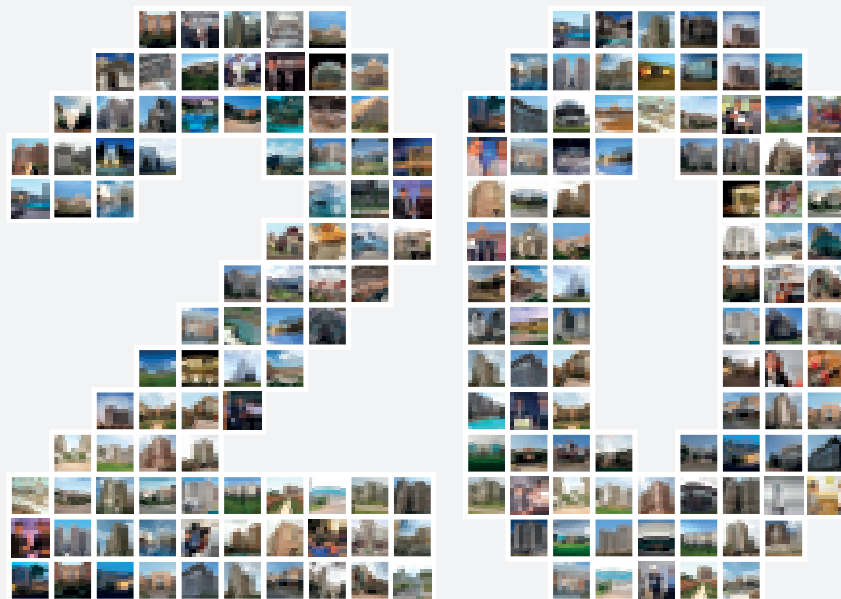




PASSION AT WORK



YEARS OF PASSION AT WORK

ANNUAL REPORT 2015

SOBHA

Our Company at a glance in 2015



Founded in 1995, SOBHA has completed 20 years of dedicated work in the real estate and construction sector. Today we are about a ₹ 25 billion real estate company which employs more than 3,000 people directly. It is headquartered in Bangalore where it began its journey 20 years ago.

One of the most well-respected names in the real estate sector, SOBHA has the distinction of being the only company in the sector whose initial public offering in 2006 was oversubscribed 126 times.

In the last two decades we have completed 364 projects in both real estate and contracts vertical with a total developed area of 70.54 million square feet. The company has a footprint in 24 cities across 13 states in India.

SOBHA's unique backward integrated model ensures that it has control over not only the supply but more importantly also over the quality of the materials that it uses in its construction activities.

We have an in-house training centre, SOBHA Academy. Training is an on-going process for all employees which ensures that they are abreast with the latest and newest developments. Today, we are recognised with the ISO 9001, ISO 14001 and OHSAS 18001 certifications for our quality, safety and environment management systems.

Our CSR activities are being undertaken through a public charitable trust, the Sri Kurumba Educational and Charitable Trust. The CSR activities focus on three major areas in select panchayats: education and vocational training, providing healthcare facilities and helping the aged, single mothers, children and others in need with financial and other assistance so that they can lead their lives with dignity.

SOBHA Real Estate

SOBHA is a well-respected name in the real estate sector and is known for its superior quality products. Our residential projects include luxury and super luxury apartments, villas, row houses, plotted development and aspirational homes. All these projects provide world-class amenities and standards while also being environment friendly with emphasis on rainwater harvesting and high safety standards. In the last 20 years, we have completed and handed over 102 real estate projects with a total developed area of 33.64 million square feet and super built-up area of 26.16 million square feet in 5 cities.

All products from the house of SOBHA have the hallmark of best engineering standards, architectural finesse, aesthetics and innovative designs. Notably, we have our own designers, architects, structural, mechanical, electrical, plumbing and environmental professionals who bring in ingenuity and originality to our in-house processes. This combined with transparency in our functioning followed by backward integrated processes ensures that we have full control over the materials used. Hence, SOBHA is considered a pioneer in the real estate and construction sector in the country.

Our philosophy has been to constantly strive towards enhancing customer value by delivering high-quality products at the best price and we will continue to do so. We are committed to transforming the way real estate business is conducted in the country.



SOBHA LIMITED

SOBHA Contractual

In a bid to make our mark in the Contractual segment of providing end to end solutions, we created SOBHA Contractual in 1999. This vertical provides end to end solutions starting from the conceptualisation of a project to its final satisfactory completion. Our Contractual division has developed numerous facilities for corporate entities including offices, convention centres, software development blocks, multiplex theatres, 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 services that SOBHA Contractual provides include civil, mechanical, electrical, plumbing, fire fighting, interiors, glazing and landscaping. All these works are carried out by members who are trained at SOBHA's in-house training facility. The emphasis in every aspect of the work that we take up is on providing world-class facilities and standards with designs that are innovative and are delivered to the best satisfaction of our clients.

In the last 20 years, SOBHA Contractual has completed 262 projects covering a total area of 36.90 million square feet.

SOBHA Manufacturing

This division complements the work that SOBHA undertakes as a company. Responsible for providing the best raw materials needed for construction activities, SOBHA Manufacturing has an interiors division with one of the largest woodworking factories in the country. We also have a glazing and metal works factory and a concrete products division. SOBHA's manufacturing facilities are spread over a 600,000 square feet area and are comparable with the best in the world.

We ensure that all employees working for SOBHA Manufacturing are trained in the latest technology and the best-in-class equipment so that they can seamlessly use these while manufacturing the products which are then used for SOBHA's construction activities. This affirms our control over the quality of the materials that we use thereby providing the best to our customers.

SOBHA Manufacturing in this sense contributes to the overall goal of the company by being the best in the business. It serves as the company's backbone and enables to bring in impeccable quality and workmanship in all its products.

In a related move, we have also ventured into the retail space with the launch of ergonomic spring mattresses which are sold under the brand name SOBHA Restoplus.

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Cover Page:
SOBHA has just completed an illustrious journey of 20 years filled with "Passion at Work". Uniquely placed due its backward integrated model, SOBHA stands taller among its peers creating international quality products, with precision and timely delivery in a transparent manner. We are proud of our kaleidoscopic journey of the past 2 decades and aspire to achieve much greater heights in the future.



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With experience comes responsibility. We, at SOBHA, are acutely aware that two decades of our 'Passion at Work' has truly translated into highly successful completion of hundreds of international quality products till date. This in turn reposes an even bigger responsibility of not only retaining the credibility and the laurels that we have won as one of the leading companies in the sector, but also that we need to chart out new goals and newer benchmarks which we can deliver on. What we are confident about is that we will never compromise on our core values of providing the best-in-class quality in a transparent manner. The work philosophy which guided us this far is our moral compass and we are firmly rooted in the belief that it will hold steadfast in our journey ahead. SOBHA will continue to lead the way and break new grounds. Our deep commitment towards improving lives of the people in our communities gives us inner strength to excel in all that we do and do it well.



20 Years: Looking back, looking ahead

The year was 1995. The construction industry in India was in its nascent stage. The economy had not opened up sufficiently and there was comparatively less disposable income for people to spend on luxurious homes and state-of-the-art office buildings.

But one man, who had spent around 25 years working in the construction industry in the Middle East, had the passion and the urge to come back to his roots. He set his foot here and took some new steps unheard of in the construction sector in India. Mr. P N C Menon, the Chairman Emeritus and founder of SOBHA started his entrepreneurial journey in Bangalore, with a small team of not more than 30 people handling very few boutique projects. The slogan of the time was 'setting standards' which he truly started putting in place in 1995.

The beginnings may have been small but the foundations were rock solid. What Mr. Menon had was true passion for the construction industry and a set of principles which were exemplary for the Indian real estate industry. He wanted to bring world-class standards in construction to India, revolutionise the industry by introducing international quality processes at affordable prices and yet not compromise on delivering best-in-class products. What he also knew was that this had to be done honestly, transparently and with the zeal and determination to be the best. A customer-centric approach and uncompromising business ethics were also some of his key motivators in his dream journey.

Twenty years later, there are many who will affirm that Mr. Menon has not only achieved what he set out to do but a lot more than that. He has helped shape SOBHA as a company with a name to reckon with. Today SOBHA is a well reputed company which is internationally recognised for its excellent quality products and services.

Today, SOBHA is a well reputed company which is internationally recognised for its excellent quality products and services.



Now that SOBHA has completed 20 successful years in the business, it is time to look back and at the same time to also look ahead. It is time to revisit what has been achieved, to take pride in the milestones that have been crossed and the awards that have been won and draw inspiration from them. Equally, it is also time to plan and chart out a course for the company for the next 20 years.

Beginnings

Looking back at the last two decades there is a lot to hold one's attention. After Mr. Menon set up the company, he made steady progress and over the years SOBHA has diversified into various streams of construction including Real Estate, Contractual and Manufacturing. All these verticals complement each other and make the company what it is today.



The First Decade

The first ten years of SOBHA's existence witnessed an interesting phase. The decade saw SOBHA's entry into the residential space with the launch of Sobha Sapphire in Bangalore in 1997 and into plotted development with the launch of Harishree Gardens in Coimbatore in the same year. This marked the beginning of its presence in the real estate segment. Today SOBHA's residential projects include presidential apartments, villas, row houses, super luxury and luxury apartments, plotted developments and aspirational homes. In all its residential projects, the company lays strong emphasis on creating international quality products with precision, provisioned for environmental management, water harvesting and highest safety standards.





Our cherished association with Infosys has embellished the corporate skyline of Bangalore and other cities.

The commitment and passion for quality that SOBHA exhibited was rare in the Indian construction industry. This attracted many visionary leaders from the corporate world who were looking for a developer extraordinaire to build their dreams. This led to SOBHA's association with Infosys Limited as well as diversification into Contracts with an order to design and build the corporate office of Infosys at their Electronics City Campus, Bangalore in 1999. This laid the foundation for our cherished association with Infosys that has embellished the corporate skyline of Bangalore and other cities. On the Contractual Projects side, SOBHA has constructed a variety of structures for many corporates including offices, convention centres, software development blocks, multiplex theatres, hostel facilities, guest houses, food courts, restaurants, research centres and club houses.

Gradually we moved outside the confines of Bangalore to take up another Infosys project in Mysore. These developments also meant that SOBHA was setting up base in other cities – a journey that continues till today. The completion and handover of the Infosys Mysore campus was our first contractual project outside Bangalore.

Expansion in construction activities meant that SOBHA had to have its back-end processes in place. Hence, the decade witnessed establishment of the Interiors Division and the Glazing and Metal Works Division. During the decade SOBHA also set up its Training Academy which has been taking care of the training needs of its employees, an aspect, which holds great significance for the company.



The Interiors Division in Bangalore covers a sprawling 3.75 lakh square feet factory equipped with imported machinery that makes zero-defect, world-class quality door systems, windows, office tables and cabinets, wood panels, wardrobes, kitchens, dining tables, vanity units, sofa sets and cabinets for television sets.

Today SOBHA has a full-fledged, precision-oriented woodworking and joinery plant. The precision machinery is imported from Spain, Italy and Germany and the products are processed through fully mechanised production lines. The timber that the Interiors Division uses is imported from Europe as is the hardware like hinges and brackets. The products that the division makes adhere to the international standards of being fire resistant and meeting other safety criteria.

The Glazing and Metal Works Division was started when SOBHA won a corporate office project for Infosys Limited. Presently, the division works in three domains: facades using aluminium and glass, pre-engineered buildings using steel and roofing metal and ornamental metal works related to buildings.



The hi-tech facility at Concrete Products Division (CPD) is spread over 8 acres and is a fully automated plant supported by MASA, AG Germany.

In 2005 the fully automated **Concrete Products Division** (CPD) commenced its operations. It manufactures concrete blocks, pavers, water drainage channels, curbs, paving slabs and Glass Fibre Reinforced Concrete (GFRC) products which are of international standards. It also manufactures ready mixed concrete. In an attempt to be environment friendly all products made by the division use both cement and quality cementitious materials. The hi-tech facility at CPD is spread over 8 acres and is a fully automated plant supported by MASA, AG Germany.



The Second Decade

The next decade was spent consolidating on these beginnings and also on expanding further. Besides foraying to other states and cities like Kerala, Pune and Gurgaon, this decade was also marked by SOBHA becoming the first ₹ 10 billion real estate company in South India in 2010 and a ₹ 20 billion company in 2012.

2006 was a landmark year as SOBHA went public. What gives us immense pride and satisfaction even today is that our initial public offering created history when it was oversubscribed by a record 126 times!

In 2007, **Sobha Restoplus** – a premium brand of spring mattresses was established. Each mattress manufactured here is subject to life tests on a state-of-the-art machine, one of the best in Asia.

In 2007, Sobha Restoplus – a premium brand of spring mattresses was established.



The path of expansion continued and SOBHA launched Kerala's first integrated township project, Sobha City in Thrissur and its first residential project Sobha Carnation in Pune in 2007. In 2009, SOBHA completed and handed over the Global Education Centre II, Infosys Limited, Mysore. In the same year the company was also certified as compliant with international standards for Environmental Management System (ISO 14001:2004) and Occupational Health Safety Assessment Series (OHSAS 18001:2007).

Our hard work was acknowledged and many prestigious awards and recognitions followed. The '*Pravasi Bhartiya Samman Puraskar*' for Mr. P N C Menon was presented by the then Hon'ble President of India Smt. Pratibha Patil. A 'Lifetime Achievement Award' for Mr. Menon by NDTV, the 'Most Reliable Builder Award' and the 'Builder of the Year Award' by CNBC Awaaz', the 'Best Professionally Managed Company' by CIDC





and being honoured as a 'Global Growth Company' by the World Economic Forum are only a slice of a number of prestigious awards that were bestowed on SOBHA and its top management. Overall, in the last 20 years, SOBHA has been honoured with about 150 awards for its outstanding projects and industry leadership.

This overwhelming response was a matter of pride, no doubt. We were moving in the right direction. Mr. Menon's vision and dreams were becoming concrete reality. We had already raised the bar of excellence and we had to continue pushing it further.

All key activities involved in construction are carried out in-house, thereby reducing dependency on external sources for raw materials and other key inputs.

Reasons for success



A backward integration model

Unlike most other real estate companies, SOBHA follows a backward integration model. This means that all key activities involved in construction are carried out in-house, thereby reducing dependency on external sources for raw materials and other key inputs. The biggest advantage of this is that both production schedules and quality control are under SOBHA's control which is crucial to the business. Further, even the sales and customer relationship management functions are internally managed by the company.



We realised early that one of our biggest strengths will always be our own people - the Sobhaites.

Our staff, our strength

We realised early that one of our biggest strengths will always be our own people - the Sobhaites. Due to our superior product design and execution, attention to quality and transparent ways of conducting business, we have been attracting the right talent. We have ensured that these people grow professionally within the organisation and also as individuals. That is why training at SOBHA is a continuous process and each member undergoes training at several levels. Consistent exemplary work of employees are duly recognised and rewarded to encourage them.

Giving back

Giving back to the society came naturally to us as Mr. Menon had been ploughing back his wealth for the development of the community much before he set up the company in India. SOBHA's CSR initiatives are handled by a public charitable trust, the Sri Kurumba Educational and Charitable Trust. Today our CSR initiatives cover the following areas broadly :

- Providing education and vocational training to deserving students from underprivileged sections of society
- Providing healthcare facilities to people in identified areas
- Looking after the needs of the aged and single mothers and providing them financial assistance to live with dignity

Protecting the environment has been at the centre of what we do and how we do it.



Protecting the environment

Protecting the environment has been at the centre of what we do and how we do it. We use environment friendly measures and various other techniques to conserve the environment and maintain the quality of air, water and land. Additionally, we have been tapping alternative sources of energy like solar power, using roof tiles with air gaps for thermal insulation, channelising, storing and treating harvested rainwater for daily use. Further, we have sewage treatment plants providing organic waste converters which converts organic waste into manure and the produced manure is used for landscaping. Furthermore, we are coming up with green spaces by planting trees and other plants to improve the quality of air.

The company has a real estate presence in nine cities - Bangalore, Gurgaon, Chennai, Pune, Coimbatore, Thrissur, Calicut, Cochin and Mysore. Overall, SOBHA has a footprint in 24 cities and 13 states across India.

Current scenario

Today, SOBHA is one of the leading and foremost backward integrated real estate players in the country. The company has all the key competencies and in-house resources to deliver a project from its conceptualisation to its completion. Its superior execution capability is its core strength.

Since inception, SOBHA has completed 102 real estate projects and 262 contractual projects covering about 70.54 million square feet of area. SOBHA currently has on-going residential projects aggregating 41.81 million square feet of developable area and 29.67 million square feet of super built-up area, and on-going contractual projects aggregating 9.31 million square feet under various stages of construction. The company has a real estate presence in nine cities - Bangalore, Gurgaon, Chennai, Pune, Coimbatore, Thrissur, Calicut, Cochin and Mysore. Overall, SOBHA has a footprint in 24 cities and 13 states across India including its Contractual execution.

Over the years, SOBHA's Contracts division has played various roles in its association with Infosys as an architect and a civil contractor. Further, it has also played key roles as a interior, glazing, electrical, plumbing and firefighting contractor. In the last 15 years SOBHA has developed 30.56 million square feet area for 179 projects of Infosys Limited. Today the division is developing campuses for Infosys in 8 cities throughout India with a cumulative area of about 6.31 million square feet.

SOBHA's non-Infosys division of the Contractual business has completed 83 projects covering an area of 6.34 million square feet in the last two decades. It has 14 on-going projects covering an area of 3 million square feet across various cities for reputed clients in India.

The Contracts and Manufacturing divisions contributed 32 per cent of the total turnover of the company during FY 2014-15, which is 23 per cent higher than last year.



A beginning has been made through a foray into a new segment of aspirational homes: Sobha Dream Series.

Future planning

No company, and least of all SOBHA which started its journey with such high standards and expectations can afford to sit on its laurels. With two decades of business excellence behind SOBHA, it was time to take new steps keeping the changing trends and economic scenario in mind.

A beginning has been made through a foray into a new segment of aspirational homes - Sobha Dream Series. Also on the anvil are new projects in Chennai, Bangalore, Cochin and Mysore. These will target not only our core segments but are also meant for others who have thus far remained outside our target spectrum.

What we have learnt during the last few years tells us that the market is expanding and we as a company are ready to grow and get new and more customers in SOBHA's fold. We will continue to do our work with transparency and dedication. For technology may change and the customer profile may widen but the core values have to remain the same.

Our Milestones

Motivation came from other areas too. In the last 20 years SOBHA has been recognised with about 150 awards for its outstanding projects and industry leadership. Leading the list is our Chairman Emeritus Mr. P N C Menon who has been awarded lifetime achievement awards for the work that he has been doing not only for getting SOBHA to the level that it has but also for the real estate sector in India as a whole.

During this 20 year journey we crossed many milestones. Some of these include:

1995	<ul style="list-style-type: none"> Sobha Limited incorporated on August 7
1997	<ul style="list-style-type: none"> Launch of the first residential project, Sobha Sapphire, in Bangalore and launch of the first plotted development, Harishree Gardens, in Coimbatore
1998	<ul style="list-style-type: none"> First Indian real estate company to obtain ISO 9001 (1994 series) certification
2000	<ul style="list-style-type: none"> Construction of the first contractual project, the Corporate Block for Infosys Limited, Bangalore, started SOBHA Interiors Division was established Commencement of construction of the first contractual project outside Bangalore for Infosys Limited in Mysore SOBHA Glazing & Metal Works Division was established
2003	<ul style="list-style-type: none"> Sobha Training Academy established
2004	<ul style="list-style-type: none"> ISO 9001 (2000 series) certification obtained
2005	<ul style="list-style-type: none"> Commercial operation of fully automated Concrete Products Division commences
2006	<ul style="list-style-type: none"> Change of status from private to public. Raised ₹ 570 crores, through an IPO, issue oversubscribed by a record 126 times
2007	<ul style="list-style-type: none"> Launch of Kerala's first integrated township project, Sobha City in Thrissur, Kerala Launch of the first residential project Sobha Carnation, in Pune
2008	<ul style="list-style-type: none"> Launch of first residential project Sobha Emerald, in Coimbatore
2009	<ul style="list-style-type: none"> Certified as compliant towards the International Standards for Environmental Management System (ISO 14001:2004) and Occupational Health Safety Assessment Series (OHSAS 18001:2007) Completion and handover of Global Education Centre II, to Infosys Limited, Mysore Mr. P N C Menon awarded the '<i>Pravasi Bhartiya Samman Puraskar</i>' by the then Hon'ble President of India, Smt. Pratibha Patil
2010	<ul style="list-style-type: none"> Becomes the first ₹ 10 billion real estate brand in South India
2011	<ul style="list-style-type: none"> Launch of the first plotted development Sobha Garden, in Mysore Launch of the first residential project in the NCR-Gurgaon region, International City

2012	<ul style="list-style-type: none"> Achieved a net worth of ₹ 20 billion Voted by consumers as the 'Most Reliable Builder' at the CNBC Awaaz Real Estate Awards
2013	<ul style="list-style-type: none"> Awarded the 'Top Indian Real Estate Company' by Dun & Bradstreet Lifetime Achievement Award to Mr. P N C Menon at the NDTV Property Awards Named Asia's second best Investor Relations Company (Property Category) by the Institutional Investor magazine Awarded the 'Builder of the Year' at the CNBC Awaaz Real Estate Awards
2014	<ul style="list-style-type: none"> Honoured as a 'Global Growth Company' by the World Economic Forum Adjudged 'Top Residential Brand in India', 'Top Real Estate Brand in South India' and 'Top Super Luxury Housing Brand in India' by Track2Realty Entered Kochi market with its maiden project, Sobha Isle Mr. Ravi PNC Menon was awarded 'EY Young Entrepreneur of the Year'
2015	<ul style="list-style-type: none"> Forayed into a new segment in housing - Sobha Dream Series Mr. J C Sharma was bestowed with 'Best CEO in Real Estate' by NDTV Property Awards

In the last 20 years SOBHA has been recognised with about 150 awards for its outstanding projects and industry leadership.





Letter from the Chairman

Dear Shareholders and Friends of SOBHA,

The year 2015 commemorates SOBHA's 20th year since inception. The journey began with our founder, Mr. P N C Menon and his vision to transform the way people perceive quality in the real estate industry. It was a time when the sector was in a very nascent stage, and he knew he had to choose a path very different from the norm at the time. It took a great amount of conviction to implement a very unique business model – unheard of in the industry then, and remains a marvel even today. The SOBHA backward integrated business model, opened an unprecedented opportunity to offer our customers a product of international quality. And equally important to us was maintaining the highest levels of integrity, transparency and reliability in the conduct of business. Over the last 20 years, we have continued building on the firm foundation that was laid and remain focused to deliver only the best with a deeply held passion.

When we look back at fiscal 2015, it was an interesting year with new beginnings, though challenging in terms of growth. We registered revenues of ₹ 24.55 billion, most of which came from the Bangalore market which remained resilient. The revenue of this fiscal shows a 12 percent growth. Our EBITDA was at ₹ 6.32 billion and the profit after tax was ₹ 2.38 billion. Both these registered small improvements as compared to the last fiscal. If we look at our real estate revenue, it showed an increase of 8 percent, and our contractual and manufacturing operations grew at about 23 percent on a year-on-year basis. Also, during the course of the last fiscal, we have improved our credit rating to an 'A' from ICRA.

During the financial year, SOBHA launched 14.12 million square feet of total developable area. Eight new projects were launched: four in Bangalore, two in Chennai and one each in Thrissur and Pune. In addition, 10 real estate projects were completed along with 15 contractual projects totalling about 7.61 million square feet of developable area. Since its inception, SOBHA has delivered 364 projects across 24 cities in 13 states. With this SOBHA crossed over 70 million square feet of development by the end of this fiscal. These projects are testimony to SOBHA's impeccable execution and delivery capabilities.

In two decades, SOBHA as a brand has become synonymous with products of unmatched quality in the segment comprising of mainly 3BHK apartments with an average unit size of 1,750 square feet. In fiscal 2015, we as a Company, made a tactical shift in our strategy. Recognising the growing aspirations of a new class of young salaried professionals and nuclear families who prefer quality homes along with world class amenities,

we developed a new product class – compact luxury homes. The new product segment is a natural extension of our existing product portfolio which will comprise of 1BHK and 2BHK apartments with unit sizes varying between 600 square feet to 1,200 square feet.

To tap the latent demand, a beginning was made with the launch of Sobha Dream Acres at Balagere, Bangalore, the first of its kind project under our new segment. Attractively priced, compact and functional in design, luxury conscious, technology-driven and high in aesthetics, this is an exclusive offering from the house of SOBHA under the banner of 'Sobha Dream Series'. With a total developable area of 10.65 million square feet, Sobha Dream Acres will be one of the Company's largest residential developments.

To execute such a large-scale development with distinct project specifications, we inducted precast technology in our construction methodology. An international quality precast factory was set-up, a unique 74,000 square feet circulation plant has been built inside the project site. With a capacity to produce 20,000 square feet of precast elements a day, the plant should help us in achieving economies of scale and shorten the construction cycle.

While we are in the business of creating inspiring urban living spaces, we remain deeply committed to our community initiatives under the aegis of our Sri Kurumba Educational and Charitable Trust. Here we pay attention to the education of the young, provide healthcare for all and lend a helping hand to the needy so that they can live with dignity. Continuing with our traditions in the past, our CSR work has expanded in this fiscal and we have launched a set of new initiatives.

Our story this year will not get complete without a mention of 22 prestigious awards and recognitions that came our way. Each one of these is special to us and reflects our ethos and the uniqueness with which we conduct our business.

