue or allotment of such Debentures, utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board of Directors may in its absolute discretion deem fit without being required to seek any further consent or approval of the shareholders or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

**By Order of the Board of Directors
For Sobha Developers Limited**



**Kishore Kayarat
Company Secretary &
Compliance Officer**

**Place: Bangalore
Date: May 22, 2014**

NOTES:

Voting

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE, ON A POLL, INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE Company. PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE Company NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE TIME FIXED FOR THE MEETING. A PROXY FORM IS ENCLOSED FOR THIS PURPOSE.**

A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE Company CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

2. Statement pursuant to the provisions of Section 102(1) of the Companies Act, 2013 is annexed to and forms part of this Notice.
3. In terms of the Listing Agreement, additional information on directors recommended for appointment/re-appointment at the Annual General Meeting and directors liable to retire by rotation and seeking re-election is contained in the Statement annexed to Notice.
4. Members / Proxy Holders are requested to bring the duly completed and signed Attendance Slip along with their copy of the Annual Report to the meeting.
5. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend the Meeting on their behalf.
6. Members may note that the Notice of the

Nineteenth Annual General Meeting and the Annual Report 2014 will be available on the Company's website www.sobha.com. The Notice of AGM shall also be available on the website of NSDL viz. www.evoting.nsdl.com

7. In terms of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force), listed companies are required to provide members with the facility to exercise their votes at general meetings through electronic means. The Company has availed the services of National Securities Depository Limited (NSDL) for providing the necessary e-voting platform to the members of the Company.
8. **The e-voting period shall commence on July 04, 2014 (8:30 am) and end on July 06, 2014 (5:00 pm). During the e-voting period, members of the Company, holding shares either in physical form or dematerialized form, as on the cut-off date i.e. June 06, 2014, will be eligible to cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, it cannot be changed subsequently.**
9. 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 e-voting process in accordance with law and in a fair and transparent manner. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and prepare a Scrutinizer's Report of the votes cast in favour or against, if any, and submit it forthwith to the Chairman of the Company.

The Results declared along with the Scrutinizer's Report shall be placed on the website of the Company and on the website of NSDL within

2 (two) days of passing of the resolution at the Annual General Meeting of the Company.

10. Detailed instructions on the e-voting procedure

For shareholders receiving e-mail communication from NSDL

- a) Open e-mail and open PDF file viz. "SOBHA e-Voting.pdf" [with your Client ID or Folio No. as password] containing your User ID and Password for e-voting. Please note that the password is an initial password and you will be prompted to reset the password on login.
- b) Launch internet browser and type the following URL: <https://www.evoting.nsdl.com/>
- c) Click on "Shareholder - Login"
- d) Type User ID and Password [initial password noted in the step above]. Click Login.
- e) Password change menu will appear. Reset the password with a new password of your choice with minimum 8 digits / characters or combination thereof. Note new password. Do not share your password with any other person and take utmost care to keep your password confidential.
- f) Home page of "e-voting" will open. Click on "e-voting: --- Active Voting Cycles."
- g) Select "EVEN" of Sobha Developers Limited.
- h) Now you are ready for "e-voting" as "Cast Vote" page opens.
- i) Cast your vote by selecting the appropriate option and click on "Submit" and "Confirm" when prompted.
- j) **Institutional Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send a scanned copy (PDF/ JPG Format) of the Board Resolution / Authority Letter together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through E-mail nagendradrao@gmail.com with a copy marked to evoting@nsdl.co.in.**

For shareholders' receiving physical copy of Notice of Annual General Meeting

Initial password is provided at the bottom of the Attendance Slip which is being sent separately along with the Annual Report. Please follow all steps mentioned above except 10(a) to cast your vote.

11. If a shareholder is already registered with NSDL for e-voting, then they may use their existing User ID and Password for casting the votes.
12. Shareholders can update their mobile number and email ID in the user profile details of the folio which may be used for sending communication(s) regarding NSDL e-voting system in future.
13. In case of any queries, shareholders may refer the Frequently Asked Questions (FAQs) and e-voting user manual for shareholders available in the "Downloads" section of www.evoting.nsdl.com. Shareholders may also contact the Company or its Registrar and Transfer Agents for any assistance in this regard.
14. All documents referred to in the accompanying Notice and Statement annexed thereto shall be open for inspection at the Registered Office of the Company during normal business hours on any working day till the date of the Annual General Meeting.

Dividend

15. The Register of Members and the Share Transfer Books of the Company shall remain closed on July 05, 2014.
16. The Dividend if approved by the members at the Annual General Meeting will be deposited in a separate bank account within 5 days from the date of the Annual General Meeting and the same will be paid to the shareholders within one week from the date of such deposit.
17. The Dividend will be paid by the Company through:
 - a) National Electronic Clearing System (NECS) or Electronic Clearing System (ECS) to those members who have registered their bank details with the Depository Participants or the Company as the case may be.

- b) Dividend warrants to the remaining members.

Investor Claims

18. Members who have not yet encashed their dividend warrants for the earlier years are requested to write to the Secretarial Department at the Registered and Corporate Office of the Company or send an email to: investors@sobha.com to claim the dividend. Details of unclaimed dividend as on July 05, 2013 are available in the investors section of the website of the Company www.sobha.com

During the financial year 2013-14, the Company will be required to transfer to the Investor Education and Protection Fund, dividend declared in the Annual General Meeting of the Company held on August 13, 2007 and which is lying unclaimed with the Company for a period of seven years from the date of transfer to the Unpaid Dividend Account in terms of Section 205A of the Companies Act, 1956.

19. Allottees who have not yet claimed the equity shares allotted to them during the Initial Public Offer (IPO) of the Company are requested to make their claim to the Secretarial Department at the Registered and Corporate Office of the Company or send an email to investors@sobha.com. Details of unclaimed equity shares are available in the investors section of the website of the Company www.sobha.com

Investor Servicing

20. Members holding shares in physical mode are requested to lodge / notify communication for change of address, transfer deeds, bank details, ECS details, wherever applicable, mandates (if any), with M/s Link Intime (India) Private Limited, the Registrar and Share Transfer Agents of the Company, having their office at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078.

Members holding shares in electronic form are requested to lodge the above details with their Depository Participants and not with the Company or the Registrar and Share Transfer Agents of the Company as the Company is bound to use only the data provided by the

Depositories while making the payment of Dividend.

21. All Investor Queries / Complaints / Grievances may be addressed to the Secretarial Department at the Registered and Corporate Office of the Company or by sending an email to investors@sobha.com

Members can also write to M/s Link Intime (India) Private Limited, the Registrar and Share Transfer Agents of the Company, having their office at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078 or send an email to rnt.helpdesk@linkintime.co.in

Others

22. The Route Map of the venue forms part of this Notice and is published elsewhere in the Annual Report of the Company. Necessary transport facilities have been arranged and Members desirous of availing the same may send an email to investors@sobha.com 48 hours before the date of the Annual General Meeting and be present at the pick-up points as per the Route Map. Members may also contact the Secretarial Department at +91 80 42052798 for any further assistance in this regard.
23. Securities and Exchange Board of India vide its Circular No. CIR/CFD/DIL/7/2011 dated October 05, 2011 has made amendments to Clause 32 of the Listing Agreement directing listed companies to send soft copies of the annual report to those shareholders who have registered their email address. Sections 101 and 136 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Companies (Accounts) Rules, 2014 permit prescribed companies to send notice and financial statements through electronic mode. In view of the same, shareholders are requested to update their email IDs with their depository participants where shares are held in dematerialised mode and where the shares are held in physical form to update the same in the records of the Company in order to facilitate electronic servicing of annual reports and other documents.

STATEMENT ANNEXED TO NOTICE

[PURSUANT TO PROVISIONS OF SECTION 102(1) OF THE COMPANIES ACT, 2013]

Item No. 5

Mr. Meleveetil Damodaran (DIN: 02106990) was appointed as a Non-Executive Independent Director of the Company on January 29, 2010.

Mr. Damodaran, 67, is an Independent Director of the Company. He holds degrees in Economics and Law from the Universities of Madras and Delhi respectively. He is a retired official of the Indian Administrative Service. He has over 42 years of experience in Government, financial services and public sector enterprises. He was an officer on special duty with the Reserve Bank of India which dealt primarily with the restructuring of three identified weak public sector banks. He was also instrumental in turning around the Unit Trust of India. He was elected as the Chairman of the Emerging Markets Committee of the International Organisation of Securities Commissions (IOSCO). He is a former Chairman of Securities and Exchange Board of India (SEBI) before which he headed the Industrial Development Bank of India (IDBI).

Mr. Damodaran is a member of the Audit Committee of the Company. Mr. Damodaran, with his valuable insights and suggestions, has strengthened the governance and reporting mechanisms of the Company. He has also contributed extensively towards shaping the strategy of the Company.

Based on the recommendation received from the Nomination, Remuneration and Governance Committee and in view of his knowledge, expertise and in particular the contributions made by him, it is proposed to appoint Mr. Meleveetil Damodaran as an Independent Director of the Company in terms of Sections 149 of the Companies Act, 2013 read with Clause 49 of the Listing Agreement. In terms of Sections 149 and 152 of the Companies Act, 2013, Mr. Damodaran is not liable to retire by rotation. If appointed, Mr. Damodaran will hold office for a term of 5 years, which will end at the conclusion of the Twenty Fourth Annual General Meeting of the Company.

Mr. Damodaran has given his consent to act as an Independent Director of the Company and has furnished necessary declarations to the Board of Directors that he meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 read with Clause 49 of the Listing Agreement. Further as per the declarations received by the Company, Mr. Damodaran is not disqualified under Section 164 of the Companies Act, 2013.

Mr. Damodaran does not hold any equity shares in the Company as on May 22, 2014. He is not related to any of the Directors of the Company. The directorships held by Mr. Damodaran are within the limits prescribed under Section 165 of the Companies Act, 2013.

In terms of Clause 49 of the Listing Agreement, the details of directorships and committee positions held are given below:

Directorships held in other public companies	Hero MotoCorp Limited
	ING Vysya Bank Limited
	Tech Mahindra Limited
	TVS Automobile Solutions Limited
	Ultratech Cement Limited
	Bennett Coleman and Company Limited
	L & T Infrastructure Finance Company Limited
	Larsen & Toubro Limited
	CRISIL Limited
Committee Positions [includes only Audit and Stakeholders Relationship Committee]	Hero Motocorp Limited - Audit Committee [Member]; Shareholders' Grievance Committee [Member]
	Tech Mahindra Limited - Audit Committee [Member]
	L & T Infrastructure Finance Company Limited - Audit Committee [Chairman]
	Bennett, Coleman and Company Limited - Audit Committee [Member]
	Larsen and Toubro Limited - Audit Committee [Member]
	CRISIL Limited - Stakeholders Relationship Committee [Chairman]; Audit Committee [Member]

The draft letter of appointment containing the terms and conditions of appointment of Mr. Damodaran as a Non-Executive Independent Director is available for inspection by members at the Registered Office of the Company on any working day during working hours.

Mr. Damodaran is interested in the passing of this resolution by virtue of his directorship in the Company. None of the other Directors or Key Managerial Personnel or their relatives are in any way interested or concerned, financially or otherwise in this Resolution.

The Board of Directors based on the recommendation of the Nomination, Remuneration and Governance Committee recommends the Ordinary Resolution set out in Item No. 5 for approval by the Members.

Item No. 6

Dr. Saibal Kanti Gupta (DIN: 00011138) was appointed as a Non-Executive Independent Director of the Company on June 28, 2006.

Dr. Gupta, 75, is an Independent Director of the Company. He is a Metallurgical Engineer with a Ph.D. (Tech.) and D.Sc. (Tech.) from Moscow. He has over 53 years of experience in the field of metallurgy, engineering and management in the steel domain. He has been associated with several reputed organisations in varied capacities such as Jindal Vijayanagar Steel Limited, Rourkela Steel Plant, Steel Authority of India Limited and Mishra Dhatu Nigam Limited. He was Professor and Head of Department of Metallurgy Engineering at IIT Bombay. He has served on the Executive Board of Standing Conference of Public Enterprises (SCOPE), Committee of Technology of International Iron & Steel Institute, Belgium and Board of Governors of National Institute of Foundry & Forge Technology. He also served as the Chairman of the Government of India task force on Steel Growth plan till 2010.

Dr. Gupta is Chairman of the Stakeholders Relationship Committee of the Company. He is a member of the Audit and the Nomination, Remuneration and Governance Committees of the Company. Dr. Gupta, with his extensive knowledge and experience in the field of engineering, has contributed to the improvement in the construction and production methodologies of the Company. Under his guidance, the Company has also been able to improve its investor servicing function.

Based on the recommendation received from the Nomination, Remuneration and Governance Committee and in view of his knowledge, expertise and in particular the contributions made by him, it is proposed to appoint Dr. Saibal Kanti Gupta as an Independent Director of the Company in terms of Sections 149 of the Companies Act, 2013 read with Clause 49 of the Listing Agreement. In terms of Sections 149 and 152 of the Companies Act, 2013, Dr. Gupta is not liable to retire by rotation. If appointed, Dr. Gupta will hold office for a term of 5 years, which will end at the conclusion of the Twenty Fourth Annual General Meeting of the Company.

Dr. Gupta has given his consent to act as an Independent Director of the Company and has furnished necessary declarations to the Board of Directors that he meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 read with Clause 49 of the Listing Agreement. Further as per the declarations received by the Company, Dr. Gupta is not disqualified under Section 164 of the Companies Act, 2013.

Dr. Gupta holds 1,335 equity shares of ₹ 10 each in the Company as on May 22, 2014. He is not related to any of the Directors of the Company. The directorships held by Dr. Gupta are within the limits prescribed under Section 165 of the Companies Act, 2013.

In terms of Clause 49 of the Listing Agreement, the details of directorships and committee positions held are given below:

Directorships held in other public companies	JSW Steel Limited
	JSW Holdings Limited
	Jindal Saw Limited
	Surana Industries Limited
Committee Positions [includes only Audit and Stakeholders Relationship Committee]	JSW Steel - Audit Committee & Investors Grievance Committee [Member]
	Jindal Saw Limited - Audit Committee [Member]
	Surana Industries Limited - Share Transfer and Investors Grievance Committee [Member]

The draft letter of appointment containing the terms and conditions of appointment of Dr. Gupta as a Non-Executive Independent Director is available for inspection by members at the Registered Office of the Company on any working day during working hours.

Dr. Gupta is interested in the passing of this resolution by virtue of his directorship and to the extent of his shareholding in the Company. None of the other Directors or Key Managerial Personnel or their relatives are in any way interested or concerned, financially or otherwise in this Resolution.

The Board of Directors based on the recommendation of the Nomination, Remuneration and Governance Committee recommends the Ordinary Resolution set out in Item No. 6 for approval by the Members.

Item No. 7

Mr. Ramachandra Venkatasubba Rao (DIN: 00061599) was appointed as a Non-Executive Independent Director of the Company on June 28, 2006.