Fiscal 2015 was a year of recovery for the Indian economy and at the same time a year of persisting challenges for our sector. We believe that there continue to be strong drivers for real estate in the country and with the economy back on its growth trajectory, the demand scenario should turn positive in the medium to long term. At present, we have on-going residential projects aggregating 41.81 million square feet of developable area

and 29.67 million square feet of super built up area, and on-going contractual projects aggregating 9.31 million square feet under various stages of construction.

We will continue to build on our strengths and capacities while also using it as leverage to test uncharted waters in the real estate space. Reinforced by our core values, we remain committed to take SOBHA to newer heights of excellence and to redefine the perception of quality with the changing times.

Needless to stress that all this would not have been possible but for our employees who are motivated, sincere and enthusiastic. I am extremely thankful to all my colleagues on the board for their timely guidance and support towards strengthening the organisation.

On behalf of SOBHA's employees and customers, I would like to extend our sincere thanks to you for all your support during the year. I look forward to meeting you at the shareholders' meeting.

Yours sincerely,



Ravi PNC Menon

Awards

For any organisation there cannot be a bigger sense of achievement than being awarded for the work that it has been doing. We are deeply humbled for being honoured and recognised with nearly 150 prestigious awards since our inception. This is an acknowledgement of our efforts across residential and contractual segments and also of the CSR initiatives that we have taken up over the years. Equally, these awards also reinforce our commitment to always work for customer satisfaction and set new benchmarks of excellence on the way.

It gives us immense satisfaction that our top management too has been recognised for their efforts and hard work for the construction industry.

During 2014-15 we received 22 awards. Some of our key awards and recognitions are highlighted here.

Our inspiration

During the financial year, our Chairman Emeritus Mr. P N C Menon led the way and was awarded

the **'Golden Peacock Lifetime Achievement Award for Business Leadership'** by the Institute of Directors. He also received the **'Dhanam Lifetime Achievement Award'** by business magazine Dhanam and the **'Brands Icons 2014 - Excellence in Business Awards for Corporate Social Responsibility'** by The Times of India. This award was given to him as an acknowledgement of his contributions to the Indian real estate industry and to the society through his CSR activities.

Our Chairman, Mr. Ravi PNC Menon was conferred with the **'Young Entrepreneur of the Year'** award by Construction Week during this fiscal.

Mr. J C Sharma, our Vice Chairman and Managing Director was awarded the **'Best CEO in Real Estate'** at the NDTV Property Awards. He was also awarded the coveted 'Scroll of Honour' by Realty Plus.

In addition, our Investor Relations Professional, Mr. K. Bala Murugan was awarded the **'Best**



Investor Relations Professional (third place) in Asia Pacific region by Institutional Investor Magazine.

Experience matters

Our passion for perfection and our reputation for delivering world-class products meant that this year SOBHA was honoured with global recognition. We were recognised as a **'Global Growth Company'** by the World Economic Forum. Closer home, we were also awarded the **'Developer of the Year (Residential)'** award by Realty Plus and the **'Real Estate Company of the Year'** award by Construction Week India.

We also received the **'Mint - Institute of Competitiveness Strategy Award (Real Estate & Construction)'** from the Institute of Competitiveness and the **'Best Investor Relations Company (third place)'** in Asia Pacific region by Institutional Investor Magazine.

SOBHA's value engineering practices were recognised by INVEST through the **'Muthaih Kasi Trophy'** for the best organisation in India in the **'Construction and Infrastructure Development'** space.

Recognition for our Projects

Our individual projects were also recognised by various industry bodies. Our project in Coimbatore, SOBHA Turquoise, was awarded the **'IGBC Green Homes Platinum Rating'** by IGBC. SOBHA's project in Pune, SOBHA Orion won the **'Premium Apartment Project of the Year – West'** by NDTV. The SOBHA Indraprastha and Global Mall Bangalore project was awarded the **'Achievement Award for Health, Safety & Environment (Code - I)'** by CIDC and the



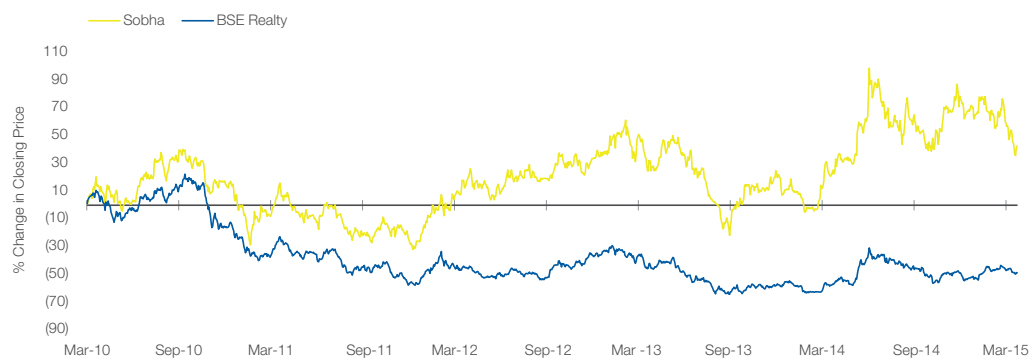
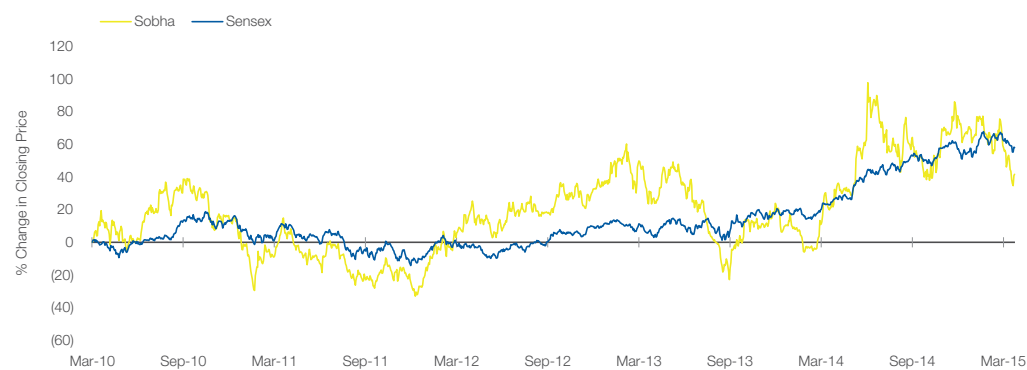
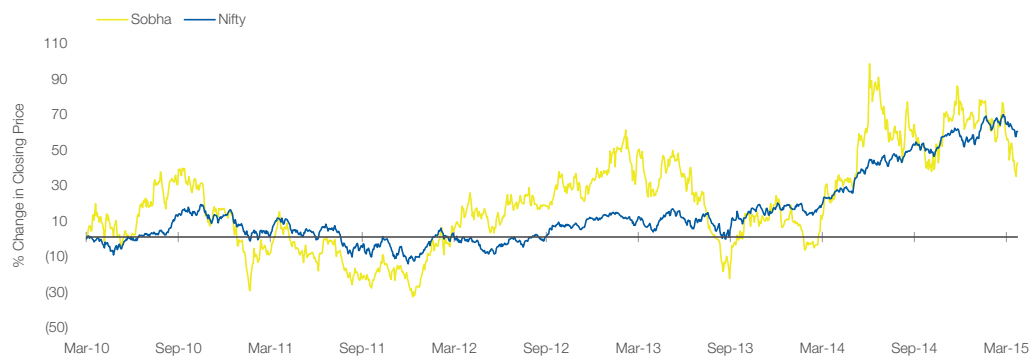
'EHS 3 STAR Rating' by the Confederation of Indian Industry (CII).

CSR – Devotion at work

SOBHA's CSR wing, the **'Sri Kurumba Educational and Charitable Trust'** was recognised for its sterling services. During this fiscal SOBHA's CSR initiatives were applauded by a number of organisations. Some of the awards received in this category are the **'CSR Initiative of the Year - Sri Kurumba Educational and Charitable Trust'** by Realty Plus and an award for **'Corporate Social Responsibility'** to Sri Kurumba Educational and Charitable Trust by Construction Week India.

Besides the pride and sense of achievement, these awards are also a humbling experience which teach us to continue on the path that we started 20 years ago and to take as many people along with us in this journey.

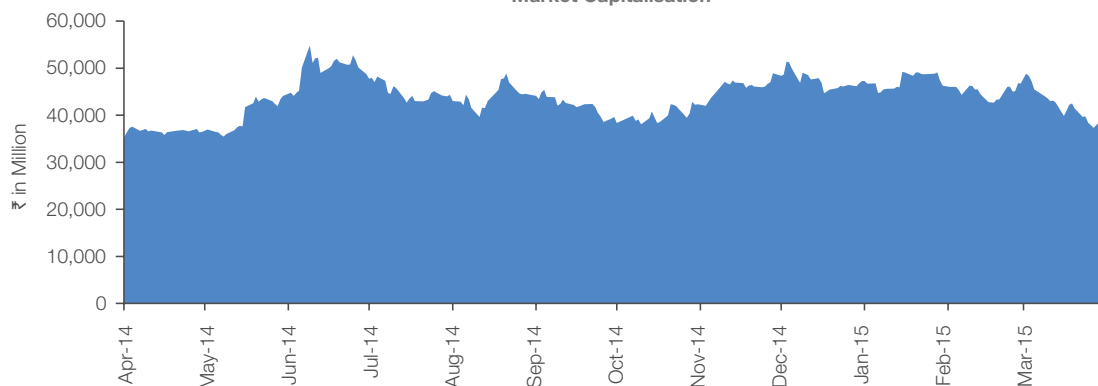
Share Price Performance



Based on NSE Prices

Share Price at the close of the previous financial year (March 31, 2014)	374.50
Highest Share Price (June 09, 2014)	583.80
Lowest Share Price (May 09, 2015)	357.10
Share Price at the close of the current financial year (March 31, 2015)	402.05
Equity Shares at the close of the financial year (No.)	98,063,868
Market Capitalization at the close of the previous financial year (₹ in million)	36,724.92
Market Capitalization at the close of the current financial year (₹ in million)	39,426.58

Market Capitalisation



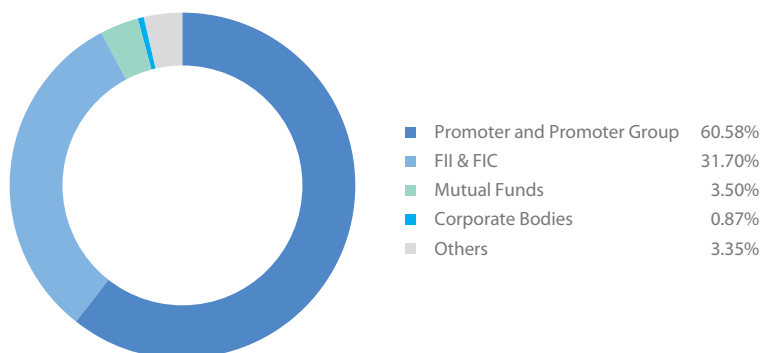
Comparison with Broad Based Indices

	March 31, 2015	March 31, 2014	% Change
Sobha Share (₹)	402.05	374.50	7.36
BSE Sensex	27,957.49	22,386.27	24.89
NSE Nifty	8,491.00	6,704.20	26.65
NSE Realty Index	216.15	189.05	14.33
BSE Realty Index	1,664.51	1,468.40	13.36

Shareholding Movements

	March 31, 2015	March 31, 2014	% Change
Promoter and Promoter Group	59,409,300	59,409,300	-
Foreign Institutional Investors & Foreign Portfolio Investor	31,089,339	32,329,932	(3.84)
Mutual Funds	3,436,032	2,213,777	55.21
Financial Institutions	546,772	551,758	(0.90)
Corporate Bodies	850,538	781,305	8.86
Others	2,731,887	2,777,796	(1.65)
Total	98,063,868	98,063,868	

Category Wise Distribution of Shareholders as on March 31, 2015



*Others include financial institution / banks, NRI, trusts, insurance companies, retail shareholders etc.

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 2014-15 is 238,522 equity shares.

Board of Directors



From left to right

P. Ramakrishnan
Deputy Managing Director

Ravi PNC Menon
Chairman

R V S Rao
Independent Director

Anup Shah
Independent Director

Dr. S.K. Gupta
Independent Director

Dr. Punita Kumar - Sinha
Independent Director

M. Damodaran
Independent Director

J C Sharma
Vice Chairman & Managing Director

Mr. Ravi PNC Menon - Chairman

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

Mr. J C Sharma - Vice Chairman & Managing Director

Mr. J C Sharma is the Vice Chairman and Managing Director of the Company. He holds a degree in Bachelor of Commerce (Honours) from St. Xavier's College, Calcutta. He is a qualified Chartered Accountant and Company Secretary with over 33 years of experience in diversified industries such as automobiles, textiles and steel. He has 14 years of cumulative experience in the Company and has been a member of the Board of Directors since the year 2003. 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 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 32 years of rich experience in the realm of techno-commercial skill development, system design, project execution and supply chain management. He joined the Company in the year 2007 and has been a member of the Board of Directors since the year 2010. Mr. P. Ramakrishnan supervises the operations of the Company in Kerala and the Coimbatore region in Tamil Nadu.

Mr. Meleveetil Damodaran - Independent Director

Mr. Meleveetil Damodaran 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 43 years of experience in government, financial services and public sector enterprises. He was an Officer on Special Duty with the Reserve Bank of India dealing 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 and restructured the Industrial Development Bank of India (IDBI). He chairs the Government of India Task Force for setting up the Resolution Corporation of India.

Dr. S.K. Gupta – Independent Director

Dr. S.K. Gupta 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 56 years of experience in the field of metallurgy, engineering and management in the steel and allied domain. He has been associated with several reputed organisations such as, Jindal Vijayanagar Steel Limited, Rourkela Steel Plant/Steel Authority of India Limited and Mishra Dhatu Nigam Limited (Ministry of Defence), Metallurgical and Engineering Consultants (Mecon) in varied capacities including

as Director / Chairman & Managing Director. 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 other national institutions. He also served as the Chairman of the Government of India task force on Steel Growth plan till 2010. Dr. Gupta is the recipient of National Metallurgist Award; Tata Gold Medal and Indian Institute of Metals (IIM), Government of India, Platinum Medal for 'pioneering contributions to national steel sector and for developing path breaking technologies'.

Mr. R V S Rao - Independent Director

Mr. R V S Rao is an Independent Director of the Company. He holds a bachelor's degree in Commerce from the University of Mysore and a bachelor's degree in law from Bangalore University. He is a fellow member of Indian Institute of Banking and Finance. He has over 43 years of experience in the areas of banking and finance. He has served on the Board of Directors of Housing Development Finance Corporation Limited. As a United States Agency for International Development (USAID) Consultant, he was the team leader that reviewed operations and made recommendations for the Housing Finance Company, Ghana, Africa. He also led the consultancy team, which advised the National Development Bank of Sri Lanka in establishing its mortgage finance business. He is an associate of Indian Institute of Bankers and a life member of All India Management Association.

Mr. Anup Shah - Independent Director

Mr. Anup Shah is an Independent Director of the Company. He has a bachelor's degree in commerce from HR College, Mumbai and a degree in law from Government Law College, Mumbai. He has over 31

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.

Dr. Punita Kumar-Sinha - Independent Director

Dr. Punita Kumar-Sinha is an Independent Director of the Company. She has a career spanning over 25 years focused on investment management. She is the founder of Pacific Paradigm Advisors (PPA), independent investment advisory and management firm focused on Asia. She is also a Senior Advisor and serves as an Independent Director on Boards of both public and private companies in India. Prior to PPA, she was a Senior Managing Director at the Blackstone Group, leading Blackstone Asia Advisors and serving as the CIO for The India Fund (NYSE:IFN), the largest India Fund in the US for almost 15 years, The Asia Tigers Fund (NYSE:GRR), and The Asia Opportunities Fund. Prior to Blackstone she was a managing director and senior portfolio manager at Oppenheimer Asset Management and CIBC World Markets, where she helped open one of the first India advisory offices for a foreign firm. She also worked at Batterymarch (a Legg Mason company), Standish Ayer & Wood (a BNY Mellon company), J.P. Morgan and IFC/World Bank. Dr. Kumar-Sinha has a Ph.D. and a Masters in Finance from the Wharton School, University of Pennsylvania. She received her undergraduate degree in chemical engineering from the Indian Institute of Technology (IIT), New Delhi and was awarded the prestigious "Distinguished Alumni Award" from IIT Delhi. She has an MBA and is also a CFA Charterholder. She is a member of the CFA Institute and the Council on Foreign Relations.

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. Ravi PNC Menon	Member

Risk Management Committee

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

Corporate Social Responsibility Committee

Mr. Anup Shah	Chairman
Mr. 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 & Lenders

Aditya Birla Finance Limited
Allahabad Bank
Andhra Bank
Axis Bank
Bank of India
Bank of Maharashtra
Corporation Bank
Deutsche Bank
Dhanalakshmi Bank
Federal Bank
Hero FinCorp Limited
ICICI Bank Limited
IFCI Limited
Indian Overseas Bank
Karur Vysya Bank Limited
Life Insurance Corporation of India
Oriental Bank of Commerce
PNB Housing Finance Limited
Standard Chartered Bank
State Bank of Hyderabad
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 Limited (Formerly 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(s),

We have pleasure in presenting the Twentieth Annual Report on the business and operations of the Company together with the audited results for the financial year ended March 31, 2015.

(₹ in million)

Particulars	Standalone		Consolidated	
	2014-15	2013-14	2014-15	2013-14
Total Revenue	24,016.47	21,287.66	24,554.78	21,837.63
Operating Expenditure	18,811.19	16,126.54	18,232.56	15,708.45
Earnings before Interest, Depreciation and Amortisation	5,205.28	5,161.12	6,322.22	6,129.18
Depreciation and Amortisation	688.60	655.84	722.68	689.92
Finance Cost	1,522.86	1,368.65	1,883.42	1,734.44
Profit before Tax	2,993.82	3,136.63	3,716.12	3,704.82
Tax Expenses				
• Current Tax	624.28	699.55	843.46	996.28
• Deferred tax charge / (credit)	571.89	371.66	626.45	371.66
• MAT Credit Entitlement	(193.20)	-	(193.20)	-
Profit after Tax	1,990.85	2,065.42	2,439.41	2,336.88

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

Business and Operations

A. Business Overview

Sobha 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 authorized share capital of the Company is ₹ 2,000,000,000 divided into 150,000,000 equity shares of ₹ 10 each and 5,000,000 preference shares of ₹ 100 each. The issued, subscribed and paid-up capital of the Company is ₹ 980,638,680 divided into 98,063,868 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, 2015 has been detailed in the Management Discussion and Analysis Report titled as Management Report forming part of the Annual Report.

B. Financial Overview

Standalone

During the financial year 2014-15, the Company has on a standalone basis, registered total revenues of ₹ 24,016.47 million as compared to ₹ 21,287.66 million in the previous year, an increase of 12.82% y-o-y. The Profit before Tax and Profit after Tax have declined by 4.55% and 3.61% respectively.

Consolidated

The consolidated revenues of the Company during the financial year 2014-15 was ₹ 24,554.78 million, a growth of 12.44% from the previous year. The Profit before Tax was higher by 0.31% and Profit after Tax (after considering minority interest) by 1.26% as compared to the financial year 2013-14.

Transfer to Reserves

An amount of ₹ 199 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 ensuing Annual General Meeting, recommended a dividend of ₹ 7.00 per equity share of ₹ 10 each.

C. Operational Overview

Completed Projects

During the year under review, the Company has executed and handed over 10 real estate projects covering an area of 4.36 million square feet and 15 contractual projects covering an area of 3.25 million square feet resulting in an aggregate development of 7.61 million square feet.

The Company has completed 102 real estate projects in 5 cities and 262 contractual projects in 24 cities covering overall 70.54 million square feet of area since inception.

Ongoing Projects

The Company currently has 48 ongoing residential projects located in 8 cities aggregating to 41.81 million square feet of developable area. It has 27 ongoing contractual projects located in 9 cities aggregating to 9.31 million square feet under various stages of construction.

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

Change in the name of the Company

The name of the Company was changed from 'Sobha Developers Limited' to 'Sobha Limited' with

effect from August 18, 2014. There was no change in the nature of business of the Company on account of the change in name.

Changes in Directors and Key Managerial Personnel

During the year under review, Dr. Punita Kumar-Sinha (DIN: 05229262) was appointed as an Additional Director in the capacity of a Non - Executive Independent Director for a consecutive term of five years with effect from October 06, 2014.

During the year under review, Mr. Ganesh Venkataraman resigned from the position of Chief Financial Officer of the Company. Mr. Subhash Mohan Bhat was appointed as the Chief Financial Officer with effect from February 16, 2015.

Changes in Subsidiaries, Joint Ventures and Associates

During the year under review, Sobha Nandambakkam Developers Limited (Formerly Sobha Nandambakkam Developers Private Limited and Tirur Cybercity Developers Private Limited) and Sobha Tambaram Developers Limited (Formerly Sobha Tambaram Developers Private Limited and Megatech Software Private Limited) became wholly-owned subsidiaries of the Company within the meaning of Section 2(87) of the Companies Act, 2013 with effect from March 16, 2015.

Significant or Material Orders Passed by Regulators / Courts

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

Board of Directors and its Committees

A. Composition of the Board of Directors

As on date, the Board of Directors of the Company comprises eight Directors of which five are Non-Executive Independent Directors. The composition of the Board of Directors is in compliance with Clause 49 of the Listing Agreement and Section 149 of the Companies Act, 2013.

The Company has received necessary declarations from the Independent Directors stating that they meet the criteria of independence as specified in Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

B. Meetings

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

- May 22, 2014
- August 08, 2014
- November 12, 2014
- February 12, 2015

In accordance with the provisions of the Companies Act, 2013, a separate meeting of the Independent Directors of the Company was held on February 12, 2015.

C. Appointment of Director

In terms of Section 152 of the Companies Act, 2013, Dr. Punita Kumar-Sinha (DIN: 05229262) who was appointed as an Additional Director in the capacity of a Non – Executive Independent Director for a consecutive term of five years commencing from October 06, 2014 holds office up to the ensuing Annual General Meeting. Being eligible, Dr. Punita Kumar-Sinha offers herself for appointment as a Director of the Company in the capacity of a Non – Executive Independent Director. The Board of Directors based on the recommendation of Nomination, Remuneration and Governance Committee, have recommended the appointment of Dr. Punita Kumar-Sinha as a Non – Executive Independent Director of the Company.

D. Re-appointment of Director Retiring by Rotation

In terms of Section 152 of the Companies Act, 2013, Mr. Ravi PNC Menon, Chairman (DIN: 02070036) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The Board of Directors based on the recommendation of Nomination, Remuneration and Governance Committee, have recommended the re-appointment of Mr. Ravi PNC Menon, Chairman, retiring by rotation.

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.

E. Committees of the Board

During the year under review, the Nomination, Remuneration and Governance Committee of the Board of Directors was reconstituted. Dr. S K Gupta, Independent Director and Mr. Ravi PNC Menon, Chairman were inducted as members and Mr. J C Sharma resigned from the membership of the Committee. The terms of reference of the Committee were aligned with the requirements of Clause 49 of the Listing Agreement and Section 178 of the Companies Act, 2013.

The terms of reference of Audit Committee and Stakeholders Relationship Committee were also aligned with the requirements of Clause 49 of the Listing Agreement and the Companies Act, 2013.

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

F. Performance Evaluation

Pursuant to the provisions of Section 134 (3) (p) read with Articles VII and VIII of Schedule IV of the Companies Act, 2013, the Board undertook an evaluation of itself and its committees. The Board, excluding the independent director being evaluated, also assessed the performance and the potential of each of the independent directors with a view to maximising their contribution to the Board. As contemplated by the Act, the independent directors at a meeting conducted a review of the performance of the Chairman after taking into account the views of the non-executive members of the Board. At the same meeting, the review of the executive directors was also carried out.

The process put in place by the Board, in accordance with the Companies Act, 2013 and the relevant provisions of the Listing Agreement, is aimed at improving the performance of the Board, its committees and its members.

G. Directors' Responsibility Statement

In terms of the requirements of Section 134(5) of the Companies Act, 2013, we, on behalf of the Board of Directors, hereby confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis; and
- e) the directors had laid down internal financial controls to be followed by the company and such internal financial controls are adequate and were operating effectively.
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Audit Related Matters

A. Audit Committee

The powers, role and terms of reference of the Audit Committee are in consonance with the requirements mandated under Section 177 of the Companies Act,

2013 and Clause 49 of the Listing Agreement. The Audit Committee comprises of the following members:

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

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.

B. Statutory Auditors

At the Annual General Meeting of the Company held on July 11, 2014, S.R. Batliboi & Associates LLP (Firm Registration Number 101049W) were re-appointed as the Statutory Auditors of the Company for a period of 3 years which is subject to annual ratification by the members of the Company in terms of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014. The members may ratify the appointment of S.R. Batliboi & Associates LLP as the Statutory Auditors of the Company for the financial year 2015-16.

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

C. Secretarial Audit

The Secretarial Audit Report for the year ended March 31, 2015 issued by Mr. Nagendra D Rao, Practicing Company Secretary in accordance with the provisions of Section 204 of the Companies Act, 2013 is provided separately in the Annual Report. There are no qualifications or adverse remarks in the Secretarial Audit Report which require any explanation from the Board of Directors.