Mr. Rao, 70, 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 42 years of experience in the areas of banking and finance. He has served on the Board of Directors of Housing Development Finance Corporation Limited. As a United States Agency for International Development (USAID) Consultant, he was the team leader that reviewed operations and made recommendations for the Housing Finance Company, Ghana, Africa. He also led the consultancy team, which advised the National Development Bank of Sri Lanka in establishing its mortgage finance business. He is an associate of Indian Institute of Bankers and a life member of All India Management Association.

Mr. Rao is the Chairman of the Audit Committee of the Company. He is a member of the Nomination, Remuneration and Governance Committee of the Company. His knowledge of legal and finance domain combined with his rich experience, has assisted in the improvement of the operations of the Company.

Based on the recommendation received from the Nomination, Remuneration and Governance Committee and in view of his knowledge, expertise and in particular the contributions made by him, it is proposed to appoint Mr. Ramachandra Venkatasubba Rao as an Independent Director of the Company under Section 149 of the Companies Act, 2013 read with Clause 49 of the Listing Agreement. In terms of Sections 149 and 152 of the Companies Act, 2013, Mr. Rao is not liable to retire by rotation. If appointed, Mr. Rao will hold office for a term of 5 years, which will end at the conclusion of the Twenty Fourth Annual General Meeting of the Company.

Mr. Rao has given his consent to act as an Independent Director of the Company and has furnished necessary declarations to the Board of Directors that he meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 read with Clause 49 of the Listing Agreement. Further as per the declarations received by the Company, Mr. Rao is not disqualified under Section 164 of the Companies Act, 2013.

Mr. Rao holds 15,000 equity shares of ₹10 each in the Company as on May 22, 2014. He is not related to any of the Directors of the Company. The directorships held by Mr. Rao are within the limits prescribed under Section 165 of the Companies Act, 2013.

In terms of Clause 49 of the Listing Agreement, the details of directorships and committee positions held are given below:

Directorships held in other public companies	Royal Orchid Hotels Limited
	Puravankara Projects Limited
Committee Positions [includes Audit and Stakeholders Relationship Committee]	Puravankara Projects Limited - Audit Committee [Member]
	Royal Orchid Hotels Limited - Audit Committee [Member]

The draft letter of appointment containing the terms and conditions of the appointment of Mr. Rao as a Non-Executive Independent Director is available for inspection by members at the Registered Office of the Company on any working day during working hours.

Mr. Rao is interested in the passing of this resolution by virtue of his directorship and to the extent of his shareholding in the Company. None of the other Directors or Key Managerial Personnel or their relatives are in any way interested or concerned, financially or otherwise in this Resolution.

The Board of Directors based on the recommendation of the Nomination, Remuneration and Governance Committee recommends the Ordinary Resolution set out in Item No. 7 for approval by the Members

Item No. 8

Mr. Anup Sanmukh Shah (DIN: 00317300) was appointed as a Non-Executive Independent Director of the Company on June 28, 2006.

Mr. Shah, 57, is an Independent Director of the Company. He has a bachelor's degree in commerce from HR College, Mumbai and a degree in law from Government Law College, Mumbai. He has over 30 years of experience in the field of law, specifically real estate law. He specialises in commercial and property documentation, corporate and commercial litigation, property related issues, land laws and arbitration and alternative dispute resolutions. He is the Founder Partner of Anup S Shah Law Firm in Bangalore.

He is the Chairman of the Nomination, Remuneration and Governance Committee, Risk Management Committee and Corporate Social Responsibility Committee of the Company. He is a member of Audit Committee of the Company. Mr. Shah's inputs and observations have resulted in more effective strategic decision making, particularly in the area of land procurement, joint development agreements, joint ventures and collaborations.

Based on the recommendation received from the Nomination, Remuneration and Governance Committee and in view of his knowledge, expertise and in particular the contributions made by him, it is proposed to appoint Mr. Anup Sanmukh Shah as an Independent Director of the Company in terms of Sections 149 of the Companies Act, 2013 read with Clause 49 of the Listing Agreement. In terms of Sections 149 and 152 of the Companies Act, 2013, Mr. Shah is not liable to retire by rotation. If appointed, Mr. Shah will hold office for a term of 5 years, which will end at the conclusion of the Twenty Fourth Annual General Meeting of the Company.

Mr. Shah has given his consent to act as an Independent Director of the Company and has furnished necessary declarations to the Board of Directors that he meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 read with Clause 49 of the Listing Agreement. Further as per the declarations received by the Company, Mr. Shah is not disqualified under Section 164 of the Companies Act, 2013.

Mr. Shah holds 4,300 equity shares of ₹ 10 each in the Company as on May 22, 2014. He is not related to any of the Directors of the Company. The directorships held by Mr. Shah are within the limits prescribed under Section 165 of the Companies Act, 2013.

In terms of Clause 49 of the Listing Agreement, the details of directorships and committee positions held are given below:

Directorships held in other public companies	Puravankara Projects Limited
	Provident Housing Limited
	Bhoruka Power Corporation Limited
Committee Positions [includes Audit and Stakeholders Relationship Committee]	Puravankara Projects Limited - Audit Committee [Member]

The draft letter of appointment containing the terms and conditions of appointment of Mr. Shah as a Non-Executive Independent Director is available for inspection by members at the Registered Office of the Company on any working day during working hours.

Mr. Shah is interested in passing of this resolution by virtue of his directorship and to the extent of his shareholding in the Company. Mr. Shah is the Founder Partner of Anup S Shah Law Firm, one of the Legal Advisors of the Company. The relationship between Anup S Shah Law Firm and the Company is within the limits prescribed under Section 149 of the Companies Act, 2013.

None of the other Directors or the Key Managerial Personnel or their relatives are in any way interested or concerned, financially or otherwise in this Resolution.

The Board of Directors based on the recommendation of the Nomination, Remuneration and Governance Committee recommends the Ordinary Resolution set out in Item No. 8 for approval by the Members

Item No. 9

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, 33, graduated with distinction in Bachelor of Science in Civil Engineering from Purdue University, USA. Mr. 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 functioning of various departments in the organisation such as Sales & Marketing, Estimation, Customer Relationship Management, Cost Audit, Value Engineering, Landscaping, Human Resources, QST, Purchase, Corporate Communications, Architects and Process & IT etc.

In his term of office spanning a decade, Mr. Menon has contributed extensively towards the growth of the Company and has been actively responsible for the launch of new product lines and attainment of highest standards of quality. By focusing on key areas such as ERP implementation, Value Engineering, Process Documentation, Environment Health and Safety measures, he has significantly strengthened the foundation of the Company.

Further, during his tenure, the delivery and execution strength of the Company have displayed a manifold increase. The delivery levels have improved from 6 million square feet in the financial year 2004-05 to over 62.93 million square feet in cumulative in 2013-14. The turnover of the Company has quadrupled, from ₹ 4,651.86 million in the financial year 2004-05 to ₹ 21,837.63 million during the financial year 2013-14 on a consolidated basis.

Mr. Menon was inducted as a member of the Board of Directors on June 08, 2004 and was appointed as Vice Chairman with effect from January 01, 2006. The members of the Company reappointed Mr. Menon as a director of the Company designated as Chairman on June 30, 2012 for a period of five years with effect from April 01, 2012. He is a member of the Stakeholders Relationship Committee, Risk Management Committee and Share Transfer Committee 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 revise the remuneration payable to Mr. Menon for the remainder of his term as set-out below.

- A. Basic salary: ₹2,000,000 (Rupees Twenty Lakhs) per month with authority to the Board of Directors to revise the basic salary from time to time taking into account the performance of the Company, subject however to a ceiling of ₹ 3,000,000 (Rupees Thirty Lakhs) per month.
- B. Accommodation: Rent-free furnished accommodation or up to 40% of the basic salary as House Rent Allowance in lieu of accommodation.
- C. Other Allowances: Up to 60% of the basic salary and as determined by the Board from time to time.
- D. Performance Incentives: As determined by the Board of Directors, which shall not exceed 2% of the Consolidated Net Profits of the Company.
- E. Perquisites: He shall be entitled to perquisites, allowances, benefits, facilities and amenities (collectively called Perquisites) such as medical reimbursement, leave travel assistance and any other perquisites as per the policy of the Company in force or as may be approved by the Board from time to time.
- F. In addition to the above, he shall be entitled to the allowance and benefits as per the policy of the Company in force, such as:
 - i. Company maintained car with driver.
 - ii. Telephone at residence
 - iii. Company's contribution to Provident Fund
 - iv. Payment of gratuity and other retirement benefits
 - v. Encashment of leave
 - vi. Personal Accident and Mediclaim Insurance

It is proposed that the Performance Incentives payable to Mr. Menon be revised and such incentives shall not exceed 2% of the Consolidated Net Profits of the Company. The other terms and conditions of his appointment remain unchanged.

Mr. Menon is interested in passing of this resolution by virtue of his directorship and to the extent of his shareholding in the Company. Mr. Menon holds 32,950 equity shares of ₹ 10 each in the Company as on May 22, 2014. The relatives of Mr. Menon hold 59,331,380 equity shares in the Company and are interested in passing of this resolution to the extent of their shareholding.

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 for revision of remuneration payable to Mr. Ravi PNC Menon, Chairman of the Company and a memorandum as to the nature of concern and interest of the Directors in the said revision, 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. 9 for approval by the Members.

Item No. 10

Mr. Jagdish Chandra Sharma (DIN: 01191608) was reappointed as a Managing Director of the Company vide a Special resolution passed in the Fifteenth Annual General Meeting held on June 11, 2010. He was designated as Vice Chairman and Managing Director vide a resolution of the Board of Directors passed on May 06, 2012.

Mr. Sharma, 56 years, graduated with a Bachelor of Commerce (Honours) degree from St Xavier's College, Calcutta in 1976. He is a qualified Chartered Accountant and Company Secretary and has over 30 years of experience in diversified industries such as automobiles, textiles, steel and real estate in the areas of finance and management. He has previously served in various capacities in organizations

of repute. He has been associated with the Company since June 2001 and currently bears overall responsibility for managing the affairs of the Company with a team of professionals. He has extensively worked in the areas of general management in the organization specializing in land purchase, material procurement, corporate finance and secretarial functions. With more than two decades of experience in general management and in-depth knowledge of business, tax, accounting and regulatory issues, he has successfully concluded complex commercial transactions on behalf of the Company, thereby leading the Company to attain the desired scale, size and profitability.

In the capacity of Vice Chairman and Managing Director, Mr. Sharma is entrusted with substantial powers of management and is responsible for meeting the growth targets of the Company. Mr. Sharma was instrumental in spearheading the growth mantle of the Company from a turnover of ₹ 1,369 million during the financial year 2001-02 to ₹ 11,894 million during the financial year 2006 – 07 paving way for a highly successful Initial Public Offer of the Company in December 2006. The financial years 2008-09 and 2009-10 witnessed the worst ever economic recession globally which also impacted Indian industry in terms of job losses, reduction in spending, deferment of capex by companies, etc. In the midst of the recession, Mr. Sharma was instrumental in raising much needed funds and ensuring adequate liquidity in terms of further capital infusion by way of Qualified Institutional Placement, monetization of land parcels, restructuring the debt and implementing cost reduction measures ensuring a healthy recovery. Mr. Sharma is a member of the Audit Committee, Stakeholders Relationship Committee, Nomination, Remuneration and Governance Committee, Risk Management Committee, Corporate Social Responsibility Committee and Share Transfer Committee of the Company.

Mr. Sharma was appointed as a member of the Board of Directors on July 09, 2001 and was appointed as the Managing Director effective from April 01, 2003. The Company had on June 11, 2010 re-appointed Mr. Sharma as a Managing Director for a period of 5 years commencing from April 01, 2010. Mr. Sharma's tenure will cease on March 31, 2015 unless reappointed by the members of the Company in its ensuing Annual General Meeting.

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. Sharma as a Whole-time Director designated as Vice Chairman and Managing Director of the Company for a further period of five years commencing from April 01, 2014 on the remuneration set-out below:

- A. Basic salary: ₹ 3,12,500 (Rupees Three Lakhs Twelve Thousand Five Hundred) per month with authority to the Board of Directors to revise the basic salary from time to time taking into account the performance of the Company, subject however to a ceiling of ₹ 10,00,000 (Rupees Ten Lakhs) per month.
- B. Accommodation: Rent-free furnished accommodation or up to 40% of the basic salary as House Rent Allowance in lieu of accommodation.
- C. Other Allowances: Up to 60% of the basic salary and as determined by the Board from time to time.
- D. Performance Incentives: As determined by the Board of Directors, which shall not exceed 2% of the Consolidated Net Profits of the Company.
- E. Perquisites: He shall be entitled to perquisites, allowances, benefits, facilities and amenities (collectively called Perquisites) such as medical reimbursement, leave travel assistance and any other perquisites as per the policy of the Company in force or as may be approved by the Board from time to time.

F. In addition to the above, he shall be entitled to the allowance and benefits as per the policy of the Company in force, such as:

- i. Company maintained car with driver.
- ii. Telephone at residence
- iii. Company's contribution to Provident Fund
- iv. Payment of gratuity and other retirement benefits
- v. Encashment of leave
- vi. Personal Accident and Mediclaim Insurance

If re-appointed, Mr. Sharma will hold office for a term of 5 years, which will end at the close of the financial year 2018 - 2019. Mr. Sharma satisfies the conditions set out in Section 196(3) and Part 1 of Schedule V of the Companies Act, 2013.

Mr. Sharma has given his consent to act as a Whole-time Director designated as Vice Chairman and Managing Director of the Company. Further as per the declarations received by the Company, Mr. Sharma is not disqualified under Section 164 of the Companies Act, 2013.

Mr. Sharma holds 112,929 equity shares of ₹ 10 each in the Company as on May 22, 2014. He is not related to any of the Directors of the Company. The directorships held by Mr. Sharma are within the limits prescribed under Section 165 of the Companies Act, 2013. In terms of Clause 49 of the Listing Agreement, Mr. Sharma does not hold directorships in any other public Company nor does he hold committee positions in other companies.

The draft letter of appointment containing the terms and conditions of appointment of Mr. Sharma as a Whole-time Director designated as Vice Chairman and Managing Director of the Company is available for inspection by members at the Registered Office of the Company on any working day during working hours.

Mr. Sharma is interested in the passing of this resolution by virtue of his directorship

and to the extent of his shareholding in the Company. None of the other Directors or the Key Managerial Personnel or their relatives are in any way interested or concerned, financially or otherwise in this Resolution.

The above may also be treated as an abstract of the terms of contract of re-appointment of Mr. Sharma as Vice Chairman and Managing Director of the Company and a memorandum as to the nature of concern and interest of the Directors in the said re-appointment, as required under Section 190 of the Act.

The Board of Directors based on the recommendation of the Nomination, Remuneration and Governance Committee recommends the Special Resolution set out in Item No. 10 for approval by the Members.