D. Cost Audit

Based on the recommendations of the Audit Committee, the Board of Directors have re-

appointed M/s. Srinivas and Co, Cost Accountants (Firm Registration No: 000278) as the Cost Auditors of the Company for the financial year 2014-15. In terms of Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors for the financial year 2014-15 is subject to ratification by the shareholders of the Company. The Notice convening the Annual General Meeting contains the proposal for ratification of the remuneration payable to the Cost Auditors.

The Cost Audit Report for the financial year 2013-14 was filed with the Ministry of Corporate Affairs, New Delhi on September 27, 2014 within the due date prescribed under The Companies (Cost Audit Report) Rules, 2011.

E. Internal Financial Controls

There are adequate internal financial controls in place with reference to the financial statements. During the year under review, these controls were evaluated and no significant weakness was identified either in the design or operation of the controls.

Policy Matters

A. Nomination and Remuneration Policy

The Nomination, Remuneration and Governance Committee of the Board of Directors has formulated a Nomination and Remuneration Policy containing the criteria for determining qualifications, positive attributes and independence of a director and policy relating to the remuneration for the directors, key managerial personnel and senior management personnel of the Company. The Nomination and Remuneration Policy is available on the website of the Company at <http://www.sobha.com/investor-relations-downloads-pol.php> and relevant extracts from the Policy are reproduced in **Annexure A** to this report.

B. Risk Management Framework

The Company has developed and implemented a risk management framework detailing the various risks faced by the Company and methods and procedures for identification, monitoring and mitigation of such risks. The Board of Directors of the Company

have constituted a Risk Management Committee which is entrusted with the task of monitoring and reviewing the risk management plan and procedures of the Company. The risk management function is complimentary to the internal control mechanism of the Company and supplements the audit function.

C. Corporate Social Responsibility Policy

The Corporate Social Responsibility Policy, as formulated by the Corporate Social Responsibility Committee and approved by the Board of Directors is available on the website of the Company at <http://www.sobha.com/investor-relations-downloads-pol.php>.

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

D. Vigil Mechanism

The Company has established a vigil mechanism to promote ethical behaviour in all its business activities and has in place a mechanism for employees to report any genuine grievances, 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. The Policy is available on the website of the Company at <http://www.sobha.com/investor-relations-downloads-pol.php>.

Other Matters

A. Debentures

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

B. Deposits

The Company has not accepted any deposits in terms of Chapter V of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014, during the year under review.

C. Transfer to Investor Education and Protection Fund

In compliance of Section 205C of the Companies Act, 1956, the dividends pertaining to the financial year 2006-07 which were lying unclaimed with the Company was transferred to the Investor Education and Protection Fund during the financial year 2014-15. The details of unclaimed dividend transferred to the Investor Education and Protection Fund has been detailed in the Corporate Governance Report forming part of the Annual Report.

D. Human Resources

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 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.

As on March 31, 2015, the Company has an organisational strength of 3,046 employees.

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

E. Awards and Recognition

During the financial year 2014-15, the Company was bestowed with various awards and recognitions, the details of which are given in a separate section of the Annual Report.

F. 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.

G. 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 2014-15 forms part of the Corporate Governance Report.

H. 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.

I. Extract of Annual Return

In terms of Section 134 of the Companies Act, 2013 read with Rules 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return of the Company for the financial year 2014-15 is provided in **Annexure C** to this report.

J. Particulars of Loans, Guarantees and Investments

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

K. Related Party Transactions

During the year, the Company has not entered into any contract / arrangement / transaction with a related party which can be considered as material in terms of the policy on related party transactions laid down by the Board of Directors. The related party transactions undertaken during the financial year 2014 – 15 are detailed in Notes to Accounts of the Financial Statements.

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

In terms of Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, the particulars of conservation of energy, technology absorption, and foreign exchange earnings and outgo are set out in **Annexure D** to this report.

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

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

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

In terms of Section 134 of the Companies Act, 2013 and Rule 8(1) of the Companies (Accounts)

Rules, 2014, the financial position and performance of subsidiaries are given as an Annexure to the Consolidated Financial Statements.

O. 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 Limited**



Ravi PNC Menon
Chairman



J C Sharma
Vice Chairman & Managing Director

Place: Bangalore
Date: May 12, 2015

Annexure A

Extract from Nomination and Remuneration Policy

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

A. Eligibility or Criteria for Appointment

Educational Qualification

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

Experience

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

Integrity

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

Age

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

Independence

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

Limits on Directorship

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

Limits on Committee Membership

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

B. Term of Office

Whole-time Director

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

Independent Director(s)

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

Key Managerial Personnel and Senior Management

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

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

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

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

Performance Evaluation

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

- iii. The Independent Directors shall review the performance of non-independent directors and the Board as a whole. The Independent Directors shall take into consideration the views of the Committee.
- iv. The Independent Directors shall review the performance of the Chairperson of the company, taking into account the views of the Committee, the executive directors and non-executive directors.

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

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

Board of Directors

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

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

Committees of the Board of Directors

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

Independent Directors

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

Whole-time Director(s)

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

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

A. Remuneration Criteria

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

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

B. Payment of Remuneration

- i. The Committee shall recommend the payment of remuneration (including any revision thereof) to the Directors of the Company including the Independent Directors which shall be subject to the approval of the Board of Directors. It shall also be approved by the shareholders of the Company and / or Central Government, wherever required.
- ii. The remuneration of Key Managerial Personnel and Senior Management Personnel shall be determined by the Company in accordance with the prevailing HR Policy of the Company.

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

Basic Salary

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

Accommodation or House Rent Allowance

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

Performance Incentives

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

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

Perquisites and Other Allowances

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

D. Remuneration of Independent Directors

Commission

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

Sitting Fees

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

E. Limits on Remuneration

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

Annexure B

Annual Report on Corporate Social Responsibility (CSR) Activities

1. Brief Outline of CSR Policy

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

- i. eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
- ii. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- iii. promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups
- iv. ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;
- v. protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- vi. measures for the benefit of armed forces veterans, war widows and their dependents;
- vii. training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports;
- viii. contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the

Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

- ix. contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government
- x. rural development projects
- xi. Slum Area Development
- xii. Such other areas as may be included in Schedule VII of the Companies Act, 2013 from time to time

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

The detailed Corporate Social Responsibility Policy is available on the website of the Company at <http://www.sobha.com/investor-relations-downloads-pol.php>.

2. Composition of CSR Committee

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

1. Mr. Anup Shah (Independent Director) - Chairman
2. Mr. J C Sharma (Vice Chairman and Managing Director) – Member
3. Mr. P Ramakrishnan (Deputy Managing Director) - Member

3. Average Net Profits

The average net profits, i.e. profits before tax of the Company during the three immediately preceding financial years was ₹ 2,988.95 million

4. Prescribed CSR Expenditure

The prescribed CSR expenditure was ₹ 59.78 million, i.e. 2% of the average net profits mentioned in Point 3 above.

5. Details of CSR Spend

- (a) Total amount to be spent for the financial year 2014-15: ₹ 59.78 million
- (b) Amount unspent, if any: Not Applicable
- (c) Manner in which the amount was spent during the financial year is detailed below

Sl No.	CSR project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local Area or Other (2) Specify the State and District where Projects/Programme undertaken	Amount Outlay (Budget) project / programs wise	Amount spent on the projects or programs	Cumulative Expenditure upto the reporting period	Amount Spent: Direct or through implementing agency*
1	Rural Development	<p>i. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation</p> <p>ii. Promoting education, and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects</p> <p>iii. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups</p>	<p>1. Local</p> <p>2. Kerala - Vadakkenchery and Kizhakkenchery Panchayats in the district of Palakkad, Kerala</p>	₹ 150.00 million	₹ 144.70 million	₹ 144.70 million	Implementation Agency*

*Sri Kurumba Educational and Charitable Trust is a public charitable trust and has an established track record as prescribed under the Companies Act, 2013 in undertaking similar projects and programs.

6. Responsibility Statement

The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.

For Sobha Limited

Place: Bangalore

Date: May 12, 2015

Anup Shah

Chairman, CSR Committee

J C Sharma

Vice Chairman & Managing Director

Annexure C

Form No. MGT-9

Extract of Annual Return as on the financial year ended on March 31, 2015

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

I. Registration and other Details

CIN	L45201KA1995PLC018475
Registration Date	August 07, 1995
Name of the Company	Sobha Limited (formerly Sobha Developers Limited)
Category of the Company	Company limited by shares
Sub-Category of the Company	Indian Non-Government Company
Address of the Registered office and contact details	'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore – 560 103 Tel: 080 4932 0000 Email: investors@sobha.com
Whether listed company	Yes. Listed on National Stock Exchange of India Limited and Bombay Stock Exchange Limited
Name, Address and Contact Details of Registrar and Transfer Agent, if any	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

II. Principal Business Activities of the Company

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

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

III. Particulars of Holding, Subsidiary and Associate Companies

SI No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% Share Held	Applicable Section
1	Sobha Developers (Pune) Limited 'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore - 560 103	U45202KA2007PLC041761	Subsidiary	100	Section 2(87)
2	Sobha Assets Private Limited 'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore - 560 103	U70100KA2012PTC063003	Subsidiary	100	Section 2(87)
3	Sobha Tambaram Developers Limited Kothari Buildings, 1st Floor, 115, Nungambakkam High Road, Nungambakkam, Chennai - 600 034	U45300TN1999PLC042927	Subsidiary	100	Section 2(87)
4	Sobha Nandambakkam Developers Limited Kothari Buildings, 1st Floor, 115, Nungambakkam High Road, Nungambakkam, Chennai - 600 034	U45201TN2007PLC063187	Subsidiary	100	Section 2(87)
5	Sobha Highrise Ventures Private Limited 'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore - 560 103	U70100KA2012PTC064148	Subsidiary*	50	-

*Sobha Highrise Ventures Private Limited (CIN: U70100KA2012PTC064148) is a subsidiary of the Company in terms of Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and not under the provisions of the Companies Act, 2013.

IV. Shareholding Pattern (Equity Share Capital Breakup as Percentage of Total Equity)

i. Category-Wise Shareholding

	Category of Shareholders	No. of shares held at the beginning of the year			No. of shares held at the end of the year			% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total
A 1	Indian Promoters							
(a)	Individuals/ Hindu Undivided Family	-	-	-	-	-	-	-
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-
(d)	Banks / Financial Institutions	-	-	-	-	-	-	-
(e)	Any Others(Specify)	-	-	-	-	-	-	-
(e) (f)	Relative of Promoter	45,000	-	45,000	0.04	45,000	-	45,000
	Sub Total(A)(1)	45,000	-	45,000	0.04	45,000	-	45,000
A 2	Foreign Promoters							
(a)	NRIs - Individuals	-	-	-	-	-	-	-
(b)	Other - Individuals	59,364,300	-	59,364,300	60.54	59,364,300	-	59,364,300
(c)	Bodies Corporate	-	-	-	-	-	-	-
(d)	Banks/ Financial Institutions	-	-	-	-	-	-	-
(e)	Any Others(Specify)	-	-	-	-	-	-	-
	Sub Total(A)(2)	59,364,300	-	59,364,300	60.54	59,364,300	-	59,364,300
	Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	59,409,300	-	59,409,300	60.58	59,409,300	-	59,409,300
(B)	Public shareholding							
1	Institutions							
(a)	Mutual Funds	2,213,777	-	2,213,777	2.26	3,436,032	-	3,436,032
(b)	Banks/ Financial Institutions	551,758	-	551,758	0.56	546,772	-	546,772
(c)	Central Government	-	-	-	-	-	-	-
(d)	State Government(s)	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-
(f)	Insurance Companies	83,272	-	83,272	0.08	53,272	-	53,272
(g)	Foreign Institutional Investors	32,329,932	-	32,329,932	32.97	21,381,673	-	21,381,673

Category of Shareholders	No. of shares held at the beginning of the year			No. of shares held at the end of the year			% Change during the year
	Demat	Physical	Total	Demat	Physical	Total	
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-
(i) Any Other (specify)							
(i) (i) Foreign Portfolio Investor (Corporate)	-	-	-	9,707,666	-	9,707,666	9.90
Sub-Total (B)(1)	35,178,739	-	35,178,739	35,125,415	-	35,125,415	(0.05)
2 Non-institutions							
(a) Bodies Corporate							
i. Indian	781,285	20	781,305	850,518	20	850,538	0.07
ii. Overseas	11	-	11	11	-	11	0.00
(b) Individuals							
i Individual shareholders holding nominal share capital up to ₹ 1 lakh	1,711,102	453	1,711,555	1,922,450	103	1,922,553	0.21
ii Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	241,453	-	241,453	166,856	-	166,856	(0.08)
(c) Any Other (specify)							
i Independent Directors	20,635	-	20,635	20,635	-	20,635	0.00
ii Clearing Member	189,270	-	189,270	109,132	-	109,132	(0.08)
iii Trusts	1,710	-	1,710	1,699	-	1,699	0.00
iv Non Resident Indians (Repatriable)	338,944	-	338,944	309,801	-	309,801	(0.03)
v Non Resident Indians (Non-Repatriable)	37,644	-	37,644	29,810	-	29,810	(0.01)
vi Office Bearers	153,132	45	153,177	118,073	45	118,118	(0.04)
vii Qualified Foreign Investor (Individual)	125	-	125	-	-	-	0.00
Sub-Total (B)(2)	3,475,311	518	3,475,829	3,528,985	168	3,529,153	0.06
(B) Total Public Shareholding (B)= (B)(1)+(B)(2)	38,654,050	518	38,654,568	38,654,400	168	38,654,568	0.00
(C) Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-
GRAND TOTAL (A)+(B)+(C)	98,063,350	518	98,063,868	98,063,700	168	98,063,868	-

ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the Beginning of the year			Shareholding at the End of the year			% change in shareholding during the year
		No. of Shares	% of Total Shares of Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of Total Shares of Company	% of Shares Pledged / encumbered to total shares	
1	Mrs. Sobha Menon	41,348,421	42.16	10.91	41,348,421	42.16	10.91	-
2	Mr. P N C Menon	12,488,522	12.74	0.00	12,488,522	12.74	0.00	-
3	Mr. P N C Menon jointly with Mrs. Sobha Menon	5,494,407	5.60	0.00	5,494,407	5.60	0.00	-
4	Mr. P N Haridas*	45,000	0.05	0.00	45,000	0.05	0.00	-
5	Mr. Ravi PNC Menon*	32,950	0.03	0.00	32,950	0.03	0.00	-
Total		59,409,300	60.58	10.91	59,409,300	60.58	10.91	-

*Members of 'Promoter Group' as defined under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time.

iii. Change in Promoters Shareholding

There was no change in the Promoters shareholding during the financial year 2014-15.

iv. Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sl No	For each of the Top 10 Shareholder	Shareholding at the beginning and end of the year		Date	Change in shareholding	Reason	Cumulative shareholding during the year	
		Number of Shares	% of Total No. of Shares				Number of Shares	% of Total No. of Shares
1.	Platinum Asia Fund / Platinum Investment Management Limited A/C Platinum Asia Fund	3,490,393	3.56	1-Apr-2014				
				18-Jul-2014	128,000	Market Purchase	3,618,393	3.69
				1-Aug-2014	118,185	-do-	3,736,578	3.81
				15-Aug-2014	469,000	-do-	4,205,578	4.29
				19-Sep-2014	150,200	-do-	4,355,778	4.44
				10-Oct-2014	93,458	-do-	4,449,236	4.54
				17-Oct-2014	69,055	-do-	4,518,291	4.61
				31-Dec-2014	742,710	-do-	5,261,001	5.36
				9-Jan-2015	2,194	-do-	5,263,195	5.37
				16-Jan-2015	107,316	-do-	5,370,511	5.48
				23-Jan-2015	5,834	-do-	5,376,345	5.48
				20-Feb-2015	20,000	-do-	5,396,345	5.50
				27-Feb-2015	762,222	-do-	6,158,567	6.28
				6-Mar-2015	40,000	-do-	6,198,567	6.32
		6,198,567	6.32	31-Mar-2015				
2.	Nordea 1 Sicav - Emerging Stars Equity Fund	-	0.00	1-Apr-2014				
				6-Jun-2014	905,916	Market Purchase	905,916	0.92
				13-Jun-2014	44,464	-do-	950,380	0.97
				20-Jun-2014	162,088	-do-	1,112,468	1.13
				30-Jun-2014	112,479	-do-	1,224,947	1.25
				11-Jul-2014	77,129	-do-	1,302,076	1.33
				22-Aug-2014	55,352	-do-	1,357,428	1.38
				29-Aug-2014	19,000	-do-	1,376,428	1.40
				5-Sep-2014	153,958	-do-	1,530,386	1.56
				12-Sep-2014	95,152	-do-	1,625,538	1.66
				19-Sep-2014	34,051	-do-	1,659,589	1.69
				10-Oct-2014	36,982	-do-	1,696,571	1.73
				31-Oct-2014	75,697	-do-	1,772,268	1.81
				14-Nov-2014	262,738	-do-	2,035,006	2.07
				21-Nov-2014	104,402	-do-	2,139,408	2.18
				28-Nov-2014	211,696	-do-	2,351,104	2.40
				5-Dec-2014	143,643	-do-	2,494,747	2.54
				12-Dec-2014	118,883	-do-	2,613,630	2.66
				19-Dec-2014	102,094	-do-	2,715,724	2.77
				31-Dec-2014	93,620	-do-	2,809,344	2.86
				23-Jan-2015	90,140	-do-	2,899,484	2.96
				27-Feb-2015	136,131	-do-	3,035,615	3.09
				20-Mar-2015	51,262	-do-	3,086,877	3.15
				27-Mar-2015	157,825	-do-	3,244,702	3.31
		3,244,702	3.31	31-Mar-2015				
	Nordea 1 Sicav-Asian Focus Equity Fund	-	0.00	1-Apr-2014				
				6-Jun-2014	93,716	Market Purchase	93,716	0.09
				5-Sep-2014	32,916	-do-	126,632	0.13
				10-Oct-2014	38,594	-do-	165,226	0.17
				21-Nov-2014	(11,690)	Market Sale	153,536	0.16
				28-Nov-2014	29,421	Market Purchase	182,957	0.19
				5-Dec-2014	15,682	-do-	198,639	0.20
				19-Dec-2014	(12,479)	Market Sale	186,160	0.19
				23-Jan-2015	(7,390)	-do-	178,770	0.18
				30-Jan-2015	9,099	Market Purchase	187,869	0.19
				6-Feb-2015	(9,220)	Market Sale	178,649	0.18
				6-Mar-2015	9,201	Market Purchase	187,850	0.19
				20-Mar-2015	10,183	-do-	198,033	0.20
		181,595	0.18	31-Mar-2015	(16,438)	Market Sale	181,595	0.18

SI No	For each of the Top 10 Shareholder	Shareholding at the beginning and end of the year		Date	Change in shareholding	Reason	Cumulative shareholding during the year	
		Number of Shares	% of Total No. of Shares				Number of Shares	% of Total No. of Shares
3.	Ntasian Discovery Master Fund	-	0.00	1-Apr-2014				
				6-Jun-2014	82,000	Market Purchase	82,000	0.08
				13-Jun-2014	69,237	-do-	151,237	0.15
				20-Jun-2014	22,447	-do-	173,684	0.18
				27-Feb-2015	1,600,000	-do-	1,773,684	1.81
				6-Mar-2015	700,000	-do-	2,473,684	2.52
		2,473,684	2.52	31-Mar-2015				
4.	Schroder International Selection Fund Emerging Asia	-	0.00	1-Apr-2014				
				14-Nov-2014	291,239	Market Purchase	291,239	0.30
				21-Nov-2014	75,896	-do-	367,135	0.37
				28-Nov-2014	99,522	-do-	466,657	0.47
				12-Dec-2014	13,542	-do-	480,199	0.49
				19-Dec-2014	98,472	-do-	578,671	0.59
				31-Dec-2014	248,449	-do-	827,120	0.84
				23-Jan-2015	224,400	-do-	1,051,520	1.07
				6-Feb-2015	94,365	-do-	1,145,885	1.17
				13-Feb-2015	171,903	-do-	1,317,788	1.34
				20-Feb-2015	30,462	-do-	1,348,250	1.37
				27-Feb-2015	158,000	-do-	1,506,250	1.54
				20-Mar-2015	34,053	-do-	1,540,303	1.57
				27-Mar-2015	132,095	-do-	1,672,398	1.70
		1,672,398	1.70	31-Mar-2015				
5.	Franklin Templeton Mutual Fund A/C Franklin India Prima Fund	340,000	0.35	1-Apr-2014				
				25-Apr-2014	18,873	Market Purchase	358,873	0.37
				2-May-2014	123,935	-do-	482,808	0.49
				16-May-2014	216,269	-do-	699,077	0.71
				23-May-2014	41,803	-do-	740,880	0.75
				30-May-2014	20,000	-do-	760,880	0.77
				13-Jun-2014	(2,366)	Market Sale	758,514	0.77
				20-Jun-2014	11,654	Market Purchase	770,168	0.78
				11-Jul-2014	35,000	-do-	805,168	0.82
				29-Aug-2014	20,000	-do-	825,168	0.84
				5-Sep-2014	10,171	-do-	835,339	0.85
				12-Sep-2014	24,829	-do-	860,168	0.88
				19-Sep-2014	40,000	-do-	900,168	0.92
				30-Sep-2014	75,000	-do-	975,168	0.99
				5-Dec-2014	(50,000)	Market Sale	925,168	0.94
				12-Dec-2014	(8,169)	-do-	916,999	0.93
				6-Mar-2015	(14,562)	-do-	902,437	0.92
		912,437	0.93	31-Mar-2015	10,000	Market Purchase	912,437	0.93
	Franklin India Smaller Companies Fund	210,319	0.21	1-Apr-2014				
				4-Apr-2014	(1,744)	Market Sale	208,575	0.21
				6-Jun-2014	100,000	Market Purchase	308,575	0.31
				13-Jun-2014	(711)	Market Sale	307,864	0.31
				5-Sep-2014	4,069	Market Purchase	311,933	0.32
				12-Sep-2014	20,931	-do-	332,864	0.34
				19-Sep-2014	10,000	-do-	342,864	0.35
				30-Sep-2014	149,965	-do-	492,829	0.50
				10-Oct-2014	2,754	-do-	495,583	0.50
				20-Mar-2015	50,000	-do-	545,583	0.56
				27-Mar-2015	25,000	-do-	570,583	0.58
		570,583	0.58	31-Mar-2015				

SI No	For each of the Top 10 Shareholder	Shareholding at the beginning and end of the year		Date	Change in shareholding	Reason	Cumulative shareholding during the year	
		Number of Shares	% of Total No. of Shares				Number of Shares	% of Total No. of Shares
6.	Goldman Sachs India Fund Limited	366,143	0.37	1-Apr-2014				
				4-Apr-2014	30,021	Market Purchase	396,164	0.40
				11-Apr-2014	20,397	-do-	416,561	0.42
				18-Apr-2014	126,641	-do-	543,202	0.55
				5-Sep-2014	29,033	-do-	572,235	0.58
				14-Nov-2014	22,446	-do-	594,681	0.61
				21-Nov-2014	35,480	-do-	630,161	0.64
				12-Dec-2014	259,263	-do-	889,424	0.91
				23-Jan-2015	53,451	-do-	942,875	0.96
				30-Jan-2015	77,418	-do-	1,020,293	1.04
				6-Feb-2015	82,868	-do-	1,103,161	1.12
				27-Feb-2015	108,760	-do-	1,211,921	1.23
				6-Mar-2015	135,258	-do-	1,347,179	1.37
				13-Mar-2015	19,929	-do-	1,367,108	1.39
				27-Mar-2015	83,374	-do-	1,450,482	1.48
		1,450,482	1.48	31-Mar-2015				
7.	Eastspring Investments (Singapore) Limited A/C The Prudential Assurance Company Limited	2,969,108	3.03	1-Apr-2014				
				4-Apr-2014	(229,651)	Market Sale	2,739,457	2.79
				11-Apr-2014	(400,000)	-do-	2,339,457	2.38
				19-Dec-2014	(95,636)	-do-	2,243,821	2.29
				31-Dec-2014	(377,278)	-do-	1,866,543	1.90
				16-Jan-2015	(16,590)	-do-	1,849,953	1.89
				23-Jan-2015	(98,414)	-do-	1,751,539	1.79
				30-Jan-2015	(47,125)	-do-	1,704,414	1.74
				6-Feb-2015	(46,408)	-do-	1,658,006	1.69
				13-Feb-2015	(13,547)	-do-	1,644,459	1.68
				20-Feb-2015	(5,690)	-do-	1,638,769	1.67
				27-Feb-2015	(292,619)	-do-	1,346,150	1.37
		1,346,150	1.37	31-Mar-2015				
8.	DSP Blackrock Small and Mid Cap Fund	-	0.00	1-Apr-2014				
				1-Aug-2014	208,930	Market Purchase	208,930	0.21
				22-Aug-2014	166,000	-do-	374,930	0.38
				17-Oct-2014	15,368	-do-	390,298	0.40
				24-Oct-2014	116,963	-do-	507,261	0.52
				31-Oct-2014	106,698	-do-	613,959	0.63
				7-Nov-2014	28,265	-do-	642,224	0.65
				14-Nov-2014	65,000	-do-	707,224	0.72
				27-Mar-2015	(11,514)	Market Sale	695,710	0.71
		695,710	0.71	31-Mar-2015				
	DSP Blackrock Equity Fund	-	0.00	1-Apr-2014				
				10-Oct-2014	316,774	Market Purchase	316,774	0.32
				17-Oct-2014	23,469	-do-	340,243	0.35
				24-Oct-2014	34,373	-do-	374,616	0.38
				31-Oct-2014	153,504	-do-	528,120	0.54
				7-Nov-2014	(3,120)	Market Sale	525,000	0.53
				14-Nov-2014	165,955	Market Purchase	690,955	0.70
				28-Nov-2014	(13,362)	Market Sale	677,593	0.69
				20-Feb-2015	(10,793)	-do-	666,800	0.68
				13-Mar-2015	(20,468)	-do-	646,332	0.66
				20-Mar-2015	(8,449)	-do-	637,883	0.65
				27-Mar-2015	(9,762)	-do-	628,121	0.64
		622,411	0.63	31-Mar-2015	(5,710)	-do-	622,411	0.63