Item No. 11

Mr. Ramakrishnan Prabhakaran (DIN: 02851981) was appointed as a Wholetime Director on January 29, 2010. The members of the Company vide a Special resolution passed in the Fifteenth Annual General Meeting held on June 11, 2010 appointed Mr. Ramakrishnan as a Deputy Managing Director for a period of 5 years commencing from April 01, 2010.

Mr. Ramakrishnan holds a bachelors degree in Technology (Electrical and Electronics Engineering) from Bharathiyar University in 1986. In addition, he holds a masters degree in Business Administration from Madurai Kamaraj University. He has over 31 years of experience in techno-commercial skill development, system design, project execution, corporate planning, and supply chain management. He was associated with organizations of repute in various capacities and has worked extensively in the Middle East in the field of construction and infrastructure development. His current responsibilities in our Company include amongst others to oversee the Kerala operations, contractual projects and the manufacturing facilities of our Company with a team of experienced and dedicated

professionals. He is also working in creating newer opportunities and additional business verticals for the Company in the present role.

Mr. Ramakrishnan played a pivotal role in the substantial increase in sales of Sobha City Project while he was a Regional Director of the Company overseeing the Kerala operations. He has also been instrumental in getting various clearances and doing groundwork related to the Company's projects in Kerala. During his tenure, the Company has made foray into two new cities in Kerala, viz. Cochin and Calicut, thus expanding the geographical presence of the Company, deepening its brand presence and extending its market share. Mr. Ramakrishnan is a member of the Corporate Social Responsibility Committee and Share Transfer Committee of the Company.

Mr. Ramakrishnan's tenure will cease on March 31, 2015 unless reappointed by the members of the Company in its ensuing Annual General Meeting. 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. Ramakrishnan as a Whole-time Director designated as Deputy Managing Director of the Company for a further period of five years commencing from April 01, 2014 on the remuneration set-out below:

- A. Basic salary: ₹ 3,00,000 (Rupees Three Lakhs) per month with authority to the Board of Directors to revise the basic salary from time to time taking into account the performance of the Company, subject however to a ceiling of ₹ 8,00,000 (Rupees Eight Lakhs) per month.
- B. Accommodation: Rent-free furnished accommodation or up to 40% of the basic salary as House Rent Allowance in lieu of accommodation.
- C. Other Allowances: Up to 60% of the basic salary and as determined by the Board from time to time.

- D. Performance Incentives: As determined by the Board of Directors, which shall not exceed ₹ 50,000,000 (Rupees Five Crores) per annum.
- E. Perquisites: He shall be entitled to perquisites, allowances, benefits, facilities and amenities (collectively called Perquisites) such as medical reimbursement, leave travel assistance and any other perquisites as per the policy of the Company in force or as may be approved by the Board from time to time.
- F. In addition to the above, he shall be entitled to the allowance and benefits as per the policy of the Company in force, such as:
 - i. Company maintained car with driver.
 - ii. Telephone at residence
 - iii. Company's contribution to Provident Fund
 - iv. Payment of gratuity and other retirement benefits
 - v. Encashment of leave
 - vi. Personal Accident and Mediclaim Insurance
 If re-appointed, Mr. Ramakrishnan will hold office for a term of 5 years, which will end at the close of the financial year 2018 - 2019. Mr. Ramakrishnan satisfies the conditions set out in Section 196(3) and Part 1 of Schedule V of the Companies Act, 2013.

Mr. Ramakrishnan has given his consent to act as a Whole-time Director designated as Deputy Managing Director of the Company. Further as per the declarations received by the Company, Mr. Ramakrishnan is not disqualified under Section 164 of the Companies Act, 2013.

Mr. Ramakrishnan does not hold any equity shares in the Company as on May 22, 2014. He is not related to any of the Directors of the Company. The directorships held by Mr. Ramakrishnan are within the limits prescribed under Section 165 of the Companies Act, 2013. In terms of Clause 49 of the Listing Agreement, Mr. Ramakrishnan does not hold directorships in any other public Company nor does he hold committee positions in other companies.

The draft letter of appointment containing the terms and conditions of appointment of Mr. Ramakrishnan as a Whole-time Director designated as Deputy Managing Director of the Company is available for inspection by members at the Registered Office of the Company on any working day during working hours.

Mr. Ramakrishnan is interested in passing of this resolution by virtue of his directorship 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. Ramakrishnan as the Deputy Managing Director of the Company and a memorandum as to the nature of concern and interest of the Directors in the said re-appointment, as required under Section 190 of the Act.

The Board of Directors based on the recommendation of the Nomination, Remuneration and Governance Committee recommends the Special Resolution set out in Item No. 11 for approval by the Members.

Item No. 12

The Independent Directors of your Company bring with them significant professional expertise and rich experience across a wide spectrum of functional areas such as construction technology, finance, legal and corporate strategy. The Board is of the view that it is necessary that adequate remuneration should be given to the Independent Directors so as to compensate them for their time and efforts and also to retain and attract the pool of talent for the growth and prosperity of the Company.

Section 197 of the Companies Act, 2013 provides that the remuneration payable to directors who are neither managing directors nor whole-time directors shall not exceed,—

- (A) 1% per cent of the net profits of the Company, if there is a managing or whole-time director or manager;
- (B) 3% per cent of the net profits in any other case.

The resolution shall remain in force for a period of five years, but may be renewed from time to time, by another resolution for further periods of not more than five years at a time. In accordance with Section 309 of the Companies Act, 1956, the members of the Company at the Annual General Meeting held on June 30, 2011, had approved the payment of remuneration by way of commission to Non-Executive Directors, at a rate not exceeding 1% per annum of the net profits of the Company for a period of five years commencing from April 01, 2011.

Pursuant to the notification of Section 197 of the Companies Act, 2013, Section 309 of the Companies Act, 1956 has ceased to have effect. The Board has therefore proposed the passing of a resolution for authorising the payment of remuneration to Non-Executive Directors for a period of five years commencing from April 01, 2014 as the Board of Directors may from time to time determine (to be divided amongst them in such proportion as may be determined by the Board of Directors from time to time and in default of such determination equally), and such remuneration shall not exceed 1% of the net profits of the Company in any financial year (computed in the manner provided in Section 198 of the Companies Act, 2013).

The aforesaid remuneration to non-executive directors shall be in addition to the sitting fees payable to them for attending meetings of the Board and Committees thereof.

The four Independent Directors of the Company namely Dr. Saibal Kanti Gupta, Mr. Ramachandra Venkatasubba Rao, Mr. Meleveetil Damodaran and Mr. Anup Sanmukh Shah being Non-Executive Directors and proposed to be appointed, are interested in the Resolution by virtue of their directorship,

to the extent of their shareholding if any, and the payment that they receive by way of remuneration as a % of profits.

None of the other Directors or the Key Managerial Personnel or their relatives are in any way interested or concerned, financially or otherwise in this Resolution.

The Board recommends the Ordinary Resolution set-out in Item 12 of the Notice for approval by the members.

Item No. 13

The Company was established in the year 1995 as Sobha Developers Private Limited and is primarily engaged in the construction and development of real estate projects. As on March 31, 2014, the Company has completed 92 real estate projects with total developed area of 29.27 million square feet and has 48 on-going projects with total area under development of 30.61 million square feet.

Though development of residential projects was the prime focus of the Company, it undertook a contractual project for Infosys Limited in the year 1999. This resulted in the Company venturing into the contractual space which soon became a vital business vertical. As on March 31, 2014, the Company has completed 247 contractual projects aggregating to 33.66 million square feet and has 31 on-going projects aggregating to 9.67 million square feet. Its clients include reputed and prestigious organisations such as Infosys, Dell, Bosch, Bayer and many others.