SI No	For each of the Top 10 Shareholder	Shareholding at the beginning and end of the year		Date	Change in shareholding	Reason	Cumulative shareholding during the year	
		Number of Shares	% of Total No. of Shares				Number of Shares	% of Total No. of Shares
9.	Government Pension Fund Global	-	0.00	1-Apr-2014				
				21-Nov-2014	1,252,819	Market Purchase	1,252,819	1.28
				28-Nov-2014	(2,373)	Market Sale	1,250,446	1.27
				5-Dec-2014	(3,795)	-do-	1,246,651	1.27
				20-Mar-2015	(6,898)	-do-	1,239,753	1.26
				27-Mar-2015	(10,812)	-do-	1,228,941	1.25
		1,224,066	1.25	31-Mar-2015	(4,875)	-do-	1,224,066	1.25
10.	Morgan Stanley Asia (Singapore) PTE.	-	0.00	1-Apr-2014				
				19-Dec-2014	822,724	Market Purchase	822,724	0.84
				31-Dec-2014	(59,710)	Market Sale	763,014	0.78
				2-Jan-2015	(479)	-do-	762,535	0.78
				16-Jan-2015	(82,916)	-do-	679,619	0.69
				23-Jan-2015	3,500	Market Purchase	683,119	0.70
				30-Jan-2015	62,000	-do-	745,119	0.76
				20-Feb-2015	10,000	-do-	755,119	0.77
				6-Mar-2015	59,467	-do-	814,586	0.83
				13-Mar-2015	1	-do-	814,587	0.83
				27-Mar-2015	31,800	-do-	846,387	0.86
		818,106	0.83	31-Mar-2015	(28,281)	Market Sale	818,106	0.83

V. Shareholding of Directors and Key Managerial Personnel

SI No	For each of the Directors and KMP	Shareholding at the beginning and end of the year		Date	Change in shareholding	Reason	Cumulative shareholding during the year	
		Number of Shares	% of Total No. of Shares				Number of Shares	% of Total No. of Shares
1	Mr. Ravi PNC Menon Chairman	32,950	0.03	01/04/2014	No change	Not Applicable	32,950	0.03
		32,950	0.03	31/03/2015				
2	Mr. J C Sharma Vice Chairman and Managing Director	112,929	0.11	01/04/2014	(22,914)	Market Sale	112,929	0.11
		90,015	0.09	31/03/2015			90,015	0.09
3	Mr. P Ramakrishnan Deputy Managing Director	-	-	01/04/2014	No change	Not Applicable	-	-
		-	-	31/03/2015				
4	Mr. M Damodaran Non-Executive Independent Director	-	-	01/04/2014	No change	Not Applicable	-	-
		-	-	31/03/2015				
5	Dr. S K Gupta # Non-Executive Independent Director	1,335	0.00	01/04/2014	No change	Not Applicable	1,335	0.00
		1,335	0.00	31/03/2015				
6	Mr. R V S Rao Non-Executive Independent Director	15,000	0.01	01/04/2014	No change	Not Applicable	15,000	0.01
		15,000	0.01	31/03/2015				
7	Mr. Anup Shah # Non-Executive Independent Director	4,300	0.00	01/04/2014	No change	Not Applicable	4,300	0.00
		4,300	0.00	31/03/2015				
8	Dr. Punita Kumar-Sinha* Non-Executive Independent Director	-	-	06/10/2014	No change	Not Applicable	-	-
		-	-	31/03/2015				
9	Mr. Ganesh Venkataraman Chief Financial Officer (up to 16.02.2015)	-	-	01/04/2014	No change	Not Applicable	-	-
		-	-	16/02/2015				
10	Mr. Subhash Mohan Bhat*# Chief Financial Officer (from 16.02.2015)	130	0.00	16/02/2015	No change	Not Applicable	130	0.00
		130	0.00	31/03/2015				
11	Mr. Kishore Kayarat Company Secretary and Compliance Officer	-	-	01/04/2014	No change	Not Applicable	-	-
		-	-	31/03/2015				

Shareholding less than 0.01%

* Shareholding reckoned from the date of appointment as director / key managerial personnel

VI. Indebtedness

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

₹ in million

	Secured Loan excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	11,042	150	-	11,192
(ii) Interest Accrued but not paid	-	-	-	-
(iii) Interest Accrued but not due	34	2	-	36
Total (i + ii + iii)	11,076	152	-	11,227
Change in Indebtedness during the financial year				
• Addition	15,184	2,150	-	17,334
• Reduction	9,988	-	-	9,988
Net Change	5,196	2,150	-	7,346
Indebtedness at the end of the financial year				
(i) Principal Amount	16,238	2,300	-	18,538
(ii) Interest Accrued but not paid	-	-	-	-
(iii) Interest Accrued but not due	33	10	-	43
Total (i + ii + iii)	16,271	2,310	-	18,581

VII. Remuneration of Directors and Key Managerial Personnel

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

Sl No	Particulars of Remuneration	Name of MD / WTD / Manager			Total Amount ₹ in million
		Mr. Ravi PNC Menon	Mr. J C Sharma	Mr. P Ramakrishnan	
1.	Gross salary				
(a)	Salary as per provisions contained in the section 17 (1) of the Income Tax Act, 1961	45.06	10.19	7.80	63.05
(b)	Value of Perquisites under section 17 (2) of the Income Tax Act, 1961	1.63	0.04	0.04	1.71
(c)	Profits in lieu of salary under section 17 (3) of the Income Tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
•	as % of Profit	47.40	47.40	-	94.80
•	Others (Performance Incentives)	-	-	1.35	1.35
5.	Others – Contribution to Provident Fund	3.37	0.02	0.02	3.41
	Total (A)	97.47	57.65	9.21	164.32
	Ceiling as per the Act	10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 i.e. ₹ 303.52 million			

B. Remuneration to other Directors

Sl No.	Particulars of Remuneration	Name of Directors					Total Amount ₹ in million
		Mr. M Damodaran	Dr. S K Gupta	Mr. R V S Rao	Mr. Anup Shah	Dr. Punita Kumar-Sinha	
1.	Independent Directors						
	• Fee for attending Board / Committee Meetings	0.09	0.19	0.13	0.20	0.04	0.65
	• Commission	1.50	1.50	1.50	1.50	0.75	6.75
	• Others	-	-	-	-	-	-
Total (1)		1.59	1.69	1.63	1.7	0.79	7.40
2.	Other Non – Executive Directors						
	• Fee for attending Board / Committee Meetings	-	-	-	-	-	-
	• Commission	-	-	-	-	-	-
	• Others	-	-	-	-	-	-
Total (2)		-	-	-	-	-	-
Total (B)=(1+2)		1.59	1.69	1.63	1.7	0.79	7.40
Total Managerial Remuneration*							171.72
Overall Ceiling as per the Act		Overall Managerial Remuneration: 11% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 i.e. ₹ 333.87 million Non-Executive Directors: 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 i.e. ₹ 30.35 million					

*Total Managerial Remuneration = Total (A) + Total (B)

C. Remuneration to Key Managerial Personnel Other than MD/Manager/WTB

Sl No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount ₹ in million
		Mr. Ganesh V Chief Financial Officer (up to 16.02.2015)	Mr. Subhash Mohan Bhat Chief Financial Officer (from 16.02.2015)	Mr. Kishore Kayarat Company Secretary and Compliance Officer	
1.	Gross salary				
	(a) Salary as per provisions contained in the section 17 (1) of the Income Tax Act, 1961	10.081	0.951	2.596	13.628
	(b) Value of Perquisites under section 17 (2) of the Income Tax Act, 1961	0.026	-	-	0.026
	(c) Profits in lieu of salary under section 17 (3) of the Income Tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	• As % of Profit	-	-	-	-
	• Others (Specify)	-	-	-	-
5.	Others – Contribution to Provident Fund	0.013	0.004	0.017	0.033
Total		10.120	0.955	2.613	13.687

VIII. Penalties / Punishments / Compounding of Offences

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD / NCLT / COURT)	Appeal made, if any (give details)
A. Company					
Penalty					
Punishment			None		
Compounding					
B. Directors					
Penalty					
Punishment			None		
Compounding					
C. Other Officers in Default					
Penalty					
Punishment			None		
Compounding					

Annexure D

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

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

A. Conservation of Energy

i. Steps taken or impact on conservation of energy

The Company has adopted the following energy conservation measures:

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

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

- a. Provision of back-up solar power for lighting in residential projects
- b. Use of heat pumps and solar water heaters instead of geysers to reduce power consumption

iii. Capital investment on energy conservation equipments

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

B. Technology Absorption

i. Efforts made towards technology absorption

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

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

The Company derives benefits in the form of cost reduction, fewer customer complaints, and better

quality of the end products. The above 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.

ii. Imported Technology

The Company has not imported any technology during the last three years.

iii. Research and Development

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

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

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

Benefits derived as a result of the above R&D

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

Future plan of action

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

Expenditure on R&D

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

C. Foreign Exchange Earnings and Outgo

Total expenditure in foreign exchange	₹ 528.31 million
Total income in foreign exchange	Nil

Annexure E

Remuneration Details of Directors and Employees

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

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

Sl No.	Name of Director / KMP	Designation	Ratio of Remuneration to Median Remuneration ¹	% Increase in Remuneration Y-O-Y	Comparison of KMP remuneration against the Company's performance
1	Mr. Ravi PNC Menon	Chairman	292	6.80	The revenues increased by 12.82%, the Profit before Tax and Profit after Tax have declined by 4.55% and 3.61% respectively on a standalone basis.
2	Mr. J C Sharma	Vice Chairman & Managing Director	176	11.80	
3	Mr. P Ramakrishnan	Deputy Managing Director	28	12.90	
4	Mr. M Damodaran	Independent Director	5	25.00	On a consolidated basis, the revenues was higher by 12.44%, the Profit before Tax by 0.31% and Profit after Tax by 1.26% as compared to the financial year 2013-14.
5	Dr. S K Gupta	Independent Director	5	25.00	
6	Mr. R V S Rao	Independent Director	5	25.00	
7	Dr. Punita Kumar-Sinha ²	Independent Director	2	-	
8	Mr. Anup Shah	Independent Director	5	25.00	Not Applicable
9	Mr. Ganesh Venkataraman ³	Chief Financial Officer	31	-	
10	Mr. Subhash Mohan Bhat ⁴	Chief Financial Officer	3	-	
11	Mr. Kishore Kayarat	Company Secretary & Compliance Officer	8	13.00	

1. The median remuneration of employees during the financial year was ₹ 328,164 (Rupees Three Lakhs Twenty Eight Thousand One Hundred and Sixty Four only)
 2. For the period October 06, 2014 to March 31, 2015. % increase in remuneration is not provided as Dr. Punita Kumar – Sinha was not a director during the financial year 2013-14.
 3. For the period April 01, 2014 to February 16, 2015. % increase in remuneration is not provided as Mr. Ganesh Venkataraman resigned during the financial year 2014-15.
 4. For the period February 16, 2015 to March 31, 2015. % increase in remuneration is not provided as Mr. Subhash Mohan Bhat was not in employment of the Company during the financial year 2013-14.
- ii. The percentage increase in the median remuneration of employees in the financial year 2014-15 was 9.34%.
 - iii. The number of permanent employees on the rolls of Company as on March 31, 2015 was 3,046.

- iv. The average increase in remuneration during the financial year 2014-15 was 1.84%. During the same period, the revenues increased by 12.82%, the Profit before Tax and Profit after Tax have declined by 4.55% and 3.61% respectively on a standalone basis. On a consolidated basis, the revenues was higher by 12.44%, the Profit before Tax by 0.31% and Profit after Tax by 1.26% as compared to the financial year 2013-14.
- v. During fiscal 2015, the aggregate remuneration of Key Managerial Personnel increased from ₹160.34 million to ₹ 176.26 million, an increase of 9.93%. The performance of the Company during the financial year 2014-15 is detailed in point (iv) above. Key Managerial Personnel includes the Whole-time Directors, Chief Financial officer and Company Secretary and Compliance Officer.
- vi. The closing price of the equity shares of the Company on the National Stock Exchange of India as on March 31, 2015 was ₹ 402.05, a decrease of 37% over the issue price during the Initial Public Offering in December 2006 and an increase of 92% over the issue price during the Qualified Institutional Placement in July 2009.

	As on 31.03.2015	As on 31.03.2014	% Change
Market Capitalisation (₹ in million)	39,426.58	36,724.92	7.36
Price Earnings Ratio (on standalone basis)	19.80	17.78	11.38

- vii. Average percentile increase in the salaries of employees other than the managerial personnel during 2014-15 was 1.54%. The percentile increase in the managerial remuneration during the same period was 8.56%. The percentile increase in the managerial remuneration was on account of the variable component of remuneration payable to the managerial personnel as per the terms and conditions of their appointment.
- viii. The key parameters for any variable component of remuneration availed by the directors: The Whole-time Directors are entitled to receive a fixed salary comprising of basic salary, allowances and perquisites. They are also eligible for performance incentives up to a specified percentage or amount as the case may be. The break-up of the remuneration is provided in the Corporate Governance Report forming part of the Annual Report.
- ix. There was no employee whose remuneration was in excess of the remuneration of the highest paid director during the financial year.
- x. The remuneration is as per the Nomination and Remuneration Policy formulated by the Nomination, Remuneration and Governance Committee and approved by the Board of Directors of the Company.

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

Sl. No	Name	Age	Designation	Nature of Employment (Contractual or otherwise)	Gross Remuneration ₹	Qualification	Experience (Years)	Date of commencement of Employment	Previous Employment held
(A) Employed throughout the financial year									
1	Mr. Ravi PNC Menon	34	Chairman	Permanent Employee	97,468,546	B.Sc.E	11	08.06.2004	-
2	Mr. J C Sharma	57	Vice Chairman and Managing Director	Permanent Employee	57,648,079	B.Com (Hons), ACA, ACS	33	01.06.2001	Grasim Industries Limited
3	Mr. P. Ramakrishnan	52	Deputy Managing Director	Permanent Employee	9,201,508	BE, MBA	32	15.03.2007	Enares Infranet Private Limited
4	Mr. Jagadish Nanginani	36	Regional Head – New Delhi	Permanent Employee	9,700,958	B.Tech Civil, PGDM	13	12.11.2009	Greenbox Realty & Highstreet Capital
5	Mr. Varghese P V	52	Chief Executive Officer	Permanent Employee	11,289,264	B.Sc, B.Tech	25	01.04.2006	Sobha Glazing and Metal Works Private Limited
6	Mr. Sanjaya Sarathy TP	56	Regional Director – Chennai	Permanent Employee	10,940,069	B.Sc, ACA	26	10.11.2006	Service and Trade Company, Sultanate of Oman
7	Mr. Manfred Angrick	61	German Master Mason	Permanent Employee	6,379,279	Master Craftsman	42	05.03.2008	QFL, Weimar, Germany
8	Mr. Raghu Balan	48	Executive Vice President	Permanent Employee	6,252,651	B.Tech. Dip. M.C.M	21	01.01.1997	Oman Builders Private Limited
(B) Employed for part of the financial year									
1	Mr. Sanjay Khosla	57	Executive Director – Sales & Marketing	Permanent Employee	9,053,717	BA, PGDBM	33	01.08.2008	Ozone Group
2	Mr. Madappa Palachanda	49	CEO – Contracts	Permanent Employee	7,768,633	BE Civil, M.E.S	27	19.12.2011	DEC Australia Company
3	Mr. Ganesh Venkataraman	49	Chief Financial Officer	Permanent Employee	10,120,507	B. Com, ACA, ACS, ACMA	25	17.01.2013	GVK Bio Sciences Private Limited
4	Mr. Subhash Mohan Bhat	44	Chief Financial Officer	Permanent Employee	954,776	B. Com, ACA, ACS, ACMA	23	16.02.2015	Schneider Electric IT Business India Private Limited
(C) Employed for whole or 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.
 - For (C), if the aggregate remuneration drawn by him during the year or part of the year was in excess of the remuneration drawn by the managing director or whole-time director and holds by himself or along with his spouse and dependent children, not less than 2% of the equity shares of the Company.
- 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 134 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Corporate Governance Compliance Certificate

To,
The Members of Sobha Limited,


I have examined the compliance of conditions of Corporate Governance by Sobha Limited ('the Company') for the year ended March 31, 2015, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

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

In my opinion and to the best of our 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 Clause 49 of the above mentioned Listing Agreement.

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

Place : Bengaluru
Date : May 12, 2015



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

Corporate Governance Report

Company's Philosophy

At Sobha 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 the 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 ensure optimisation of shareholders' expectations, 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 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 eight directors. Out of the eight directors, one director belongs to the promoter group, two whole-time directors are professional management personnel and five are non-executive independent directors, ensuring an ideal mix of Executive and Non-Executive Directors. None of the directors are related to each other. The composition of the Board of Directors satisfies the requirements of Clause 49 of the Listing Agreement.

As per the declarations received by the Company, none of the Directors are disqualified under Section 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 12, 2015 is as follows:

Name	Designation	Category	Date of Appointment	Director-ships*	Committee Chairmanships**	Committee Memberships**
Mr. Ravi PNC Menon	Chairman	Executive	June 08, 2004	14	-	1
Mr. J C Sharma	Vice Chairman & Managing Director	Executive	April 01, 2003	15	-	3
Mr. P Ramakrishnan	Deputy Managing Director	Executive	January 29, 2010	3	-	-
Mr. M Damodaran	Independent Director	Non-Executive	January 29, 2010	9	2	5
Dr. S K Gupta	Independent Director	Non-Executive	June 28, 2006	4	1	4
Mr. R V S Rao	Independent Director	Non-Executive	June 28, 2006	6	2	2
Mr. Anup Shah	Independent Director	Non-Executive	June 28, 2006	5	-	3
Dr. Punita Kumar - Sinha	Independent Director	Non-Executive	October 06, 2014	10	-	4

* Includes directorship in both public (listed and unlisted) and private limited companies as on April 01, 2015

**Includes Memberships / Chairmanships of only Audit Committee and Stakeholders Relationship Committee of all Public Limited Companies as on April 01, 2015

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 120 days.

The Board meetings held during the financial year 2014-15 are:

Date of the Meeting	Total Strength of BOD	No. of Directors Present
May 22, 2014	7	6
August 08, 2014	7	7
November 12, 2014	8	7
February 12, 2015	8	8

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 11, 2014
	May 22, 2014	August 08, 2014	November 12, 2014	February 12, 2015	
Mr. Ravi PNC Menon	✓	✓	✓	✓	✓
Mr. J C Sharma	✓	✓	✓	✓	✓
Mr. P Ramakrishnan	✓	✓	✓	✓	✓
Mr. M Damodaran	x	✓	✓	✓	✓
Dr. S K Gupta	✓	✓	✓	✓	✓
Mr. R V S Rao	✓	✓	x	✓	✓
Mr. Anup Shah	✓	✓	✓	✓	✓
Dr. Punita Kumar-Sinha*	-	-	✓	✓	-

* Dr. Punita Kumar-Sinha was appointed as an Additional Director on the Board of Directors on October 6, 2014.

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 & Managing Director. The agenda along with explanatory notes and necessary supporting documents is circulated to the Directors within the prescribed time. 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, 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
- Minutes of the meetings of the Board and various Board and Management Committees
- Financial statements and minutes of subsidiary companies
- Joint venture, collaborations, acquisitions undertaken by the Company
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property
- 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 development in human resources
- Presentations covering the Sales, Delivery, Finance, Compliance and Risk Management practices
- Safety performance of the Company including a report on serious and fatal accidents
- Material litigations by and against the Company
- Any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the Company
- Report on corporate social responsibility activities of the Company
- Key regulatory updates and their impact on the Company
- Such other information as may be required by law or otherwise to be placed before the Board.

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

During the year under review, the Board of Directors had co-opted Dr. Punita Kumar-Sinha as an Additional Director of the Company in the capacity of a Non-Executive Independent Director for a consecutive term of five years effective from October 6, 2014. In terms of Section 152 read with Section 161 of the Companies Act, 2013, Dr. Punita Kumar-Sinha holds office until the ensuing annual general meeting and is eligible for re-appointment.

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 shall not be liable to retire by rotation.

The members at the Nineteenth Annual General Meeting of the Company had reappointed Mr. P Ramakrishnan as a Director of the Company, liable to retire by rotation.

Mr. Ravi PNC Menon, Chairman 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. Ravi PNC Menon, Chairman, 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

During the financial year 2014-15, the Board of Directors has passed one resolution by way of circulation on October 6, 2014 appointing Dr. Punita Kumar-Sinha as an Additional Director of the Company in the capacity of a Non-Executive Independent Director.

Board Compensation

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

Independent Directors

Independent Directors are non-executive directors who apart from receiving director's remuneration, do not have any material pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries and associate companies 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 197 of the Companies Act, 2013 provides that a Director who is neither in the whole-time employment of the Company nor a Managing Director may be paid remuneration, if the Company by special resolution, authorises such a payment. The members of the Company at the nineteenth Annual General Meeting held on July 11, 2014, had approved the payment of remuneration to Non-Executive Directors, at a rate not exceeding 1% per annum of the net profits of the Company for a period of five years commencing from April 01, 2014.

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.

Shareholding of Directors

The shareholding of the Directors of the Company as on April 01, 2015 is as follows:

Name of the Director	Category	No. of Equity Shares	%
Mr. Ravi PNC Menon	Executive / Whole-time Director	32,950	0.034
Mr. J C Sharma	Executive / Whole-time Director	90,015	0.092
Mr. P Ramakrishnan	Executive / Whole-time Director	-	-
Mr. M Damodaran	Non- Executive Independent Director	-	-
Dr. S K Gupta	Non- Executive Independent Director	1,335	0.001
Mr. R V S Rao	Non- Executive Independent Director	15,000	0.015
Mr. Anup Shah	Non- Executive Independent Director	4,300	0.004
Dr. Punita Kumar-Sinha	Non- Executive Independent Director	-	-
Total		143,600	0.146

Committees of the Board of Directors

In compliance with the requirements of the Listing Agreement and the Companies Act, 2013 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 are detailed in their terms of reference.

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

Statutory Committees	Non-Statutory Committees
1. Audit Committee	1. Share Transfer Committee
2. Stakeholders Relationship Committee	
3. Nomination Remuneration and Governance Committee	
4. Corporate Social Responsibility Committee	
5. Risk Management Committee	

Audit Committee

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

The powers, role and terms of reference of the Committee are in consonance with the requirements mandated under Section 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.
- 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.
- 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
- 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.
- 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

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

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 at least three directors with Independent Directors forming the majority. The Company is in compliance with 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 2014-2015 and not more than four months has elapsed between two such meetings. The meetings held during the financial year 2014-2015 are:

Date of the Meeting	Total Strength of Committee	No. of Members Present
May 22, 2014	5	4
August 08, 2014	5	5
November 12, 2014	5	4
February 12, 2015	5	5

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

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

Name		Category	Audit Committee Meetings			
			May 22, 2014	August 08, 2014	November 12, 2014	February 12, 2015
Mr. R V S Rao	Chairman	Non-Executive Independent	✓	✓	x	✓
Mr. M Damodaran	Member	Non-Executive Independent	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	✓	✓	✓	✓

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 during the financial year 2014-15 in the capacity of invitees. The Chairman and Deputy Managing Director are also invited to attend the Committee Meetings.

Stakeholders Relationship Committee

The Stakeholders Relationship Committee of the Board of Directors 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 2014-2015

Date of the Meeting	Total Strength of Committee	No. of Members Present
May 22, 2014	3	3
August 08, 2014	3	3
November 12, 2014	3	3
February 12, 2015	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

			Stakeholders Relationship Committee Meetings			
Name		Category	May 22, 2014	August 08, 2014	November 12, 2014	February 12, 2015
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 01.04.2014	Received during the year	Resolved during the year	Balance as on 31.03.2015
SEBI SCORES Website	-	-	-	-
Registrar of Companies	-	-	-	-
Stock Exchange	-	1	1	-
Non-Receipt / Revalidation of Dividend Warrants	3	140	141	2
Miscellaneous*	-	195	195	-
Total	3	336	337	2**

* Miscellaneous includes requests for copy of annual reports, request for transport facility to attend annual general meeting, queries on e-voting etc.

** For the pending requests, necessary demand drafts received from the dividend bankers were despatched after the end of the financial year March 31, 2015.

Nomination, Remuneration and Governance Committee

The Nomination, Remuneration and Governance Committee of the Board of Directors recommends the nomination of directors, carries out evaluation of performance of individual directors, recommends remuneration policy for directors, key managerial personnel and other employees and also deals with the governance related matters 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.

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 formulate criteria for evaluation of Independent Directors and the Board;
- To evaluate the performance of the Chairman and other members of the Board on an annual basis and to monitor and evaluate the performance and effectiveness of the Board and 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 devise a policy on Board diversity
- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- To make recommendations to the Board on the following matters:
 - Re-appointment of any executive and non-executive director at the conclusion of 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 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 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.

The Nomination, Remuneration and Governance Committee has met four times during the financial year 2014-15

Date of the Meeting	Total Strength of Committee	No. of Members Present
May 22, 2014	3	3
August 08, 2014	4	4
September 17, 2014	3	3
February 12, 2015	4	4

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

			Nomination, Remuneration and Governance Committee Meetings			
Name		Category	May 22, 2014	August 08, 2014	September 17, 2014	February 12, 2015
Mr. Anup Shah	Chairman	Non-Executive Independent	✓	✓	✓	✓
Mr. R V S Rao	Member	Non-Executive Independent	✓	✓	✓	✓
Dr. S K Gupta*	Member	Non-Executive Independent	-	✓	✓	✓
Mr. Ravi PNC Menon*	Member	Executive Chairman	-	-	-	✓
Mr. J C Sharma**	Member	Vice Chairman and Managing Director	✓	✓	-	-

*Dr. S K Gupta and Mr. Ravi PNC Menon were co-opted as members of the Nomination, Remuneration and Governance Committee on May 22, 2014 and November 12, 2014 respectively.

**Mr. J C Sharma resigned from the membership of the Nomination, Remuneration and Governance Committee on August 08, 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.

The Nomination and Remuneration Policy contains the criteria for evaluation of the Board, its committees and the directors. The Policy is available on the website of the Company at <http://www.sobha.com/investor-relations-downloads-pol.php> and also forms part of the Directors' Report.

The following are the details of remuneration paid/payable to the Directors for the financial year 2014-15

(₹ in million)

Name	Salary	Perquisites	Contribution to Provident Fund	Commission / Incentive	Sitting Fees	Total
Mr. Ravi PNC Menon	45.06	1.63	3.37	47.4	-	97.47
Mr. J C Sharma	10.19	0.04	0.02	47.4	-	57.65
Mr. P Ramakrishnan	7.8	0.04	0.02	1.35	-	9.2
Mr. M Damodaran	-	-	-	1.5	0.09	1.59
Dr. S K Gupta	-	-	-	1.5	0.19	1.69
Mr. R V S Rao	-	-	-	1.5	0.13	1.63
Mr. Anup Shah	-	-	-	1.5	0.2	1.7
Dr. Punita Kumar-Sinha	-	-	-	0.75	0.04	0.79
Total	63.05	1.71	3.41	102.9	0.65	171.72

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, split 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 five times during the financial year 2014-2015

Date of the Meeting	Total Strength of Committee	No. of Members Present
June 02, 2014	3	3
July 14, 2014	3	3
July 28, 2014	3	3
December 15, 2014	3	3
March 06, 2015	3	3

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

Name		Category	Share Transfer Committee Meetings				
			June 02, 2014	July 14, 2014	July 28, 2014	December 15, 2014	March 06, 2015
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 2014-15, one request each for dematerialisation and re-materialisation of equity shares was received by Link Intime India Private Limited, Registrar & Transfer agents of the Company. The requests were satisfactorily attended to within the prescribed time limits.

No requests pertaining to transfer, issue of duplicate or split share certificates etc. were received during the financial year 2014-2015.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee of the Board of Directors is entrusted with the responsibility of formulating and monitoring the Corporate Social Responsibility policy of the Company. The Corporate Social Responsibility Policy is available on the website of the Company at <http://www.sobha.com/investor-relations-downloads-pol.php>

Meetings

The quorum for the meeting shall be any two members present at the meeting. The Committee met four times during the financial year 2014-2015.

Date of the Meeting	Total Strength of Committee	No. of Members Present
May 19, 2014	3	3
August 07, 2014	3	3
November 12, 2014	3	3
February 11, 2015	3	3

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

			Corporate Social Responsibility Committee Meetings			
Name		Category	May 19, 2014	August 07, 2014	November 12, 2014	February 11, 2015
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.

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

Risk Management Committee

The Risk Management Committee of the Board of the Directors is entrusted with the responsibility of establishing policies to monitor and evaluate the risk management systems of the Company.

Terms of Reference

- Oversee and approve the risk management, internal compliance and control policies and procedures of the Company.
- Oversee the design and implementation of the risk management and internal control systems (including reporting and internal audit systems), in conjunction with existing business processes and systems, to manage the Company's material business risks.
- Receive reports from, review with, and provide feedback to 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.
- 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.
- 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.
- Recommend to the Board or the Audit Committee of the Board as it deems appropriate on any area within its terms of reference where an action or improvement is needed.
- Review its own performance, constitution and terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

Meetings

The quorum for 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 2014-15.

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

In terms of Clause 49 of the Listing Agreement, the Board of Directors has formulated a Policy on Related Party Transactions which can be accessed from the website of the Company at <http://www.sobha.com/investor-relations-downloads-pol.php>. 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 four subsidiaries in terms of the Companies Act, 2013

- Sobha Developers (Pune) Limited
- Sobha Assets Private Limited
- Sobha Tambaram Developers Limited
- Sobha Nandambakkam Developers Limited

Sobha Highrise Ventures Private Limited is a subsidiary in terms of Accounting Standards notified by Companies (Accounting Standards) Rules, 2006.

In terms of Clause 49 of the Listing Agreement, the Board of Directors has formulated a policy for

determining material subsidiaries and the Policy is available on the website of the Company at <http://www.sobha.com/investor-relations-downloads-pol.php>.

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

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

- Financial statements, in particular the investments made by the subsidiaries are reviewed by the Audit Committee of the Company.
- Review of annual business 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 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, 2015, 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 12, 2015



J C Sharma
Vice Chairman & Managing Director

Code of Conduct for Prevention of Insider Trading

The Company had earlier adopted a Code of Conduct for Prevention of Insider Trading in terms of the SEBI (Prohibition of Insider Trading) Regulations, 1992. In view of the enactment of SEBI (Prohibition of Insider Trading) Regulations 2015, the Board of Directors of the Company has adopted a new Code of Conduct for Prevention of Insider Trading at its meeting held on May 12, 2015. This code is applicable to all Promoters, Directors, Key Managerial Personnel and Designated Persons. The new Code is available on the website of the Company at <http://www.sobha.com/investor-relations-downloads-pol.php>

Vigil Mechanism

The Company has in place a vigil mechanism to promote ethical behaviour in all its business activities and 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 mechanism 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.

Familiarisation Programmes

The familiarisation programmes for Independent Directors may be bifurcated into:

I. Initial or Preliminary

At the time of their appointment, the Independent Directors are apprised of their role, duties and responsibilities in the Company. A detailed letter of appointment is also issued which set-outs the expectations of the Company, the rights, powers and liabilities of the Independent Director and the policies of the Company to be adhered by them.

The Company arranges visits to various project sites as well as the manufacturing divisions, viz. Glazing and Metal Works Division, Interiors Division and Concrete Products Division in order to enable the Independent Directors to familiarise themselves with the functioning and business model of the Company.

II. Continual or Ongoing

Periodic presentations are made to the Independent Directors on the financial and operational performance of the Company, strategy and business plan, significant process improvements and material business developments among others.

The Independent Directors are also regularly updated and informed about material regulatory and statutory developments affecting the Company.

The details of familiarisation programmes for the Independent Directors are also disclosed on the website of the Company at <http://www.sobha.com/investor-relations-downloads-ms.php>

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 2015 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 2015 issued by Mr. Nagendra D Rao, Practicing Company Secretary in accordance with the provisions of Section 204 of the Companies Act, 2013 forms part of the Annual Report.

CEO / CFO Certificate

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

Remuneration to Statutory Auditors

During the financial year 2014-2015, the details of the fees paid to the Statutory Auditors of the Company are as follows:

	(₹ in million)
Audit fees [includes fees for quarterly reviews]	10.00
Other services	0.20
Out of pocket expenses (excluding service tax)	0.54
Total	10.74

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:

The Board

The Chairman of the Board of Directors is an Executive Chairman and hence the requirements pertaining to non-executive Chairman are not applicable to the Company.

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.

Audit Qualifications

The audited financial statements of the Company for the financial year 2014-2015 do not contain any qualifications and the Audit Report does not contain any adverse remarks.

Separate posts of Chairman and CEO

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

Reporting of Internal Auditor

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

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
2013-2014	July 11, 2014 at 10.00 am	Park Plaza Bengaluru Hotel, 90-4, Marathahalli Outer Ring Road, Marathahalli, Bangalore – 560 037	<ul style="list-style-type: none"> • Revision of remuneration of Mr. Ravi PNC Menon, Whole-time director of the Company designated as Chairman • Re-appointment of Mr. Jagdish Chandra Sharma as Vice Chairman and Managing Director • Re-appointment of Mr. Ramakrishnan Prabhakaran as Deputy Managing Director • Change of name of the Company from Sobha Developers Limited to Sobha Limited • Power of Board of Directors of the Company to Borrow Funds • Issue of Non-Convertible Debentures on a Private Placement Basis
2012-2013	July 05, 2013 at 10.00 am	'SOBHA', Sarjapur-Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore – 560103	No Special Resolution was passed.
2011-2012	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.

Extraordinary General Meeting

No Extraordinary General Meeting was held during the financial years 2012-2013, 2013-2014 and 2014-2015.

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 networks like Facebook, Twitter, Google Plus and YouTube
Financial Results	The quarterly, half-yearly and annual results are published in Business Standard (all editions) and either in Vijaya Karnataka or Samyuktha Karnataka (Bangalore edition), regional language newspaper where the registered office of the Company is situated.
Corpfilling	Information sent to stock exchanges such as financial results, shareholding pattern is available at the common portal platform www.corpfilling.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 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 ₹ 7.00 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 and will be paid to the shareholders within the prescribed time.

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
2013-14	70.00	7.00 per equity share of ₹10 each

Other Information

Custodial Fees	<p>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.</p> <p>The custodial fees for the year 2015-16 to NSDL and CDSL will be paid upon demand.</p>
Listing on Stock Exchanges	<p>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.</p> <p>The Company has paid the requisite Listing Fees to the stock exchanges for the year 2015-16.</p>
Reconciliation of Share Capital Audit	<p>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.</p>
Outstanding GDRs / ADRs / Warrants / Convertible Instruments and Their Impact on Equity	<p>As on March 31, 2015, the Company does not have any outstanding GDRs / ADRs / Warrants / Convertible Instruments.</p>
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 Plot No. E-514, RIICO Industrial Area, Chopanki, Tehsil Bhiwadi, District Alwar, Rajasthan <p>Glazing and Metal Works Division</p> <ul style="list-style-type: none"> Plot No.10, JBLR Industrial Area, Hennagara (Post), Anekal Taluk, Bommasandra, Bangalore Plot No.G6, SIPCOT Industrial Park, Irungulam Village, Sriperumbudur Taluk, Kancheepuram District, Chennai Plot No. 127, Sector-56, HSIIDC, Kundli Industrial Area, District Sonapat, Haryana <p>Concrete Products Division</p> <ul style="list-style-type: none"> Plot No # 329, Bommasandra Jigani Link Road, Industrial Area, Jigani, Anekal Taluk, Bangalore Sector 106, 108 and 109, Babupur Village, Near New Palam Vihar, Gurgaon SurveyNo:822/828/829,AhmedNagarRoad,SanaswadiPost,ShirurTaluk, Pune

	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

	National Stock Exchange of India (NSE)				Bombay Stock Exchange (BSE)			
	High	Low	Average	Volume	High	Low	Average	Volume
	₹	₹	₹	No	₹	₹	₹	No
April-14	391.95	358.00	374.69	4,580,592	400.00	357.00	374.46	275,065
May-14	467.70	357.10	408.25	4,215,602	467.90	357.30	408.26	286,050
June-14	583.80	443.70	510.30	5,686,941	581.00	445.00	510.61	1,277,556
July-14	505.10	428.10	460.28	3,945,367	506.00	428.00	459.90	473,325
August-14	503.90	401.50	450.27	4,532,539	503.90	402.00	450.69	325,921
September-14	469.95	385.00	431.77	4,151,405	470.00	386.05	432.05	279,522
October-14	475.00	387.40	413.41	5,735,321	474.40	388.35	413.76	886,655
November-14	524.00	425.20	471.11	3,977,538	524.00	426.15	471.57	303,598
December-14	539.00	447.20	486.80	3,762,655	536.00	448.90	487.13	305,233
January-15	514.90	420.05	483.72	2,503,538	514.90	422.55	483.45	370,182
February-15	492.00	431.45	461.62	4,551,810	491.45	432.00	462.11	2,203,726
March-15	500.00	376.00	431.48	2,843,941	504.50	376.00	431.91	494,003

The share price performance of the Company vis-à-vis the broad based indices during the financial year 2014-15 forms part of the Annual Report

Shareholding Pattern

Distribution of Shareholding as on March 31, 2015

Range of Equity Shares held	No. of Shareholders	%	Number of Shares	%
1 – 500	52,572	98.5454	1,542,188	1.5726
501 – 1000	351	0.6579	262,898	0.2681
1001 – 2000	160	0.2999	240,675	0.2454
2001 – 3000	41	0.0769	102,787	0.1048
3001 – 4000	32	0.0600	112,819	0.1150
4001 – 5000	15	0.0281	65,989	0.0673
5001 – 10000	33	0.0619	232,971	0.2376
10001 and above	144	0.2699	95,503,541	97.3891
Total	53,348	100.00	98,063,868	100.00

The shareholding pattern of the Company and details of Top 10 Shareholders as on March 31, 2015 are detailed in the Annexure to the Directors' Report.

Share Capital History

Date of Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Nature of Consideration	Reasons for Allotment	Cumulative No. of Equity Shares	Cumulative Paid-up share capital (₹)
August 7, 1995	30	10	10	Cash	Subscribers to Memorandum	30	300
February 11, 1998	1,174,729	10	10	Cash	Further allotment	1,174,759	11,747,590
October 16, 1998	1,934,823	10	10	Cash	Further allotment	3,109,582	31,095,820
December 22, 1998	855,000	10	10	Cash	Further allotment	3,964,582	39,645,820
March 25, 1999	3,000,000	10	10	Cash	Further allotment	6,964,582	69,645,820
July 11, 2002	14,175,898	10	10	Cash	Further allotment	21,140,480	211,404,800
June 28, 2006	42,280,960	10	10	-	Bonus Issue in the ratio of 2:1	63,421,440	634,214,400
October 28, 2006*	97,245	10	617	Cash	Preferential Allotment-Pre IPO Placement	63,518,685	635,186,850
October 28, 2006**	486,223	10	617	Cash	Preferential Allotment-Pre IPO Placement	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 during the initial public offering	72,901,733	729,017,330
July 03, 2009****	25,162,135	10	209.40	Cash	Qualified Institutional Placement	98,063,868	980,638,680

* 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 were issued and allotted to Kotak Mahindra Private Equity Trustee Limited at a subscription price of ₹ 617 per Equity Share including a share premium of ₹ 607 per Equity Share, aggregating ₹ 299.99 million.

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

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

Shares Held in Physical and Dematerialised Form

As on March 31, 2015, 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	38,567	97,368,562	99.2910
CDSL	14,770	695,138	0.7089
Physical	11	168	0.0001
TOTAL	53,348	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.

During the financial year 2014 – 15, the Company was required to transfer to the Investor Education and Protection Fund, dividends declared in the Annual General Meeting held on August 13, 2007 and which was lying unclaimed for a period of seven years from the date they became due for payment. The Company has transferred an amount of ₹ 164,670 (Rupees One Lakh Sixty Four Thousand Six Hundred and Seventy only) to the Investor Education and Protection Fund on August 28, 2014, within the time limits prescribed under the Companies Act, 1956.

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, 2015 (₹)	Due date for transfer to Investor Education and Protection Fund
2007-08	July 24, 2008	July 23, 2015	308,828.00	August 22, 2015
2008-09	June 24, 2009	June 23, 2016	401,493.00	July 22, 2016
2009-10	June 11, 2010	June 10, 2017	238,360.00	July 09, 2017
2010-11	June 30, 2011	June 29, 2018	201,261.00	July 28, 2018
2011-12	June 30, 2012	June 29, 2019	263,355.00	July 28, 2019
2012-13	July 05, 2013	July 04, 2020	316,750.00	August 02, 2020
2013-14	July 11, 2014	July 10, 2021	282,884.00	August 08, 2021

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

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, 2014	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, 2015
2014-15	83 Shareholders and 841 outstanding equity shares	-	-	83 Shareholders and 841 outstanding equity shares

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

Other Information

Corporate Identification Number	L45201KA1995PLC018475
Registered and Corporate Office	Sobha Limited (Formerly 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 15, 2015 Time: 3:00 PM Venue: The Gateway Hotel Residency Road Bangalore, 66, Residency Road, Bangalore - 560 025
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 04, 2015
Declaration of Financial Results for financial year 2014-15	For quarter ending June 30, 2014 – August 08, 2014 For quarter ending September 30, 2014 – November 12, 2014 For quarter ending December 31, 2014 – February 12, 2015 For the year ending March 31, 2015 – May 12, 2015
Calendar of Board Meetings for the Financial Year (tentative and subject to change)	For quarter ending June 30, 2015 – August 07, 2015 For quarter ending September 30, 2015 – November 06, 2015 For quarter ending December 31, 2015 – February 05, 2016 For the year ending March 31, 2016 – May 13, 2016
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 4th Floor, "A" Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 Tel: +91 22 2499 4200 Website: www.nsdl.co.in
Central Depository Services (India) Limited	Central Depository Services (India) Limited 17th floor, P J Towers, Dalal Street, Fort, Mumbai – 400 001 Tel: +91 2272 8658 +91 2272 8645 Website: www.cdslindia.com

R&T Agents	<p>Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West) Mumbai 400 078 Tel: +91 22 2596 3838 Fax: +91 22 2596 0329 Email: rnt.helpdesk@linkintime.co.in</p>
Share Transfer System	<p>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.</p>
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> <ul style="list-style-type: none"> • For shares held in physical form, members are requested to give the nomination request to Registrar & Share Transfer Agents of the Company. • For shares held in dematerialised mode, members are requested to give the nomination request to their respective Depository Participants directly.
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 Limited
(Formerly 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. Subhash Mohan Bhat
Chief Financial Officer
Sobha Limited
(Formerly 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: subhash.bhat@sobha.com
investors@sobha.com

Secretarial Audit Report

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

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

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the further viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

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

Place : Bengaluru
Date : May 12, 2015

Form No. MR-3
Secretarial Audit Report
for the financial year ended March 31, 2015

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

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

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

Based on my verification of the Sobha Limited books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of the secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Sobha Limited ("the Company") for the financial year ended on 31st March 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 [Not Applicable as the company has not raised any Share Capital by Issue of Shares during the financial year under review];
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 [Not Applicable to the Company during the financial year under review];

- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 [Not Applicable as the Company has not issued any debt securities during the financial year under review];
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients [Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review];
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 [Not Applicable as the Company has not delisted / propose to delist its equity shares from any stock exchange during the financial year under review]; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 [Not Applicable as the Company has not bought back / propose to buyback any of its securities during the financial year under review];
- (vi) The Laws as are applicable specifically to the Company are as under:
 - a) Transfer of Property Act, 1882
 - b) Indian Easements Act, 1882,
 - c) Registration Act, 1908,
 - d) The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996,
 - e) The Land Acquisition Act, 1894 and,
 - f) Housing Board Act, 1965.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India [Not Applicable, as the same is not yet notified].
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

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

I further report that

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

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

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

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

I further report that during the audit period, the company has:

1. Changed its name from Sobha Developers Limited to Sobha Limited.
2. Acquired 100% shareholding in:
 - a). Sobha Nandambakkam Developers Private Limited [formerly known as 'Tirur Cybercity Developers Private Limited']. 'Sobha Nandambakkam Developers Private Limited' has further changed its name to 'Sobha Nandambakkam Developers Limited' and
 - b). Sobha Tambaram Developers Private Limited [formerly known as 'Megatech Software Private Limited']. 'Sobha Tambaram Developers Private Limited' has further changed its name to 'Sobha Tambaram Developers Limited'.
3. Passed a Special Resolution under Section 180(1)(c) of the Companies Act, 2013, fixing its borrowings limits at ₹ 40,000,000,000/- (Rupees Four Thousand Crores) only.

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

Place : Bengaluru
 Date : May 12, 2015

Markets and Operating Environment

Macroeconomic Overview

Over the last few years, the Indian economy which had been expanding by around 8%, witnessed a reversal in trend. The GDP growth rate declined, slipping below 5% in fiscal 2013-14, the lowest in over a decade. The growth trajectory was hampered by weak global cues and domestic challenges in the form of widening current account deficit, inflationary pressures, policy deadlocks, infrastructure bottlenecks etc.

The decisive public mandate in the general elections of April - May 2014, renewed investor sentiments and generated optimism about an economic revival. The central government along with the central bank announced various legislative and policy reforms, aimed at stemming the slowdown and leading the economy back on the growth path. The efforts have resulted in marginal improvements on the macro-economic front, with the GDP growing at an estimated 7.4% in 2014-15. It is further expected to grow by around 8 - 8.5% in fiscal 2016.

The nation will continue to benefit from low global commodity prices which has helped rein in inflation and encourage consumer spending. Focus on urbanization, smart city program and improvement in infrastructure along with implementation of policy reforms to iron out the regulatory issues in the area of taxes and approval related functions need to be prioritized by the government. 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.

Sector Overview

Fiscal 2015 was a year of recovery and positive changes for the Indian economy. The real estate sector, however, continued to face challenges. Tight fiscal spend control by Government, combined with heightened real interest rates had an adverse impact on the savings ability of the population resulting in a continued slowdown in demand for housing and real estate for the second straight year. During the

financial year, the slowdown in the real estate sector was more prominent in the NCR region, Kerala and the Western markets. Though the Bangalore market continued to be fairly resilient, the performance of the real estate sector on the whole has been subdued.

Inflation, high real interest rates, high risk weight-age for loans to companies operating in the sector, non-availability of right priced working capital fund, 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.

As long as the government's action plans focus on a progressive economy, we believe that the industry operations will revive in the near future. 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 inflationary pressure on inputs.

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.

Outlook of our Markets

A. Real Estate

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 5 financial years. The Company continues to operate in its existing markets whilst exploring avenues and opportunities for further diversification of its market presence.

Bangalore

Bangalore, often referred to as the IT capital or Silicon Valley of India is the backbone of Karnataka's

economy and one of the top five contributors to the GDP of the nation. It is the centre of information technology and development and calls itself home to major IT/ITES companies. It has the distinction of being one of the most populous and urbanized cities in India.

Headquartered here, the Company has been present in the Bangalore market since its inception in 1995. During the year, the Company delivered 7 projects aggregating to 3.01 million square feet of total developable area and 2.17 million square feet of super built-up area. Overall, it has delivered 82 projects aggregating 26.42 million square feet of total developable area and 20.51 million square feet of super built-up area.

Presently, the Company has 24 ongoing projects aggregating to 26.81 million square feet of total developable area and 19.37 million square feet of super built-up area. It further proposes to launch about 3.92 million square feet of super built-up area in the financial year 2015-16.

Gurgaon - NCR

The National Capital Region (NCR) encompasses the entire National Capital Territory of Delhi and surrounding urban areas in adjoining states of Haryana, Uttar Pradesh and Rajasthan. It is the largest agglomeration in India, making it one of the most significant contributors to the GDP.

The Company ventured into the Gurgaon-NCR market in the year 2011-12 with the project International City.

Presently, the Company has 8 ongoing projects within International City development, aggregating to 6.88 million square feet of total developable area and 4.43 million square feet of super built-up area.

Chennai

Chennai, also known as the automobile capital of India, is the fourth largest city in the country. It is a prominent manufacturing centre and a thriving IT & financial services hub and among the top five contributors to the GDP. It is also the fourth-most populous metropolitan area in the country.

The Company ventured into the Chennai market in the year 2011-12 with the project Sobha Meritta.

Presently, the Company has 4 ongoing projects aggregating to 2.37 million square feet of total developable area and 1.73 million square feet of super built-up area. It further proposes to launch about 2.11 million square feet of super built-up area in the financial year 2015-16.

Calicut

Calicut, once called as the City of Spices, is the second largest city in Kerala. It is one of the prominent trade hubs of the State and a major business and commercial centre. It is a part of the second largest urban agglomeration in Kerala.

The Company ventured into the Calicut market in the year 2013-14 with the project Sobha Bela Encosta, a Super Luxury Villa Development.

Presently, the Company has 2 ongoing projects aggregating to 1.82 million square feet of total developable area and 1.08 million square feet of super built-up area.

Cochin

Cochin, often referred to as the commercial capital of Kerala, is one of the major port cities in the country. Construction, shipbuilding, shipping, seafood and spices exports, manufacturing, chemical industries, tourism and banking form majority of city's business sector. It is one of the rapidly growing Tier-II cities in the country.

The Company ventured into the Cochin market in year 2013-14 with the project Sobha Isle.

Presently, the Company has 3 ongoing projects aggregating to 1.33 million square feet of total developable area and 1.09 million square feet of super built-up area. It further proposes to launch about 3.29 million square feet of super built-up area in the financial year 2015-16.

Pune

Pune, the cultural capital of Maharashtra, is the second largest city in the state after Mumbai. The city is a centre of education and academic research,

an automotive hub and home to several major IT companies. It is a rapidly emerging business centre.

The Company ventured into the Pune market in the year 2007-08 with the project Sobha Carnation, a Super Luxury multi-storied apartment. Overall, it has delivered 2 projects aggregating 0.69 million square feet of total developable area and 0.53 million square feet of super built-up area.

Presently, the Company has 3 ongoing projects aggregating to 0.93 million square feet of total developable area and 0.73 million square feet of super built-up area.

Thrissur

Thrissur, known as the cultural capital of Kerala, is the revenue district of the State. It has a prominent NRI base.