Overall, the Company has delivered 339 projects measuring total developed area of 62.93 million square feet as on March 31, 2014. Over the past 6 years, the Company has delivered 6 million square feet on an average.

Widening the scope of its operations, the Company as a part of its backward integration model, had added three manufacturing divisions – Glazing and Metal works, Concrete Products and Interiors to the business over the course of its existence. The Company

also has an in-house design, structural and architectural studio which further augments its backward integration model. The Company is one of the foremost backward integrated real estate companies in India – having end-to-end capabilities to deliver a project from conceptualization to completion.

The Company has also made a foray into the commercial real estate space. As the operations of the Company have expanded into wider horizons, the term ‘developer’ has ceased to be an appropriate reflection of the Company’s business activities.

The Company is also in its 20th year of operations and over the course of two decades has become a recognized and trusted brand in the market which is associated with high end quality products. In order to further strengthen the brand image and recall, it would be beneficial for the Company to focus and drive its operations based on its brand name ‘Sobha’.

It is therefore proposed to change the name of the Company from Sobha Developers Limited to Sobha Limited.

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 held in the Company.

The Board recommends the Special Resolution set-out in Item 13 of the Notice for approval by the members.

Item No. 14

The Company in order to execute various projects both residential and contractual has to borrow money from banks and other financial institutions as a means of finance. The members of the Company at its Twelfth Annual General Meeting held on August 13, 2007 had fixed a limit of ₹ 40,000,000,000 (Rupees Four Thousand Crores only) up to which the Board of Directors can borrow in excess of the paid up

share capital and free reserves in terms of the erstwhile Section 293(1)(d) of the Companies Act, 1956. The indebtedness of the Company for the purpose of Section 293(1)(d) of the Companies Act 1956 / Section 180(1)(c) of the Companies Act 2013 as on March 31, 2014 is ₹ 10,546.31 million.

Section 180(1)(c) of the Companies Act, 2013 supersedes Section 293(1)(d) of the Companies Act, 1956 and as per General Circular No. 04/2014 dated March 25, 2014 issued by the Ministry of Corporate Affairs, the Ordinary Resolution earlier passed under Section 293(1)(d) of the Companies Act, 1956 will be valid for a period of one year from the date of notification of Section 180 of the Companies Act, 2013, i.e. up to 11th September, 2014.

In view of the notification of the Companies Act, 2013 and aforesaid clarification issued by the Ministry of Corporate Affairs, it is necessary to obtain fresh consent of the members of the Company to enable the Board of Directors of the Company to borrow moneys [excluding temporary loans obtained from the Company's Bankers in the ordinary course of business] in excess of the aggregate of paid-up share capital and free reserves of the Company. The Board of Directors propose to keep the borrowing limit remain unchanged at ₹40,000,000,000 (Rupees Four Thousand Crores only).

None of the Directors or the Key Managerial Personnel or their relatives are in any way interested or concerned, financially or otherwise in this Resolution except to the extent of their shareholding in the Company.

The Board recommends the Special Resolution set-out in Item 14 of the Notice for approval by the members.

Item No. 15

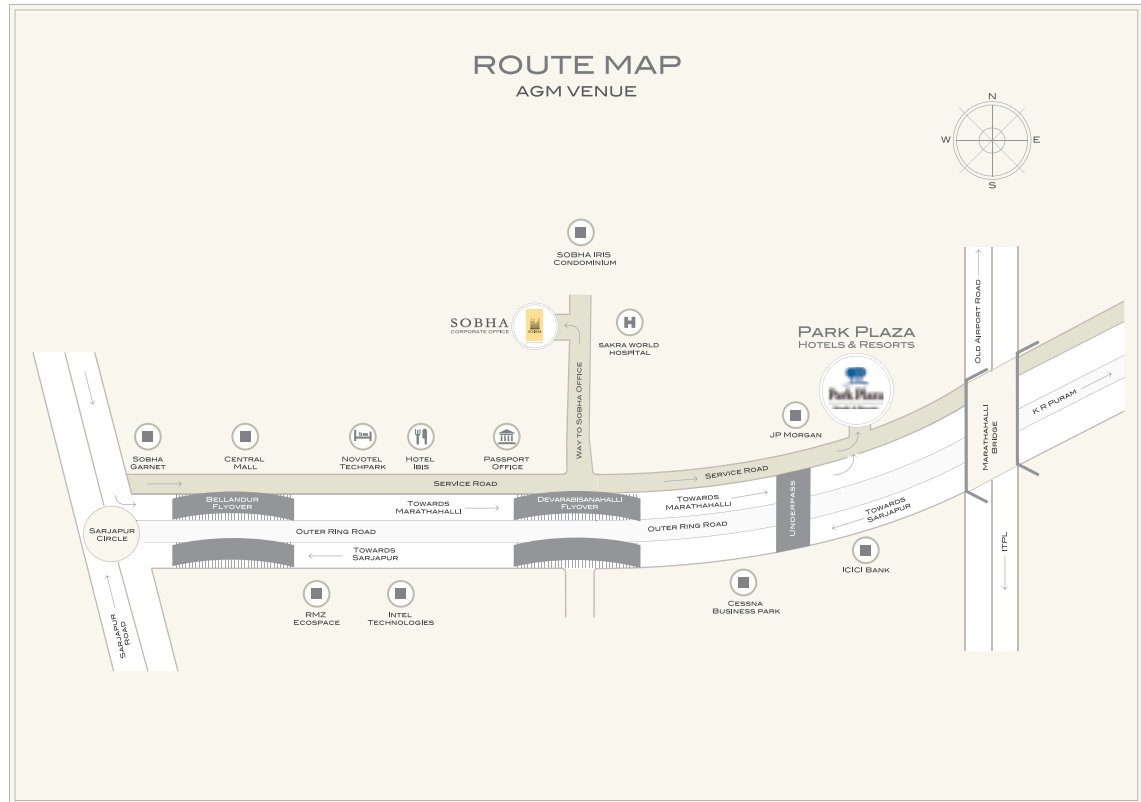
The Company in order to execute various projects both residential and contractual has to borrow money from banks and other financial institutions as a means of finance. The Company has currently availed project specific or general purpose borrowings from various Banks and Financial Institutions to finance the execution of the projects of the Company. The Board of Directors envisages a need for the funding requirements of the Company to be met with various components, i.e. equity, project loans, general purpose corporate loans, borrowings from financial institutions, debentures etc. A mix of these instruments would result in optimum utilization of funds at optimum cost and help to meet the various business requirements of the Company. The Board is therefore contemplating the feasibility of borrowing money through the issue of non-convertible debentures.

In terms of Rule 14 of The Companies (Prospectus and Allotment of Securities) Rules 2014, the issue of any non-convertible debentures on a private placement basis requires a prior approval of the members of the Company by way of a Special Resolution and such approval shall be valid for all private placements made during the year.

Accordingly consent of the members is being sought to enable the Board of Directors to offer or invite subscriptions for non-convertible debentures as may be required.

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 15 of the Notice for approval by the members.



Park Plaza Bengaluru Hotel,
90-4, Marathahalli Outer Ring Road,
Marathahalli, Bangalore – 560 037

Transport facilities are arranged from Banashankari, Majestic and Hebbal for attending the Annual General Meeting (AGM), which is scheduled to take place on July 11, 2014 at 10:00 am at Park Plaza Bengaluru Hotel. For more details contact the Investor's Cell at : 42052798 between 9 AM to 5 PM or send an email to investors@sobha.com

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies
(Management and Administration) Rules, 2014]

SOBHA DEVELOPERS LIMITED

CIN: L45201KA1995PLC018475

Registered and Corporate Office: 'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli,
Bellandur Post, Bangalore – 560 103

Name of Member(s)

Registered Address

Email Id

Folio No / Client ID

DP ID

I/We, being the member (s) of shares of the above named Company, hereby
appoint:

1. Name.....Address.....

.....