The Company ventured into the Thrissur market in the year 2007-08 with the project Sobha City, first Integrated Township in Kerala. Overall, it has delivered 8 projects within Sobha City, Township development aggregating to 1.83 million square feet of total developable area and 1.50 million square feet of super built-up area.

Presently, the Company has 2 ongoing projects aggregating to 0.91 million square feet of total developable area and 0.75 million square feet of super built-up area.

Coimbatore

Coimbatore, also known as the textile city, is one of the prominent cities in Tamil Nadu. One of the fastest growing tier-II cities in India, Coimbatore is a major textile, industrial, commercial, educational and manufacturing hub of the State. It is known for the entrepreneurship spirit of its residents.

The Company ventured into the Coimbatore market in the year 1998-99 with the plotted development project Sobha Harishree Gardens and launched its

first Villa development, Sobha Emerald in the year 2008-09.

Presently, the Company has 2 ongoing projects aggregating to 0.75 million square feet of total developable area and 0.50 million square feet of super built-up area. It further proposes to launch about 0.21 million square feet of super built-up area in the financial year 2015-16.

Mysore

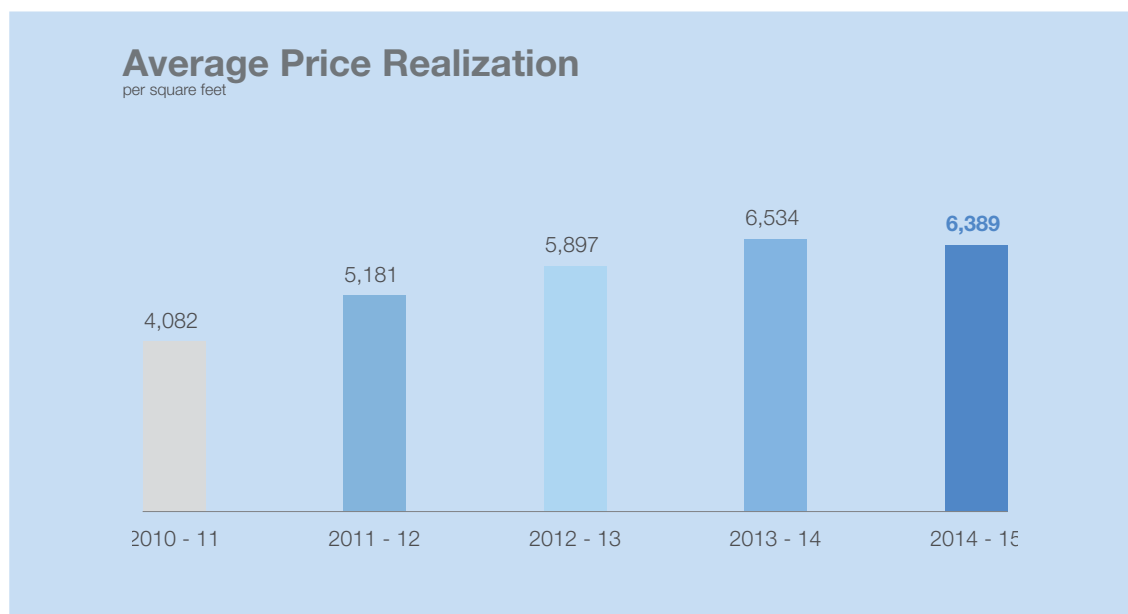
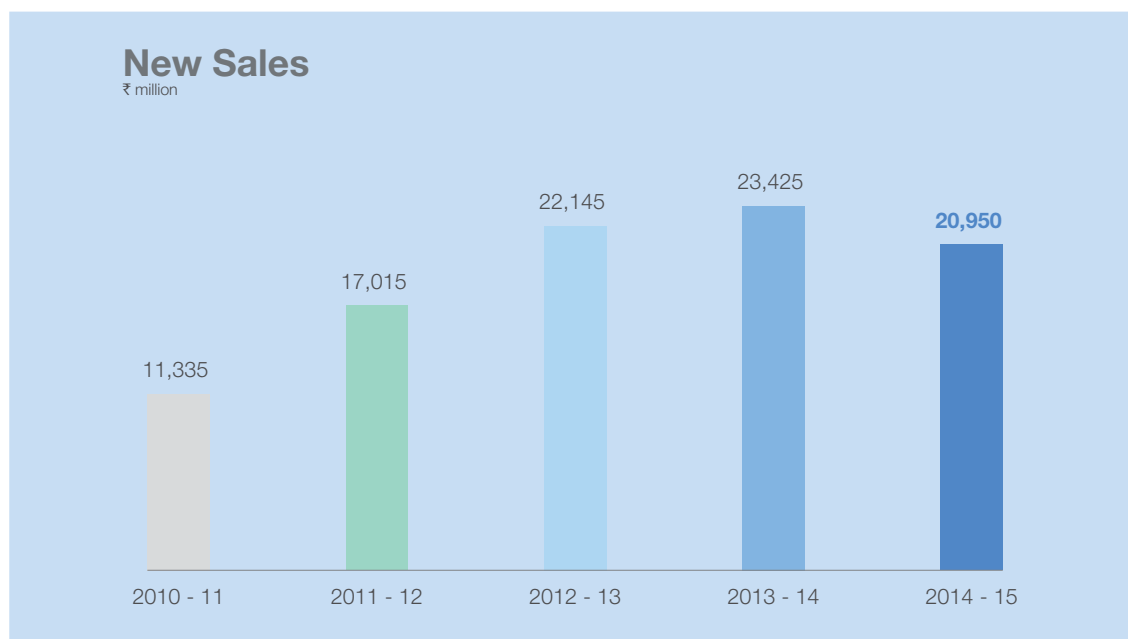
Mysore, the erstwhile state capital and known as the heritage city, is the third largest city in the State of Karnataka. It is the abode of retired professionals and visiting tourists. Its close proximity to Bangalore makes it one of the preferred Tier-II cities for industrial and commercial development.

The Company entered the Mysore market in the year 2011-12 with the plotted development project Sobha Garden. During the year, the Company delivered one project aggregating to 0.27 million square feet of total developable area and 0.14 million square feet of super built-up area. Overall, it has delivered 2 projects aggregating 0.71 million square feet of total developable area and 0.35 million square feet of super built-up area.

Presently, the Company proposes to launch 0.33 million square feet of super built-up area in the financial year 2015-16.

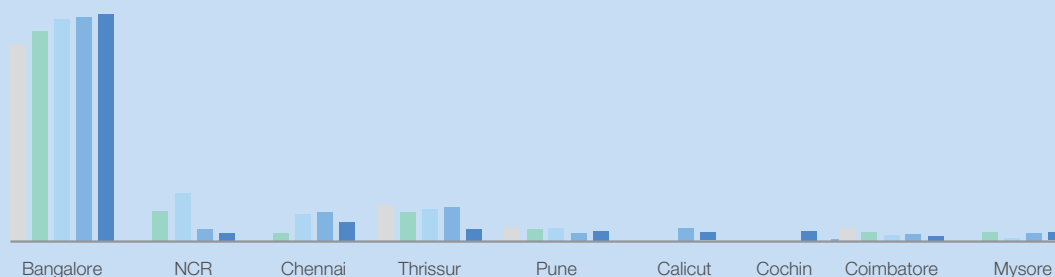
Having regard to the slowdown in the real estate market, the Company's sales performance during the financial year was lesser than anticipated. The Company was also hampered by approval delays in Kerala and Chennai, which limited its ability to launch new projects and provide a catalyst to the sales momentum. The Company achieved 3.28 million square feet of new sales area valued at ₹ 20.95 billion at an average price realization of ₹ 6,389 per square feet.

During the financial year, the Company launched 8 projects with a Total Super Built-up Area of 10.55 million square feet. The Company has made a strategic foray into a new product segment named 'Sobha Dream Series'. The first project under the banner, 'Sobha Dream Acres' - Aspirational Homes at Bangalore, has started driving the volumes growth and also contributed significantly to Q4'15 operational performance in fiscal 2015. The project has generated a positive response from the customers and the Company intends to carry the sales momentum forward.



New Sales

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



	Bangalore	NCR	Chennai	Thrissur	Pune	Calicut	Cochin	Coimbatore	Mysore
2010-11	2.11	-	-	0.38	0.15	-	-	0.13	-
2011-12	2.26	0.32	0.09	0.30	0.13	-	-	0.09	0.09
2012-13	2.38	0.51	0.29	0.34	0.14	-	-	0.06	0.03
2013-14	2.41	0.13	0.30	0.36	0.08	0.13	0.02	0.07	0.08
2014-15	2.44	0.08	0.20	0.12	0.11	0.09	0.10	0.05	0.09

With a better inventory mix and new launches planned in Bangalore, Chennai, Cochin and NCR market in coming quarters, the Company is confident of improving its sales performance in FY 15-16.

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

B. Commercial

During fiscal 2015, the Company completed the commercial mall in Sobha City project, Thrissur. It has a total developable area of 0.44 million square feet with a total leasable area of 0.34 million square feet. We had also initially sold 0.80 million square feet. So far, we have leased 70% of area to various reputed brands. The mall will be operational during the second quarter of fiscal 2016.

The St. Mark's Road Project at Bangalore has a total developable area of 0.38 million square feet with a leasable area of 0.20 million square feet. The construction of the Project is progressing as per schedule.

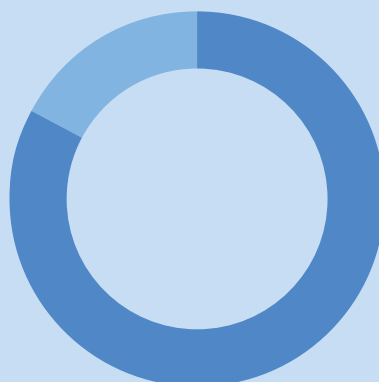
The Company, through one of its subsidiaries, is undertaking the development of a Modern Agricultural Market Complex in Byatarayanapura, Bangalore for APMC and an office space and retail mall on lease basis for the Company. The Company has made necessary applications for obtaining the approvals for the Project.

C. Contractual

In the contractual vertical, Sobha has a presence in 24 cities spanning 13 States. The Company has a diverse client base for contractual operations catering to premium clients.

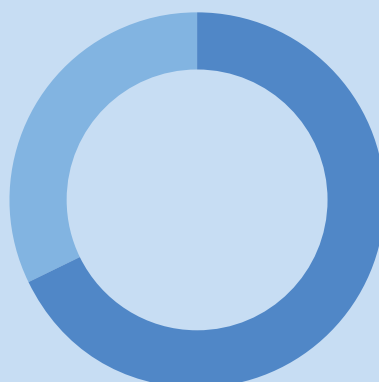
The Company has delivered overall 36.90 million square feet, out of which 30.56 million square feet of area has been delivered to Infosys, its single largest client. It has 9.31 million square feet of area under execution. While the Company values this long-standing relationship, it also recognises the need to spread its client base and reduce its risk-portfolio. The share of contractual orders from non-Infosys clients has increased to 32% and during the financial year, the Company received orders worth ₹ 2.93 billion from such other clients.

Completed Projects



100% = 36.90 million square feet

Ongoing Projects



100% = 9.31 million square feet

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

Regulatory Environment

The Real Estate and Construction Industry continues to one of the most highly regulated sectors in India. It is also one of the highest tax paying sectors.

The Sector is awaiting the enactment of The Real Estate (Regulation and Development) Bill, 2013. The new law is expected to bring in greater transparency and would be beneficial for the end customers. While transition to the new regime may be onerous for small and medium players, it should be fairly smooth and seamless for large developers whose current practices are in line with the new requirements. Further, various operational parameters for implementation of the law have to be prescribed by respective state governments. As it is an evolving piece of legislation, the benefits from this regulation will be realised over a period of time.

During the year, the Government has liberalised the norms for FDI investment in Housing and Construction Sector. Easing requirements pertaining to minimum capitalisation, minimum area of development and exit of investors is a welcome measure and may result in the development of several smaller projects with participation from foreign investors.

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

As the Indian economy recovers its growth momentum, we remain positive about the markets in which we operate and maintain an optimistic outlook on a long term basis.

Projects and Work Done in 2014-15

Execution and delivery are the key underlying strengths of the Company. This was amply demonstrated during the financial year 2014-15. Despite a general slowdown in the real estate market and consequent weaker demand, the pace of execution of Company's projects continued unabated.

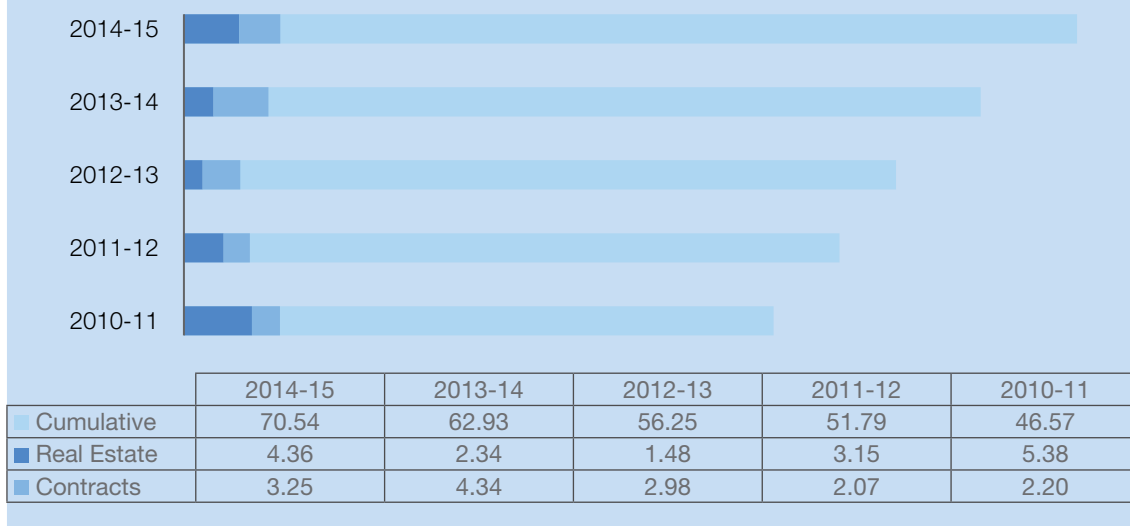
I. Overall Execution

Since its inception in 1995, the Company has

executed 364 projects aggregating to 70.54 million square feet of area developed. The Company has been steadily launching 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 take around 3 to 4 years for completion.

Execution Track Record

Developed Area in million square feet



II. Completed Projects

During the financial year 2014-15, the Company has completed a total of 25 projects in its Real Estate and Contractual vertical, measuring 7.61 million square feet of developed area and 6.41 million square feet of Super Built-up area.

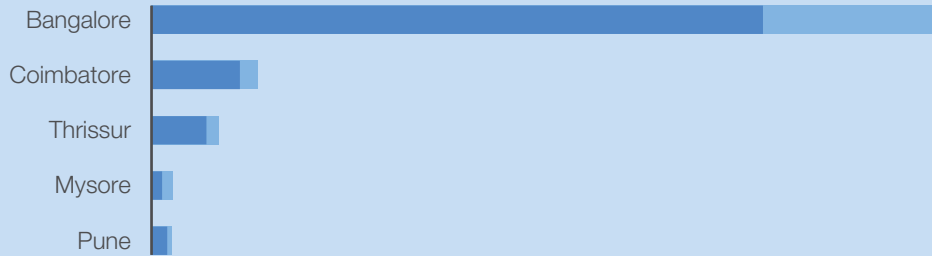
a. Real Estate

In fiscal 2015, the Company has completed 10 Real Estate projects measuring 4.36 million square feet of developed area and 3.16 million square feet of Super Built-up area spread across 3 cities.

Overall, the Company has completed 102 real estate projects measuring 33.64 million square feet of developed area and 26.16 million square feet of Super Built-up area.

Real Estate Completed - Location Wise Breakup

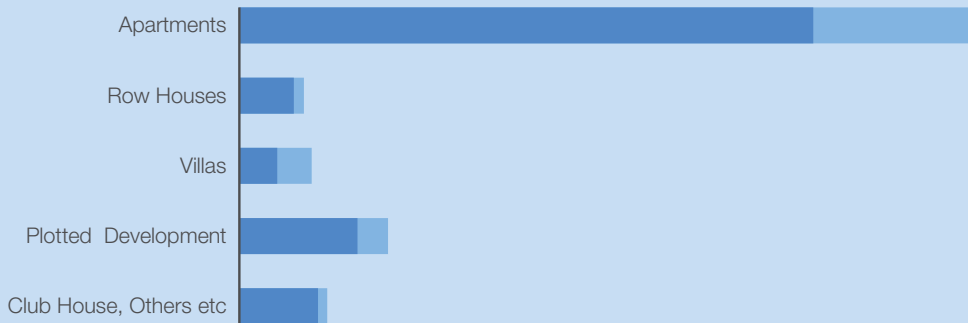
Area in million square feet



	Bangalore	Coimbatore	Thrissur	Mysore	Pune
Developed area	26.42	3.55	2.27	0.71	0.69
Super Built-up area	20.49	2.96	1.84	0.35	0.53

Real Estate Completed - Product Mix

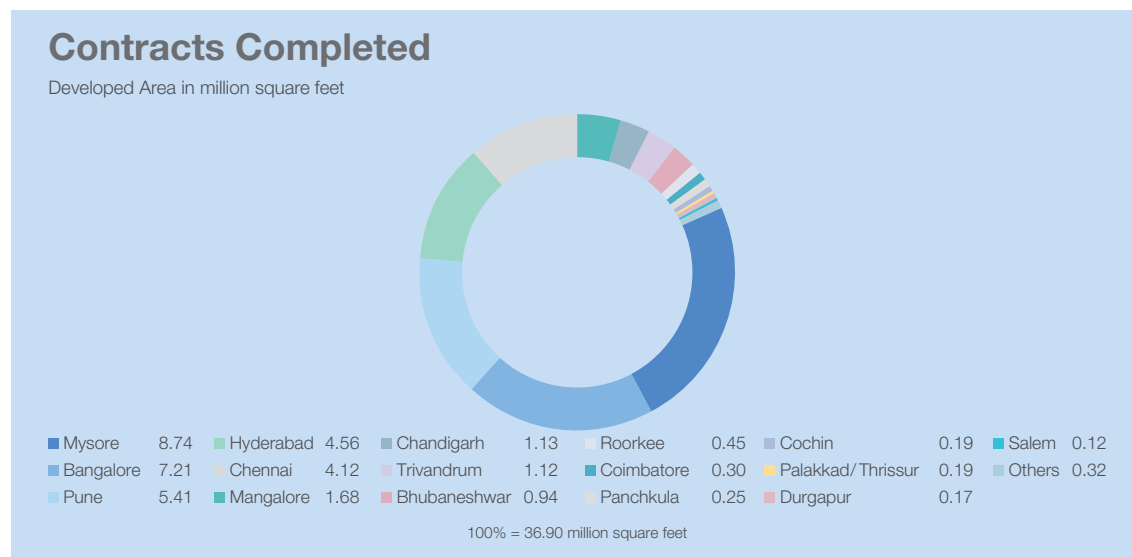
Area in million square feet



	Apartments	Row Houses	Villas	Plotted Development	Club House, Others etc
Developed area	22.31	1.96	2.19	4.51	2.67
Super Built-up area	17.39	1.65	1.15	3.58	2.39

b. Contractual

During the financial year 2014-15, the Company has completed 15 Contractual projects measuring 3.25 million square feet of area developed spread across 11 cities. Overall, the Company has completed 262 contractual projects measuring 36.90 million square feet of area developed.



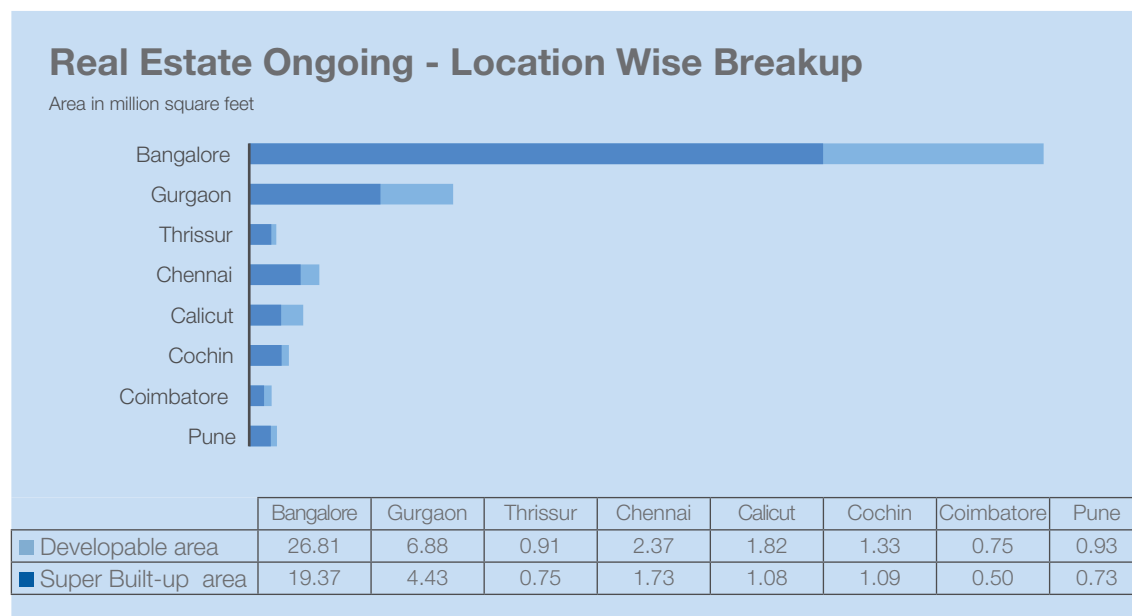
*Others include Jaipur, Baddi, Noida, Gurgaon, Kolkata, Ooty, Calicut and Mumbai.

III. Ongoing Projects

The Company has 75 ongoing projects measuring 51.12 million square feet of developable area and 38.98 million square feet of super built-up area.

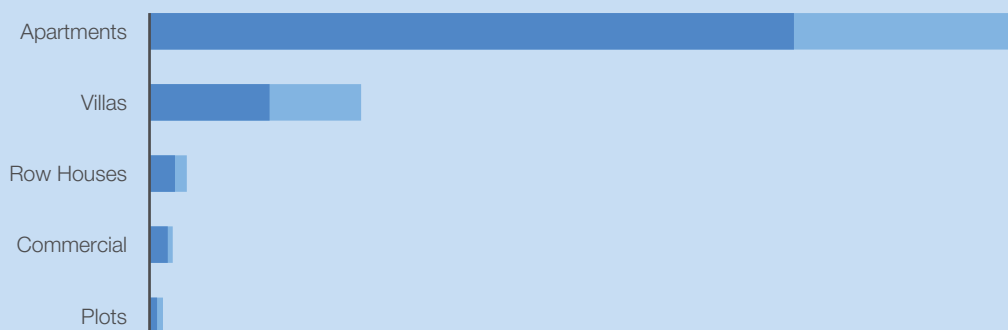
a. Real Estate

The Company currently has 48 ongoing real estate projects aggregating to 41.81 million square feet of developable area and 29.67 million square feet of super built-up area spread across 8 cities.



Real Estate Ongoing - Product Mix

Area in million square feet



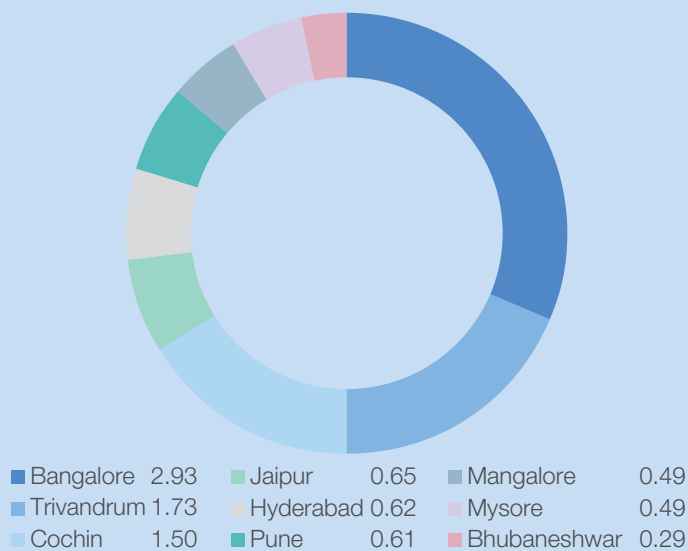
	Apartments	Villas	Row Houses	Commercial	Plots
Developable area	31.42	7.70	1.36	0.84	0.49
Super Built-up area	23.44	4.37	0.93	0.66	0.28

b. Contractual

The Company has 27 ongoing contractual projects aggregating to 9.31 million square feet of developable area spread across 9 cities.

Contracts Ongoing Projects

Developable Area in million square feet



100% = 9.31 million square feet

Environment, Health and Safety

Environment, health and safety aspects are as important as the quality of the products that SOBHA delivers. A healthy environment means good working conditions in an atmosphere which is both productive and safe for the people working in it.

Environment

The focus at SOBHA has been on taking up sustainable initiatives. Not only on our construction sites but also in our manufacturing facilities every attempt is made to keep the carbon footprint low by following the best industry practices.

For its efforts, SOBHA has been recognised with the ISO 9001, ISO 14001 and OHSAS 18001 certifications for its quality, safety and environment management systems respectively, making it one of the few construction companies to get this backing. By default, our environmental friendly initiatives have qualified us for an IGBC gold rating. We have got the IGBC platinum rating for our project SOBHA Turquoise, Coimbatore and a LEED provisional certificate for SOBHA Forest View. Our environmental-friendly initiatives include rainwater harvesting facilities, sewage treatment plants and organic waste converters in all our projects. These activities are discussed in detail below.