Email ID.....Signature.....

or failing him

2. Name.....Address.....

.....

Email ID.....Signature.....

or failing him

3. Name.....Address.....

.....

Email ID.....Signature.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Nineteenth Annual General Meeting of the Company, to be held on the 11th day of July 2014 at 10:00 AM at Park Plaza Bengaluru Hotel, 90-4, Marathahalli Outer Ring Road, Marathahalli, Bangalore – 560 037 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No:

1. To receive, consider and adopt the standalone and consolidated financial statements of the Company for the financial year ended March 31, 2014.
2. To declare dividend on equity shares
3. To appoint a Director in place of Mr. Ramakrishnan Prabhakaran (DIN : 02851981), who retires by rotation and being eligible has offered himself for reappointment
4. To appoint S.R. Batliboi & Associates LLP as the Statutory Auditors of the Company and to fix their remuneration
5. Appointment of Mr. Meleveetil Damodaran (DIN: 02106990) as a Non-Executive Independent Director
6. Appointment of Dr. Saibal Kanti Gupta (DIN: 00011138) as a Non-Executive Independent Director
7. Appointment of Mr. Ramachandra Venkatasubba Rao (DIN: 00061599) as a Non-Executive Independent Director
8. Appointment of Mr. Anup Sanmukh Shah (DIN: 00317300) as a Non-Executive Independent Director
9. Revision of remuneration of Mr. Ravi PNC Menon (DIN: 02070036), Whole-time director of the Company designated as Chairman
10. Re-appointment of Mr. Jagdish Chandra Sharma (DIN: 01191608) as Vice Chairman and Managing Director
11. Reappointment of Mr. Ramakrishnan Prabhakaran (DIN: 02851981) as Deputy Managing Director
12. Remuneration to Non-Executive Directors
13. Change of name of the Company from Sobha Developers Limited to Sobha Limited
14. Power of Board of Directors of the Company to Borrow Funds
15. Issue of Non-Convertible Debentures on a Private Placement basis

Signed this day of 2014.

Signature of Shareholder

Signature of Proxy holder(s)

Affix
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

SOBHA DEVELOPERS LIMITED

CIN: L45201KA1995PLC018475

Registered and Corporate Office: 'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore – 560 103

ATTENDANCE SLIP

Registered Folio / DP ID & Client ID	
Name and address of the Shareholder	

1. I hereby record my presence at the **Nineteenth Annual General Meeting** of the Company held on Friday, July 11, 2014 at 10:00 AM at Park Plaza Bengaluru Hotel, 90-4, Marathahalli Outer Ring Road, Marathahalli, Bangalore – 560 037.
2. Signature of the Shareholder / Proxy Present.....
3. Shareholder / Proxy Holder wishing to attend the meeting must bring the duly signed Attendance Slip to the meeting.
4. Shareholder/Proxy Holder attending the meeting is requested to bring his / her copy of the Annual Report.

.....
PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING

ELECTRONIC VOTING PARTICULARS

E-Voting Event Number [EVEN]	USER ID	PASSWORD

Note: Please read the instructions given in the Notes to the Notice of Nineteenth Annual General Meeting dated May 22, 2014. The E-Voting period starts on July 04, 2014 at 8:30 AM and ends on July 06, 2014 at 5:00 PM. The e-voting module shall be disabled by NSDL for voting thereafter.

Glossary

ADR	EBITDA
American Depository Receipts	Earnings before Interest, Depreciation and Amortisation
APMC	ECS
Agriculture Produce Marketing Committee	Electronic Clearing System
BBS	ERP
Bar Bending Schedule	Enterprise Resource Planning
BOD	EVEN
Board of Directors	E-Voting Event Number
BSE	FDI
Bombay Stock Exchange Limited	Foreign Direct Investment
CAGR	FICCI
Compounded Annual Growth Rate	Federation of Indian Chambers of Commerce and Industry
CARE	FII
Credit Rating Analysis and Research	Foreign Institutional Investors
CBSE	FIPB
Central Board of Secondary Education	Foreign Investment Promotion Board
CDSL	FSI
Central Depository Services (India) Limited	Floor Space Index
CFL	GDP
Compact Fluorescent Lamp	Gross Domestic Product
CII	GDR
Confederation of Indian Industry	Global Depository Receipts
CIN	H-Beam
Corporate Identification Number	H-Beam is developed and optimised from I beam, a kind of economical profiled steel with a better mechanic capability
CREDAI	GST
Confederation of Real Estate Developers Association of India	Goods and Services Tax
CRM	HSS
Customer Relationship Management	Higher Secondary School
CSR	HUF
Corporate Social Responsibility	Hindu Undivided Family
Demat	ICRA
Dematerialised Account	ICRA Limited [Formerly Investment Information and Credit Rating Agency of India Limited]
DG	
Diesel Generator	
DIN	
Director Identification Number	

IEPF
Investor Education and Protection Fund

IPO
Initial Public Offer

ISIN
International Securities Identification Number

IT / ITES
Information Technology / Information Technology
Enabled Services

LED
Light-emitting diode

MCA
Ministry of Corporate Affairs, New Delhi

MEP
Mechanical, Electrical and Plumbing

NCR
National Capital Region

NEAPS
NSE Electronic Application Processing System

NECS
National Electronic Clearing System

NRI
Non Resident Indian

NSDL
National Securities Depository Limited

NSE
National Stock Exchange of India Limited

PAT
Profit after Tax

PBT
Profit before Tax

PPP
Public Private Partnership which refers to the co-
operation between public authorities and private
businesses to guarantee the financing, construction,
renewal, management or maintenance of an
infrastructure or the provision of a service

PV Cells
Photovoltaic Cells

QST
Quality, Safety and Technology

R&D
Research and Development

R&T Agents
Registrar and Share Transfer Agents

RBI
Reserve Bank of India

ROCE
Return on Capital Employed

ROE
Return on Equity

SCORES
SEBI Complaint Redress System

SEBI
Securities and Exchange Board of India

SED
Social Empowerment Department

SEME
Social Empowerment Mapping Exercise

SSLC
Secondary School Leaving Certificate

SVTC
Sobha Vocational Training Centre

VFD
Variable Frequency Drive

Y-O-Y
Year-on-Year

Fiscal 2014 Highlights

Revenues of ₹ 21.84 billion with a PBT of ₹ 3.71 billion and PAT of ₹ 2.35 billion

Real Estate revenues of ₹ 15.27 billion and Contracts revenue of ₹ 6.45 billion

Best ever Collections of ₹ 26.89 billion

Debt Equity ratio at 0.54

Expanded operations in 2 new geographies – Calicut and Cochin

Launched 10 new projects: 7.73 million square feet of developable area and 5.57 million square feet of saleable area

Completed 7 Real Estate projects and 19 contractual projects measuring total developable area of 6.68 million square feet

Q1

Revenues of ₹ 4,630 million with a PBT of ₹ 843 million and PAT of ₹ 501 million
Collections of ₹ 6.15 billion
Debt Equity ratio at 0.56

Launched 2 new projects - Sobha Landscape, Plotted Development and St.Mark's Road Commercial Mall in Bangalore admeasuring 0.81 million Square Feet of developable area

Completed 2 contractual projects admeasuring total developable area of 0.12 million square feet

Q2

Revenues of ₹ 5,445 million with a PBT of ₹ 863 million and PAT of ₹ 566 million
Collections of ₹ 6.34 billion

Debt Equity ratio at 0.57

ICRA upgrades long term rating to A- from BBB+

Entered a new geography – Calicut, Kerala

Launched 2 new projects - Sobha Bela Encosta in Calicut and Sobha Palladian in Bangalore admeasuring total developable area of 1.92 million square feet .