Rainwater harvesting

Rainwater harvesting has emerged as one of the most viable options to meet the increasing water requirements of an expanding population. Rainwater harvesting also helps restore depleted aquifers thereby enhancing sustainable water yields in surrounding areas.

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

With primary treatment of sedimentation and filtration, treated rainwater can be used to meet

various domestic and non-domestic needs. SOBHA's rainwater facilities have led to nearly 60 per cent reduction in the total water requirements during the monsoon season. During FY 2014-15, SOBHA successfully completed the construction of roof rainwater collection tanks of volume 0.213 MLD and about 122 recharge pits in various projects pan-India.

Sewage treatment plant

The sewage treatment plant (STP) has been designed to treat the waste water generated in buildings. The use of the sewage treatment plant ensures that water is available for secondary uses. The generated waste water is treated up to the secondary level and is used for flushing of toilets, landscaping and for other secondary uses thereby helping in water conservation. This also helps reduce fresh water consumption and fresh water costs.

STP uses a hybrid technology – the Activated Sludge Process (ASP) combined with the Ultra Filtration (UF) technology for enhancing the quality of the final treated sewage to conform to the applicable Pollution Control Board standards.

In addition, all SOBHA construction site have mobile STPs which treat the sewage at the source of generation.

During FY 2014-15, we successfully installed STP with a total capacity of 0.69 MLD in various project all over the country. From the existing STPs, 6.72 MLD of sewage was treated and about 3.696 MLD of treated sewage was reused for flushing and gardening purposes in the project premises. This contributed towards sustaining water resources in the areas in which SOBHA operates.

Organic waste converter

An effective system of solid waste management is formulated at all SOBHA projects during the operational phase as a prerequisite. The aim is to design and follow a comprehensive Integrated Solid Waste Management (ISWM) system which is both environmentally and economically sustainable.

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

Waste from plant/ animal origins or manmade food falls under the organic waste category. Organic waste can be treated and used in the form of manure. Organic waste also helps in faster bioconversion of waste into organic manure. The treated organic waste is used for landscaping and gardening. The inorganic portion is handed over to authorised waste recyclers for further processing.

SOBHA has successfully installed OWCs in all its projects all over India. These had a total processing capacity of 1.10 MT during the last financial year. Also from the existing OWCs, about 2.421 MT of garbage was processed; the composted quantity was about 0.4785 MT. This was used as manure within the project premises.

Health and Safety

At SOBHA we believe that satisfied employees contribute to the growth and prosperity of the company. Therefore, as a company SOBHA is highly focused on employee-friendly initiatives and policies. These include a host of health and safety initiatives that are targeted at employees and the project workforces.

SOBHA is also committed to implementing environment-friendly initiatives and ensuring the health and safety of individuals and of the society at large. Hence, all our construction sites are given special safety instructions and strict compliance to these is ensured. Apart from complying with the requirements laid down by various statutory and regulatory authorities, SOBHA has also voluntarily undertaken a number of environment and people friendly practices.

Safety related training is also conducted for the sales and marketing teams at SOBHA with the purpose of achieving the company's objective of developing the best safety practices.

Highlights of the safety activities and achievements during FY 2014-15 include:

- An external audit for 'Second Surveillance' as per ISO 14001:2004/BS OHSAS 18001:2007 standard(s) was planned and completed.
- There were two zero accident months in FY 2014-2015 (November 2014 and December 2014).
- Sobha Indraprastha successfully completed 2 million safe man hours.
- A Karnataka High Court judge and the Deputy Labour Commissioner of Karnataka and their teams visited a few of SOBHA projects to validate the legal requirements. They covered MCC, safety training room, mockup flat and labour camp and concluded that all these complied with the legal requirements. During the visit they validated the project emergency plan as well.
- The Assistant Director of Factories, Bangalore, and an official team of 10 officials from regional labour institute (Central), Chennai visited the SOBHA Indraprastha and Global Mall site and conducted a survey of the construction sites, MCC and labour camps on implementation on safety and health under the BOCW Act. They appreciated the best practices being used.
- Successfully completed EMS & OHSAS re-certification audit by the BV team.

Among the other initiatives taken and the policies implemented were:

- Developed safety training videos for transferring knowledge about safety and the measures taken at all levels for SOBHA in-house projects.
- Organised a blood donation camp at SICG. Blood donation of 140 units was done in a single day. The Rotary team appreciated the participation and enthusiasm of the donors and rated this as one of the best blood camps that it had held with a single van.
- Conducted monthly safety meetings at the head office to review safety standards and happenings at the project sites.

- Testing done on safety nets to evaluate the quality of safety materials being used at the sites.
- A special audit was conducted at all the project sites to check site safety and labour camps.
- A safety circle meeting was conducted at all the projects on a weekly basis to review the site's safety status.
- Special training on the implementation of HIRA Aspect & Impact was given by QST HoD/Safety Manager at all the project sites.
- Demarcation of safety zones at sites introduced.
- Emergency evacuation drills conducted at night in labour camps in addition to other drills during the day time.
- Introduced and started implementing new checklists, work permits and procedures for Blasting Activity, External Vehicle Checklist, Safety belt Checklist and Ambulance Checklist.
- Special training provided to the execution team on ISO, QMS and OHSAS audit preparations.

All these efforts bore fruit and SOBHA received the '3 star rating' award from the Confederation of Indian Industry (CII) Southern Region at the 8th Edition of 'Excellence Award in Environment, Health & Safety (EHS)'. The company also received the

7th Viswakarma Award -- 'Achievement Award for Construction Health, Safety & Environment' from CIDC.

As in other spheres, SOBHA is not sitting on what it has achieved so far when it comes to protecting and improving the environment, safety and health aspects in the company. A way forward was marked during the year. Hazards were identified, an analysis was done on the risks involved and solutions identified to reduce/avoid the hazards. These include:

- Gaps were found between the manpower hoist and the walls. These will have to be closed by spreading/extending the safety nets till the walls, using jacks.
- Due to space constraints in the staircase, it is not easy to use the stairs during an emergency. This will be overcome by restricting the width of the staging in the staircase thereby providing a pathway for workers to pass through.
- Tower crane hooks were not clearly visible for the signal man both during the day and at night. 3D reflector stickers for the hooks for easy and clear visibility will be introduced to address this issue.

Some of the other steps which will be taken to maintain the highest safety standards include:

- RCCB checkers will be installed at all projects to monitor electrical readings so as to avoid damage to RCCB and to avoid electrical shocks.
- The pathway for man movement will be bifurcated and barricaded from vehicular movement.

Corporate Social Responsibility

Right from the time of its inception in 1995, SOBHA has been conscious about working with lesser privileged people and hence its CSR activities have only increased with time. Little wonder then that the government making it obligatory for companies to engage in CSR activities through the Companies Act, 2013 did not have any impact on what SOBHA had been doing and what it continues to do and expand on when it comes to its corporate social responsibility.

Since 2006, the majority of SOBHA's CSR activities have been undertaken through a public charitable trust, the Sri Kurumba Educational and Charitable Trust. Broadly, SOBHA's CSR activities span the following areas:

1. Providing education and vocational training
2. Providing healthcare facilities
3. Looking after the aged, the elderly and those in need

Coverage of CSR activities

In Kerala, two panchayats of Vadakkenchery and Kizhakkenchery in Palakkad district were chosen in 2006 for CSR activities and brought in the ambit of the Graama SOBHA, which is similar to the Gandhian concept of Gram Swaraj. During a year-long social empowerment mapping exercise in the panchayats, 2,500 families (around 11,000 people) were identified as the most economically and socially disadvantaged who are now beneficiaries of SOBHA's CSR initiatives. In Karnataka, seven panchayats in Hoskote Taluka were selected in 2013 for carrying out CSR activities and a study was undertaken to map the beneficiaries. The Company is progressing slowly on the Hoskote front because of its existing CSR obligations. Apart from this, the Company has been steadily contributing to various NGOs in Karnataka towards development of schools, identified communities etc.

Providing education and vocational training

The Sobha Academy

Following the belief that education is the first step on the road to empowerment, The Sobha Academy was set-up in 2007 to tap young minds and channelise

their focus and energy towards education. Targeted specifically at children from the weaker sections, all applications that come to The Sobha Academy are scrutinised to ensure that only deserving candidates are given access to the free and quality education that the Academy provides. Selected students are made to undergo a medical fitness test and the final selection of students is made through an open draw. The Academy, which follows the CBSE curriculum, bears all academic and related costs like fees and books, transportation costs, food and healthcare. During 2014-15, 824 students in the Vadakkenchery and Kizhakkenchery panchayats were on the rolls from LKG to Class 8. There were 47 teachers and the Academy had a student-teacher ratio of 17:1. Since January 2015, the Academy has been functioning as a partly boarding school with students from Class 8 provided with accommodation in the campus.

Sobha Pre-Schooling

Pre-schooling is being launched for prospective students of The Sobha Academy by making available e-resources and facilities at students' homes to improve their sense of words, numbers, shapes and colours in a systematic manner. To start with around 90 students will be provided with audio-visual aids and other necessary materials to improve their vocabulary and communication skills. This programme will also help in developing a bond between the school and parents.

Sobha e-Self Learning

Sobha e-self learning at home is being introduced in LKG and UKG classes; this will progressively include classes 1 and 2 covering 360 students. Every house will be equipped to support self-learning of students using e-devices. The objective of the programme is to provide opportunities to students for development of communication-interaction skills thereby improving their all-round performance. This will also help families living in the rural areas who cannot provide academic support to their children.

Sobha Icon Higher Secondary Course

The Sobha Icon Higher Secondary Course is a two-year full time on-campus, regular, 6 days technology-driven, professional college enrolment

oriented programme for a batch of 60 students each in Science and Commerce streams. The programme is conducted at the Sobha Icon Campus at Moolamcode and is registered with the Kerala State Open School for certification.

In the 2015 Kerala Higher Secondary Board Examinations, not only did the students get 100 per cent distinctions but 95 of the students also scored more than 90 per cent marks. Twelve students scored full A pluses in all subjects with the score as high as 98.8 in subjects. Two students also passed the JEE main in May 2015. Two Icons have already got admission in Azim Premji University's UG programme with scholarships.

Sobha Icon

This initiative aims at creating 'Icons for India' by making high-quality learning opportunities available for deserving students from government schools who have exceptional skills but do not have the opportunities to grow. Regular academic professionals have been engaged to enhance the performance of more than 100 students.

Shadow Icon

This is an intensive weekend academic support programme for students from upper primary schools. Around 75 students from classes 6 and 7 from different local schools are beneficiaries of this programme.

From academic year 2013-14 onwards, SSLC examination rank holders in the CSR project areas are also being recognised with SOBHA Medals for Academic Excellence.

Regular meetings with parents are held for The Sobha Academy, Sobha Icon, Sobha Icon Higher Secondary as well as Sobha Shadow Icon students. The meetings discuss the progress of the children so as to maximise the benefits of the education being provided to them.

Sobha Vocational Training Centre

Realising that there is a big vacuum when it comes to accessing vocational training options among young adults, the Sobha Vocational Training Centre (SVTC) was started which provides functional vocational training and paid apprenticeship options to young adults from weaker economic sections in carpentry;

other centres provide training in computer education, music and tailoring. The centre also provides direct and indirect employment to deserving students. Up to 2014-15, the computer centre had provided training to 86 young adults and direct and indirect placements to all of them.

Providing healthcare facilities

Sobha Healthcare

Started in 2007, Sobha Healthcare is one of SOBHA's flagship CSR activities which provides free and easy access to primary healthcare. Those who avail of the healthcare facilities include 2,500 identified families in the selected panchayats, students of The Sobha Academy and residents and staff members of Sobha Hermitage. Among the healthcare facilities offered are consultation, diagnostics, treatment, medicines, dental and ophthalmology care.

The healthcare centre also has four day-care beds, state-of-the-art equipment including a digital ultrasound scanning system, a 300 MA X-Ray unit, an automated clinical laboratory and a physiotherapy department.

The following beneficiaries avail of free healthcare facilities under the various Sobha Healthcare programmes:

- All SOBHA's project staff and migrant workers are provided annual medical screening.
- Residents of Sobha Hermitage.
- Students of The Sobha Academy who are screened twice a year for medical / ophthalmology / dental care. Road to health growth charts are also maintained for all students.
- All parents of students at The Sobha Academy undergo medical / relevant clinical laboratory examinations; they are also provided appropriate treatment.
- All employees of the Sri Kurumba Educational and Charitable Trust who undergo yearly medical / relevant clinical laboratory investigations.
- Below the poverty line families in the two selected panchayats of Vadakkenchery and Kizhakkenchery who have also been given identity cards.

During 2014-15, 12,990 patients were treated under the Sobha Healthcare programmes.

Looking after the aged, the elderly and those in need

Sobha Hermitage

The focus of SOBHA's CSR activities is not only on the young. The Company also believes in looking after the elderly in their golden years. Sobha Hermitage, which was set up with the specific aim of providing shelter and assistance to elderly from weaker sections of society, has now become a home for senior citizens and young widows and their children. Besides providing residents a roof over their head, Sobha Hermitage also makes sure that they are provided all necessary amenities to lead comfortable lives. Residents have independent rooms, a library and a common television room, a gym and also internet access. All residents can also avail of round-the-clock medical facilities, if needed, which are provided by paramedical staff; there is a doctor on call during non-working hours. The Hermitage also has an in-house clinic.

Cultural and social activities like celebrating birthdays of residents are also organised at the Hermitage.

Other initiatives

The Sobha Young Mothers Rehabilitation Programme

Young mothers and children who live in Sobha Hermitage are provided a comprehensive rehabilitation package under which young mothers are given employment at The Sobha Academy for which they are paid appropriately. They are also given the option of pursuing education free of cost. Their children are enrolled in The Sobha Academy where they are given education, which is again free of cost. The young mothers are also given support in case they wish to remarry.

Sobha Rural Women Empowerment

Fifty widowed mothers and their children belonging to the Kizhakkenchery and Vadakkencherry panchayats are being provided with a basic monthly living allowance, clothing, medical and other personal accessories. Educational expenses of their children are met by the Trust so as to give them adequate opportunities to come up in life.

Sobha Social Wedding Programme

This programme helps people from economically weaker sections to get married. So far 468 mass social weddings have been organised under the programme. On an average about 40 weddings are organised every year. All the wedding expenses are taken care of and the couples are given basic necessities for starting their new lives. Besides, couples are also given pre-marriage counseling and if needed financial support is also provided after marriage.

Sobha Community Centre

The Sobha Community Centre provides a stage for various community development programmes like hosting social weddings and for conducting medical camps and orientation/training classes. Besides, the centre also has a dining hall which can accommodate about 300 people. The poor and destitute are provided free meals twice a day at the centre.

Going green

SOBHA has taken up a number of green initiatives in the CSR project areas. For starters, a campus has been constructed without any alterations to the terrain. The campus also has more than 3,000 plants and herbs and follows rainwater harvesting. Waste management too is being undertaken and the campus is totally plastic free and a no-smoking area.

SOBHA also provides support to other green attempts like maintaining a community pond.

Support to 'Mission: Zero Landless Kerala'

At the request of Government of Kerala, support has been extended to 50 people in the Vadakkenchery and Kizhakkenchery panchayats for the cause 'Mission: Zero Landless Kerala'.

Other causes

The Trust has reconstructed damaged houses of flood-hit families in Vadakkenchery and Kizhakkenchery panchayats. It also sponsors students who get admission in engineering and medical graduate courses on merit but who do not have the financial means to carry on their studies.

Research and Development

Given that SOBHA believes in providing the best products on time and at appropriate prices it has to lay a lot of emphasis on research and development so that its products not only meet all international standards but they are also efficiently constructed and delivered to consumers.

To achieve this, SOBHA remains abreast of all technological advancements across the globe and adapts the relevant ones to its work. Further it encourages its employees to develop new technologies to improve on every little detail that goes in the construction of user and environment friendly buildings. Its construction activities and best practices are standardised and followed across all the projects.

Over the years SOBHA has also mastered the art of selecting the right method of construction, the right machines to use and the right kind of materials to source making R&D initiatives a significant part of its business process.

SOBHA makes extensive use of an in-house virtual application, Idea Space to identify the new best practices. It also invites ideas from employees on different areas of its operations using Idea Space. Broadly speaking these ideas cover four parameters: quality, feasibility, safety and customer orientation.

On the basis of entries received, models which can lead to an improved business performance are implemented across locations. They are also showcased at Genesis, an exhibition of in-house innovations that the Company organises twice every year to celebrate creativity and innovation.

The technology and innovation based initiatives at SOBHA can be categorised into three segments:

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

1. Central Innovations

R&D innovations that impact Company-wide activities fall in this category. Some of the initiatives taken under this category during FY 2014-15 are:

- **Training Videos – Quality and Safety**

Twenty-three activity training videos and 10 safety training videos for transferring the knowledge to all levels through training at all our in-house projects were developed during the year.

- **Introduction of Physical Measurement Technique Tools Software**

This innovation covers a small though significant part of SOBHA's construction activity. The software has been used to measure and analyse the quality of an elevator ride and also the vibration and sound aspects.

- **Epoxy Flooring for Basements**

Epoxy flooring adds colour and beauty to the concrete floor in basements. It is applied to the concrete for protection and for enhancing the aesthetic appeal of the floor. Its other features are that it provides strong adhesion, is long lasting and rust and water proof. It is also heat resistant (no hot tire pick-up) and also resistant to salt and acid making it very suitable for basement floors.

- **Online audit management system**

This is a web based data management system which manages reports in such a manner that all the parties involved in the process can access all relevant data online. It also has the facility to intimate the concerned people when data or reports are pending thereby making the process of audit management more efficient and transparent. Using this data management system also means that there is no need for continuous follow up of reports making the process more streamlined. The online audit management system can be used in all SOBHA offices and projects.

2. Divisional Innovations

Divisional innovations are R&D activities pioneered by various divisions within SOBHA. The important

initiatives undertaken by various departments at SOBHA during FY 2014-15 include:

- **Concrete Products Division**

SOBHA's Concrete Products Division follows strict safety and health measures and its products comply with environment regulations and help towards reducing the carbon footprint. Some of the innovations that the Division has introduced this year include:

Pavers

Earthen Series of Pavers

This is a new way of adding more colour and vibrancy to pavers. The pavers can be used for making newer and more innovative designs and patterns in a range of colours. The pigments used for this are specifically imported from the UK.

Cobble Stone Pavers

These tumbled pavers are available in different colours and are smaller in size compared to other pavers. They are also available in different colours and add to the visual appeal of the pavers. Ideal for walkways the tumbled pavers use different colours to give them a unique touch and appeal. These pavers are also available in a shot blasted finish with a variety of tumbled patterns. Their use is limited only to the user's imagination.

Kerb Stones

The new kerb stones are ideal for adding elegance and perfection. These high quality concrete products are manufactured in technical collaboration with WEM, UK and can be used alongside driveways or to separate gardens/landscapes from utility areas and driveways at residences. These hydraulically pressed Kerb stones are specifically designed to suit all types of block paving and are available in both small and large sizes.

Smart Dynamic Concrete

This new innovation from the Concrete Products Division at SOBHA, takes engineering to a whole new dimension. The hallmark of the smart dynamic

concrete is that it is composed and manufactured differently. Its use makes life easier for the construction team and also helps in finishing projects faster.

GFRC

GFRC cladding panels are generally manufactured by the 'hand spray' technique. The material is sprayed into a mould using special machinery. The innovative method used can produce high-performance materials from which panels with extremely thin, lightweight sections can be made. These can be used both as dust covers and also as panels.

- **Mattress Division**

Measuring firmness index for mattress spring

This instrument replaces the manual testing of firmness in mattress springs. The manual method is not very accurate and is also labour intensive as the firmness is tested using bare hands. When firmness is checked using the equipment, a firmness index is obtained which is not only more dependable in terms of results but which can also help standardise the hardness/firmness in the mattresses. Thus, consistent quality can be maintained for the mattresses. This will also help in making mattresses which have different levels of firmness/hardness.

3. Project specific innovations

- **Replacing wooden service doors with marble in bath tubs**

This innovation means replacing the wooden service doors with marble ones in bath tubs. Not only are these aesthetically more appealing but they can also be made using the waste marble pieces available at the sites. This is cost effective as marble is more durable than wood and the material used is already available as waste at the sites.

- **Cross shifting trolleys**

A trolley on a rail is fabricated with scrap material that is available at the sites. It is fitted on the ground and overlaps the fly zone of the

two tower cranes. The crane which has vehicle access can handle the material/concrete and load it on to the trolley. The trolley can then be manually moved to the fly zone of the other tower crane and the material can be shifted.

This is ideally suited for those sites where the tower cranes are very close to each other and the overlapping of the cranes is not done as per safety standards. Small sites which use two or more tower cranes and have limited vehicle access have trouble shifting material through the blind spots in the tower cranes. This problem can now be addressed by using the cross shifting trolley.

The trolley thus helps in avoiding accidents due to the overlapping of tower cranes.

- **Tile hole cutter**

A portable frame has been fabricated using scrap MS on the site and plywood and forex sheets. Earlier the cutting of tiles for fixing fittings and fixtures in toilets, kitchens and utilities, was done in a centralised location. The tile had to be marked for cutting and then taken to the cutting table. Once this was done the tiles were taken to the sites. This method was both time consuming and not very efficient. Since the portable hole cutter means that the tiles are marked and cut at the location, it leads to more efficiency in terms of improved speed, precision and mobility. The process time has been reduced from 30 minutes to 2 minutes.

Employees

What cannot be stressed enough is that a Company's biggest strength is the people who work for it. This is even truer for SOBHA as it follows the principle of managing as many of its activities as it can in-house. This means that not only does it need to have adequate staff numbers but it also needs to have people with different skill sets to look after its various activities. Equally importantly, SOBHA also has to make sure that its staff members are not only well looked after financially but that they are also given ample opportunities to grow both professionally and personally.

Employee Strength

With 26 departments and three manufacturing divisions, SOBHA is one of the largest employers in the real estate sector. Over the years, SOBHA has also expanded its footprint and today it has a presence in 24 cities in 13 states across India. The Company has a talented and dedicated workforce of 3,046 employees as on March 31, 2015.

SOBHA places a lot of emphasis on talent, experience and being proactive. Any employee who displays willingness and aptitude for growth, is provided opportunities to achieve it.

The Company has a young workforce with an average age of 31 years. Such a young team brings innovative and creative ideas, is motivated and is keen to work hard to achieve both personal goals

and the Company's goals. At the same time, SOBHA also has enough senior employees who come with a wealth of knowledge and experience and who act as mentors to the young employees and help them and the Company move in the right direction.

How It Works

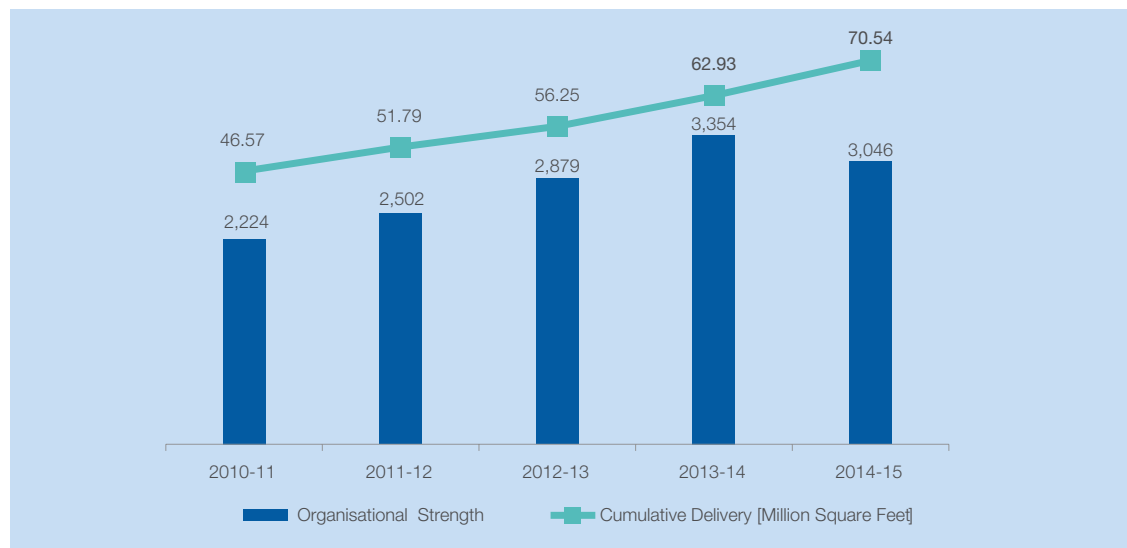
Unlike most other real estate companies, SOBHA does not outsource the construction activity. The Company follows a backward integration model, which means that most of the activities involved in construction are carried out in-house. For this the Company has a design, structural and architectural studio and three manufacturing divisions for Glazing and Metal Works, Concrete Products and Interiors.

Further, even the sales and customer relationship management functions of SOBHA are internally managed.

For carrying out these specialised tasks, SOBHA needs people who are talented, skilled and resourceful. Hence, its focus is not only on getting such people but also retaining them. SOBHA concentrates on the following areas for achieving this:

Recruitment, Training and Development

SOBHA has a team of experienced people who recruit and induct the best talent that is available. The Company also follows a detailed and comprehensive



recruitment process. Using all possible avenues at its disposal for selecting the right candidates, including the social media networks, prospective employees are screened under three broad categories: technical, functional and behavioural competencies. SOBHA also uses IQ and technical tests along with psychometric tests in the hiring process.