Completed 3 real estate projects and 4 contractual projects admeasuring total developable area of 1.50 million square feet

Q3

Revenues of ₹ 5,455 million with a PBT of ₹ 884 million and PAT of ₹ 581 million
Collections of ₹ 6.56 billion

Debt Equity ratio at 0.57

Launched 2 new projects - Sobha Estate, Plotted development in Mysore and èlan in Coimbatore, admeasuring total developable area of 0.65 million square feet.

BRICKWORK upgraded rating to 'BWR: A' from 'BWR : A-'

'Builder of the Year' award from CNBC Awaaz.

Completed 2 real estate projects and 8 contractual projects admeasuring total developable area of 3.86 million square feet

Q4

Revenues of ₹ 6,308 million with a PBT of ₹ 1,115 million and PAT of ₹ 703 million

Collections of ₹ 7.84 billion

Debt Equity ratio at 0.54

Credit rating of 'A' from CARE

Entered a new geography – Cochin, Kerala

Launched 4 new projects - Sobha Silicon Oasis and Sobha Valley View in Bangalore, Sobha Rio Vista in Calicut and Sobha Isle in Cochin admeasuring total developable area of 4.35 million square feet .

Completed 2 real estate projects and 5 contractual projects admeasuring total developable area of 1.20 million square feet

5 Years Financial Highlights (Consolidated financials)

(₹ million except earning per share and rate of dividend)					
Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
Financial Performance					
Total Income (Net of Excise Duty)	21,837.63	18,700.59	14,143.72	13,996.13	10,620.83
Profit before depreciation interest and tax (PBDIT)	6,129.18	5,537.70	4,730.25	3,651.58	2,674.43
Depreciation	689.92	593.73	387.78	277.73	323.1
Profit before interest and tax (PBIT)	5,439.26	4,943.97	4,342.47	3,373.85	2,351.33
Interest	1,734.44	1,704.90	1,165.39	859.67	693.42
Profit before tax (PBT)	3,704.82	3,239.07	3,177.08	2,514.18	1,657.91
Profit after tax (PAT)	2,336.88	2,170.59	2,100.53	1,845.62	1,383.13
Minority interest	(13.55)	(1.20)	40.99	32.7	42.16
PAT after minority interest	2,350.43	2,171.79	2,059.54	1,812.92	1,340.97
Dividend					
Equity	686.45	686.45	490.32	294.19	245.16
Rate of dividend	70%	70%	50%	30%	25%
Financial position					
Share holder's funds	22,913.56	21,366.19	19,997.51	18,507.83	17,084.68
Borrowed fund	14,044.09	13,787.39	12,407.70	12,415.65	14,540.35
Total	36,957.65	35,153.58	32,405.21	30,923.48	31,625.03
Net fixed assets	3,758.06	3,300.52	2,852.29	2,019.28	2,061.11
Investments	0.18	2.07	0.18	37.11	429.35
Net current and non current assets	34,209.18	32,489.10	29,883.11	28,793.30	29,083.05
Deferred tax assets/ (liability)	(1,009.77)	(638.11)	(330.37)	73.79	51.52
Total	36,957.65	35,153.58	32,405.21	30,923.48	31,625.03
Ratios					
EBIDTA Margin	28.07%	29.61%	33.44%	26.09%	25.18%
Pre-Tax Margin	17%	17%	22%	18%	16%
Post Tax Margin	11%	12%	15%	13%	13%
Interest coverage ratio	3.14	2.90	3.73	3.92	3.39
Net debt to EBIDTA (times)	2.01	2.20	2.40	3.32	5.20
Fixed assets to turnover ratio	17%	18%	20%	14%	19%
Debtors turnover ratio (Net Debtors)	-12%	4%	9%	17%	22%
Debtors turnover ratio (Gross Debtors)	28%	35%	27%	30%	42%
Return on Equity (ROE)	11%	10%	11%	10%	10%
Return on Capital Employed (ROCE)*	15%	15%	14%	11%	8%
Earnings per share(EPS)	23.97	22.15	21.00	18.49	14.63
Book Value	233.66	217.88	203.92	188.73	173.74
Debt/Equity Ratio	0.54	0.57	0.57	0.67	0.82
Price Earning Multiple	15.62	15.72	15.86	15.88	18.82
Price/book value	1.60	1.60	1.63	1.56	1.58

*EBIT/ Average capital employed

Figures are regrouped wherever necessary

Publication Details and Credits

Investor Relations Contact:

Sobha Developers Limited
'SOBHA'

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Sobha Corporate Communications,
Bengaluru

Photographer:

Kiran Aditya, Bengaluru

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Financial Calendar

[tentative and subject to change]

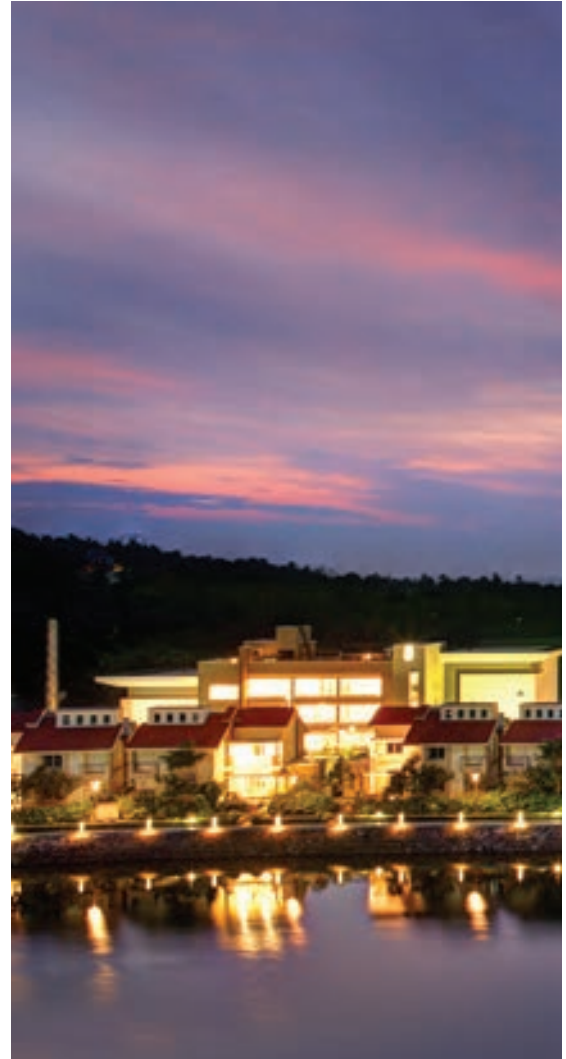
Board Meetings

- For quarter ending June 30, 2014
July 31, 2014
- For quarter ending September 30, 2014
October 31, 2014
- For quarter ending December 31, 2014
January 31, 2015
- For the year ending March 31, 2015
April 30, 2015

Annual General Meeting

- For the year ending March 31, 2015
June 30, 2015

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



If your cell phone supports QR codes, scan the code to view further information on the SOBHA Annual Report 2014 on our website www.sobha.com