Selected employees are made to go through an induction programme which includes a visit to SOBHA's manufacturing facilities. The induction programme is meant to give a broad overview of the Company and its activities and its processes and policies.

At the same time, SOBHA also has an in-depth training and development module which is upgraded regularly on the basis of technological developments and new practices and methods that come up. The training is both on-site and off-site and is meant to hone the skills of employees so that they can meet the set quality standards effectively.

SOBHA also has a technology manual which gives details of all procedures followed at the project sites for different functions involved in the construction business.

Broadly the training process involves

1. Induction programmes for all new employees 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 become trainers and impart their knowledge and experience to others.
4. Workforce development training programmes to address the concerns of construction workers and contribute to their overall well-being.

The Management Trainee Scheme

This 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 necessary skill sets and knowledge

to handle critical functions of project management and delivery.

Internships

SOBHA provides opportunities to interns where they are exposed to a professional work environment, world-class manufacturing facilities and to innovative and benchmark practices in construction and development.

The Leadership, Development and Training Department is located at the SOBHA Academy, Bangalore.

The Academy has 11 in-house trainers who conduct behavioural and technical training programmes throughout the year.

Technical Training

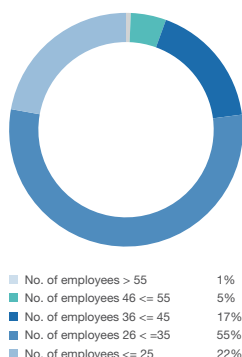
To ensure that all employees at all levels are trained, SOBHA also provides extensive technical training. The technical training includes that for tiling, water proofing, aluminium works, electrical and plumbing works. SOBHA has identified 28 distinct activities which form a part of executing a project. These activities need to be undertaken in a sequential order and need to use appropriate methodologies, techniques and tools.

Hence, employees are given activity-specific training so that they can become familiar with the direction of the project's execution, reduce complexities and assure delivery on time by following international standards.

Further, a novice trainee undergoes both theoretical and practical training for an average of four weeks. This is followed by eight weeks of on-the-job training under the supervision of skilled and experienced technicians. Then there is 12 weeks of precision training. After all these training modules are complete, a technician's skills are tested for the proficiency attained. This is followed by nine months of execution training. After a technician's basic skill set reaches the desired proficiency level, he is trained to acquire higher and advanced skills.

During 2014-15, SOBHA conducted 6,920 hours of technical training. Besides this, the Company also conducted 3,032 hours of training for technicians

Age wise Distribution



in various trades and 2,528 hours of training for technician supervisors.

Behavioural Training

This 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 and Work Life Balance.

This training provides employees with an opportunity to develop their talent and augment their skills thus contributing to their overall development.

During the year, the Company conducted 24,088 hours of behavioural training for its employees. It also conducted adhoc programmes for 5,072 hours.

Training an on-going exercise

At SOBHA training is an on-going process and the Company assesses the efficiency and performance of its employees at regular intervals. These are tested against established targets and prevailing industry standards.

SOBHA recognises high performance individuals and rewards them accordingly.

Retaining Talent

SOBHA considers retaining talent and minimising employee turnover as a real challenge. For this it follows a transparent, open and supportive work culture so that employees can participate and be involved at all levels of the Company's functioning.

Employees are also given various platforms to exhibit their ideas and innovations. The Company also encourages employees to air their grievances and tries to address their genuine needs and concerns.

Deserving employees are recognised and rewarded to boost their morale.

Providing an employee friendly environment

Providing an employee-friendly environment and policies also helps SOBHA in both attracting and

retaining talent. For this, it has a number of employee specific initiatives:

Employee achievement awards

Celebrating its 20 year journey, the Company organised the first SOBHA Excellence Awards during the year. Out of all SOBHA employees from across India, the jury short-listed 38 professionals (almost the top 1 per cent of the entire strength) as nominees across different award categories through a stringent process of nomination, screening, selection and validation. Out of this remarkable group, the top 11 candidates were honoured with the coveted SOBHA Excellence Awards. A group of SOBHA's longest serving employees were also honoured for their Commendable Years in Service to the organization and a group of stalwarts was recognised with Sobha Special Awards.

Team Building

The Company fosters team building by encouraging and supporting outbound recreational programmes and excursions for employees.

Creative club

The club celebrates important occasions like Earth Day, World Plumbing Day and Earth Hour. It also celebrates festivals and is responsible for organising 'SOBHA Utsav', an annual cultural programme in which employees showcase their talent and creativity.

Employee safety measures

Fire-fighting and first aid training is imparted to employees on a regular basis. Safety Day is observed at all project sites every year when the construction workforce is briefed about the safety procedures to be followed. Sites which achieve zero accidents are rewarded.

Employee communiqué

SOBHA's in-house magazine 'Innerv' communicates news and developments in the organisation to all its employees. The magazine also carries articles written by the senior management, recognises high-performing employees and also carries contributions by employees.

Risk Management Report

In a highly competitive and increasingly globalised world every organisation has to live with the inevitability of facing risks. Be it decision making or carrying out the day-to-day operations, a company has to be ready and prepared for handling risks.

This inevitability is as much -- if not more -- true of the construction and development sector. In this sector a company is exposed to risks at various levels, some of which are within its control while others are not, so a company has to have a risk management framework in place.

Having a risk management framework helps a company to identify, assess and prioritise the risks so as to be able to deal with them effectively. Risk management also prepares a company to anticipate risks so that effective ways of dealing with them can be put in place. This helps in mitigating the impact of the risks and also finding ways of reducing their occurrence. Further, effective risk management helps a company not only tide over a risk but also to do so while optimising its performance while facing the risk.

Broadly speaking risks can be classified into two categories:

1. Those which are beyond the control of a company.
2. Those which are within the control of a company.

Risks which are beyond the control of a company include:

Natural and man-made disasters

Natural disasters include earthquakes, fires, droughts and floods and man-made disasters include acts of terrorism and military action.

Risk Containment Strategy and Measures

SOBHA takes adequate insurance cover for managing disaster-related risks. It also takes

appropriate measures to ensure that the structural design of its buildings conforms to the applicable construction standards.

Risks related to the sector

Sales Market Risks

Customers are the key to the success of any company, a real estate company being no exception. While owning a home is an aspiration for many in India, the decision to purchase a house can always be deferred. A decline in the real estate market may cause potential buyers to turn cautious and defer / delay their purchasing decisions

Land Related Risks

Land is a basic input for a construction company and its unavailability or shortage can lead to an increase in its prices. Such situations with the resultant increase in prices of land can have an adverse impact on the performance of a company. Further, the availability of land, its use, and development are subject to regulations by various local authorities. In India, the uncertainty of underlying land titles is also a major factor involving the risk of legal disputes and related costs. Further in India not only are the laws and regulations complicated, there is also a shortage of appropriate parcels of land. This makes the prices of land volatile. A drop in land prices may erode the book value carrying cost of land. This in turn could affect the profitability of a company.

Interest rate risks

Interest rates are subject to a number of factors primary among which are those that have to do with the government, monetary and tax policies, domestic/international economic and political conditions, and other factors beyond the control of a company. Changes in interest rates may increase the company's cost of borrowing and impact its profitability.

Regulatory risks

SOBHA 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 risks

SOBHA 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 risks

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 also change.

Risks related to the economy

An economic slowdown

Just as the risks associated with the construction sector are beyond the control of a company so also the risks that have to do with the economy as a whole. A downturn in the economy can lead to a decrease in sales or market rates for residential projects. Prospective customers may not be able to obtain housing finance. In extreme cases of an economic downturn a 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 a company's residential businesses, adversely affecting its business and future growth.

Uncertainties in global and national economic systems

Uncertainties in the global and national economic systems, a changing demographic profile of the

country and inflation also have a bearing on the functioning of a company operating in the real estate sector. 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 economy may see increased levels of unemployment and a decline in income levels. This may impact the operations of a company.

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

Risks which are within the control of a company include:

Customer risks

A significant portion of sales from real estate operations is generated from Bengaluru, which is the base of SOBHA's operations. A decline in the Bengaluru real estate market, new competition or a shift in customer preferences may have an adverse effect on its 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 SOBHA contractual projects, or if there is a slowdown in the IT sector, this could adversely affect its business.

Borrowing risks

The real estate sector is capital intensive and requires a significant expenditure for land acquisition and development. SOBHA 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 a loan. Such an event could impact SOBHA's liquidity and credit rating.

Liquidity risks

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

Credit risks

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

Project implementation risks

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

Input cost risks

Fluctuating input costs are a risk inherent to the real estate business. SOBHA'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 risks

If suppliers of raw materials curtail, discontinue or disrupt the supply of materials, SOBHA'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 risks

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

IT and system risks

SOBHA uses 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 its ability to track, record and analyse the work in progress; it can also result in loss of valuable data.

Competition risks

Real estate developers undertaking similar projects within the same regional markets as SOBHA are 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 SOBHA could run the risk of underestimating the supply in the market.

Diversification and investment risks

Expansion into new geographies exposes SOBHA to risks such as 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 projects. Changing government policies may also impose restrictions on investments.

Risk Containment Strategy and Measures

SOBHA's attempt has always been to produce high-value products for quality conscious and discerning customers. A majority of its customers are not dependent on external financing and are able to self-finance the purchase. Moreover, the company also has a dedicated and robust in-house sales and marketing team, which is entrusted with the task of generating enquiries for the products and translating them into sales. This reduces reliance on external agents and brokers.

SOBHA has a Customer Relationship Management (CRM) department to exclusively interact with customers, resolve their queries, address their 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 department is to ensure smooth and hassle-free transactions to the satisfaction of the customer.

SOBHA has been steadily expanding its geographic presence when it comes to the real estate domain. This diversification has reduced its dependence on a single market, Bengaluru, which at one point accounted for all the sales of the company. Bengaluru now contributes only 60 - 70 per cent of new sales.

There has also been a conscious effort to enlarge the client base when it comes to the contractual projects' front. Enlarging the client base to include a big pool of corporates and institutions ensures that dependence on any one particular client has been reduced. Out of the projects currently under progress, the share of contractual orders received from other clients has increased.

SOBHA has a proven track record in servicing its debt obligations. The gearing levels of the company have been efficiently managed in the last six financial years as a result of which the gearing ratio came down from 1.76 in 2008-09 to 0.76 in 2014-15.

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. SOBHA has an in-house Quality, Safety and Technology department to address quality issues of the end product.

SOBHA 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.

SOBHA 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, the 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 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.

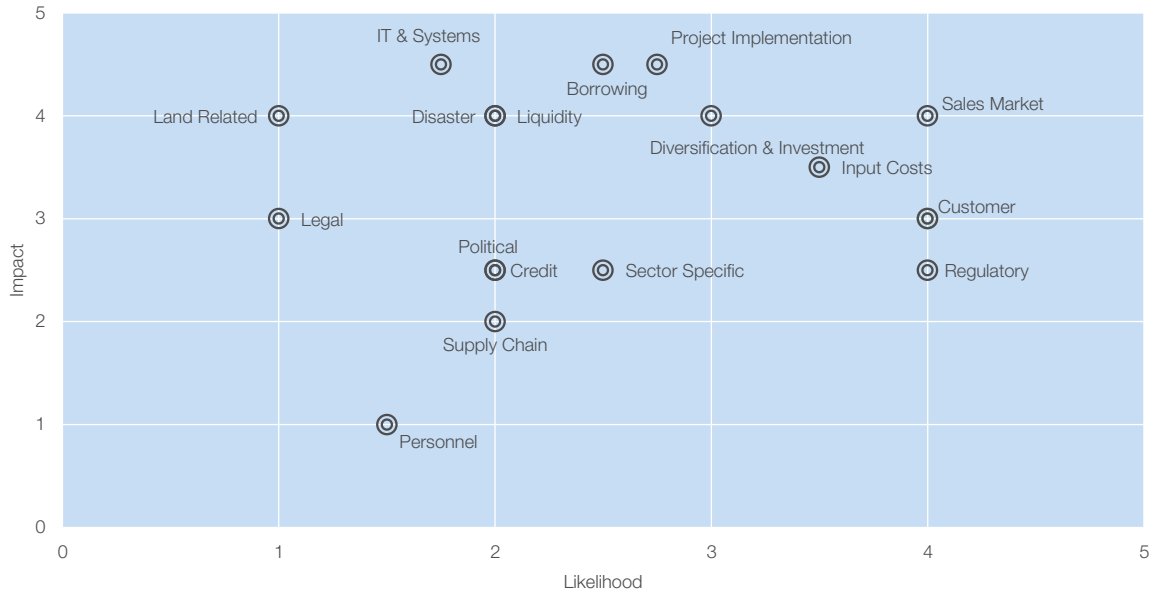
SOBHA'S foray into new geographies is based on a thorough analysis of the prevailing market conditions and regulatory environment. Several contractual projects have been successfully executed in the cities that it plans to enter and therefore, there is a good understanding of the local factors in play.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

At the start of fiscal 2015, formation of a strong stable government at the centre revived hopes of imminent policy and legislative reforms and gave much needed fillip to the ebbing investor sentiment. Macro-economic fundamentals such as GDP growth rates, inflation, current account deficit and interest rates also displayed signs of improvement during the financial year 2014-15. For the real estate sector though, the challenges persisted in the form of weakened demand, low absorption and rising inventory levels. On the other hand, it was adversely affected by heightened interest rates, rising input costs and lack of major tax incentives for customers. A general slowdown resulted in slower sales across the markets. In this backdrop, we present our financial and operational performance for the year.

Following are the key financial takeaways for fiscal 2014 – 2015

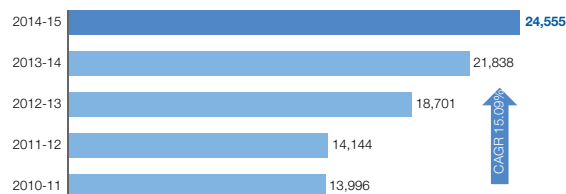
- Registered a turnover of ₹ 24.55 billion
- Over ₹ 16.36 billion of revenues from real estate operations
- Over ₹ 7.96 billion of revenues from contracts and manufacturing operations
- Collections of ₹ 25.77 billion
- Net operational cash flows at ₹ 3.34 billion
- PBT of ₹ 3.72 billion
- PAT of ₹ 2.38 billion
- Debt Equity ratio as on March 31, 2015 at 0.76
- Credit rating – ICRA (A) [upgrade] and CARE (A) [retained]

On operational parameters, the Company had

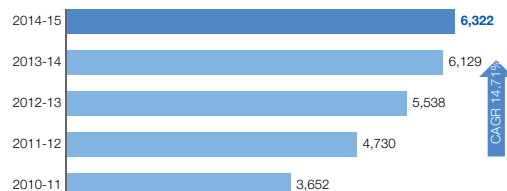
- Developed 70.54 million square feet of Total Area since inception
- Execution of 51.12 million square feet of Total Area in progress
- Executed over 30 million square feet in cumulative for our single largest contractual customer
- Completed a cumulative of 364 projects in the Real Estate and Contracts domain

- Execution presence of Real Estate and Contractual projects in 24 Cities covering 13 States in India
- Sold 3.28 million Square feet of Total Area in 2014-15
- New Sales of ₹ 20.95 billion
- Completed 25 projects in the Real Estate and Contracts domain in 2014-15

Revenues
[in ₹ Million]



EBITDA
[in ₹ Million]



Profit before Tax
[in ₹ Million]



Profit after Tax
[in ₹ Million]



New Sales

During the financial year, the Company registered new sales SBA of 3.28 million square feet valued at ₹ 20.95 billion at an average price realisation of ₹ 6,389 per square feet.

Our core competence has always been to provide superior products with enduring value in emerging and fast growing locations. During the year, the Company forayed into a new segment 'Sobha Dream Series' with the pre-launch of 'Sobha Dream Acres' Project with ticket size ranging between ₹ 3.5 – 7.50 million. With the launch of this Project, we have made a strategic shift in the product category and ticket size offered, enabling the Company to cater to customers across price-points.

The Project involves the use of precast technology for the first time in the Company's construction methodology. The benefits of inducting precast technology on this scale will be realised in the form of reduction in the cost of construction as well as in the timelines required for project completion. The precast technology can also be utilised across other projects of similar size and scale in the future.

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

Sales Value in terms of Price Band

[₹ million]



	< 10 Million	10 to 20 Million	20 to 30 Million	> 30 Million
2012-13	8,063	7,461	1,566	5,504
2013-14	5,622	9,206	3,793	6,109
2014-15	6,198	9,877	2,258	3,924

Note: Includes the share of joint development partners

SBA Sold in terms of Price Band

[in million square feet]



	< 10 Million	10 to 20 Million	20 to 30 Million	> 30 Million
2012-13	1.66	1.29	0.21	0.60
2013-14	1.10	1.46	0.37	0.66
2014-15	1.22	1.43	0.25	0.38

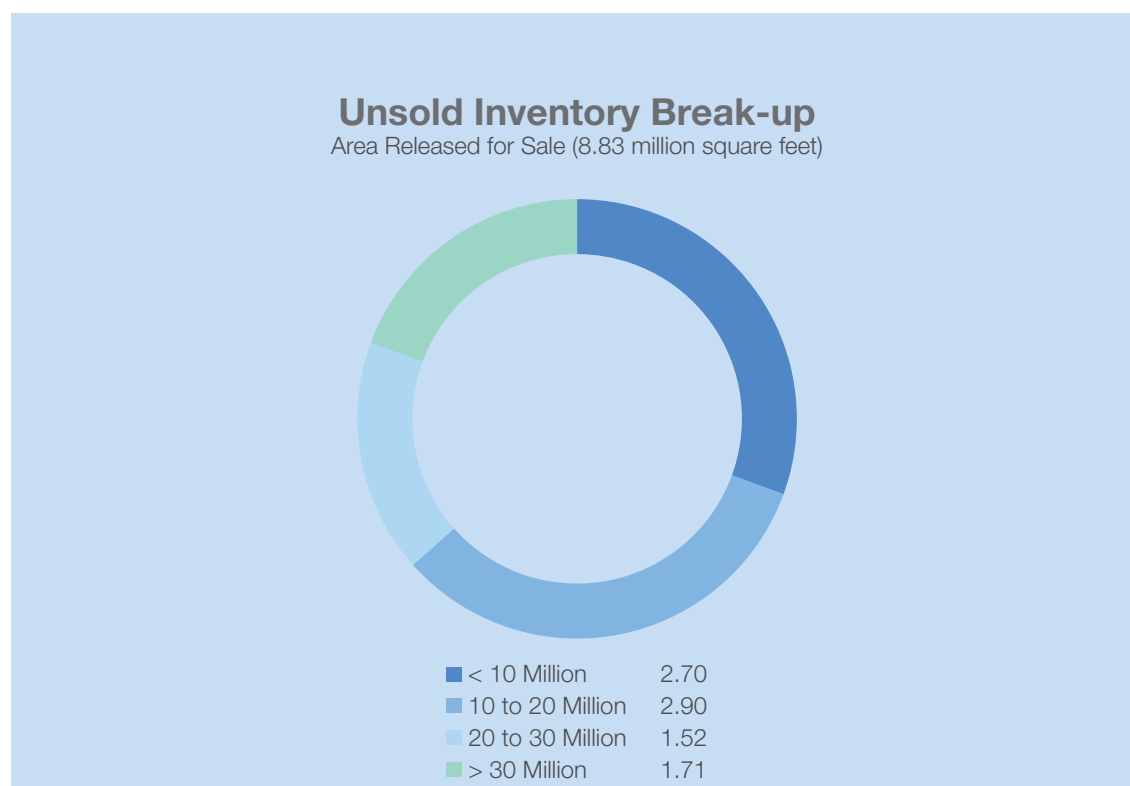
Inventory Break-up

The location wise inventory details are given below

SBA in million square feet

Locations	Opening stock as on April 01, 2014	Projects launched during FY 14-15	Increase/ (decrease) of existing stock	Stock available for sale	Area sold during FY 14-15	Closing stock as on March 31, 2015	Area not offered for sale	Net unsold stock as on March 31, 2015
Bangalore	4.89	9.34	(0.09)	14.14	2.44	11.70	6.93	4.77
Gurgaon (NCR)	1.72	-	0.05	1.77	0.08	1.69	1.03	0.66
Chennai	0.20	0.60	-	0.80	0.20	0.60	-	0.60
Thrissur	0.21	0.24	(0.10)	0.35	0.12	0.23	-	0.23
Pune	0.19	0.37	-	0.56	0.11	0.45	-	0.45
Coimbatore	0.30	-	-	0.30	0.05	0.25	0.02	0.23
Calicut	0.95	-	-	0.95	0.09	0.86	-	0.86
Cochin	1.07	-	-	1.07	0.10	0.97	-	0.97
Mysore	0.15	-	-	0.15	0.09	0.06	-	0.06
Total	9.68	10.55	(0.14)	20.09	3.28	16.81	7.98	8.83

Note: Closing stock includes 0.19 million square feet of unsold inventory from completed projects



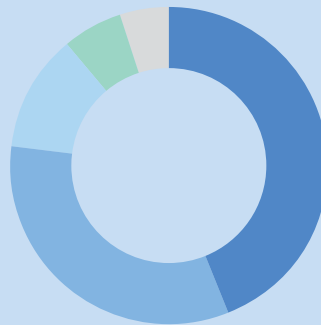
Construction Cost

During the financial year, input costs of critical resources like cement, sand and manpower have increased along with a corresponding increase in the indirect costs. However, the restraint imposed by the prevailing slowdown has prevented the Company from passing on the rise in input costs to the end customers.

Our Customers

The products of the Company have been well received by our customers. An analysis of the customer profile reveals a healthy mix comprising of IT/ITES Professionals, Non IT Professionals and Entrepreneurs. About 33% of our customers are IT / ITES professionals and we continue to enjoy good support from these customers.

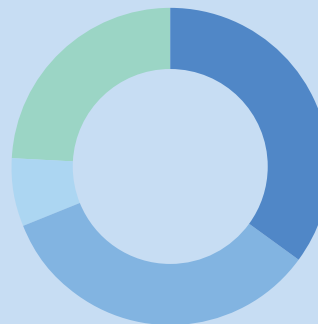
Profession Profile



Non-IT Professionals	44%
IT/ITES Professionals	33%
Business / Entrepreneurs	12%
Medical / Pharmaceutical	6%
Others	5%

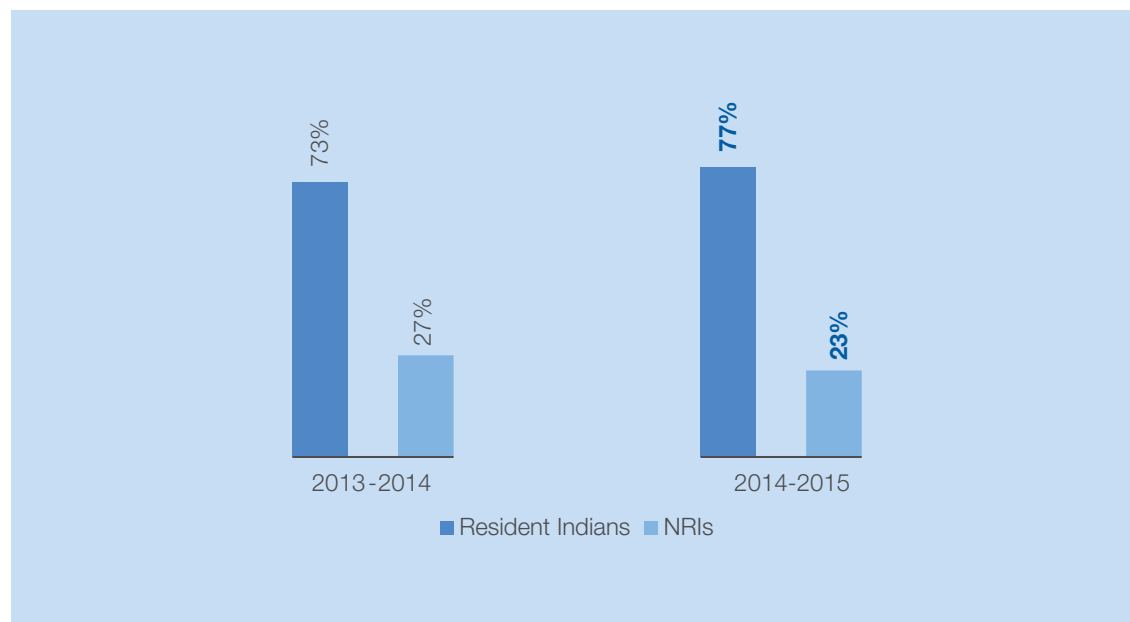
Note: Others include agriculturists, government employees etc.

Age Profile



21-30	35%
31-40	34%
41-50	7%
Above 50	24%

About 73%-77% of our customers are residents of the country. A considerable 23% – 27% of our customers are from the NRI category and this trend has continued in the financial year 2014-15. The Company has a representative office in Dubai and a Branch Office in Singapore to market the products of the Company among the NRI community.



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.

Following is the performance of the Real Estate Vertical:

	₹ in million				
	2014-15	2013-14	2012-13	2011-12	2010-11
Revenue	16,362.88	15,243.41	14,112.19	10,313.69	10,739.34
Share of Revenue (%)	66.64	69.80	75.46	72.92	76.73

The CAGR in revenues from real estate vertical over the past 5 years is 11.10%. The share of real estate revenues to the overall revenues has declined y-o-y due to higher contribution from the contractual and manufacturing operations.

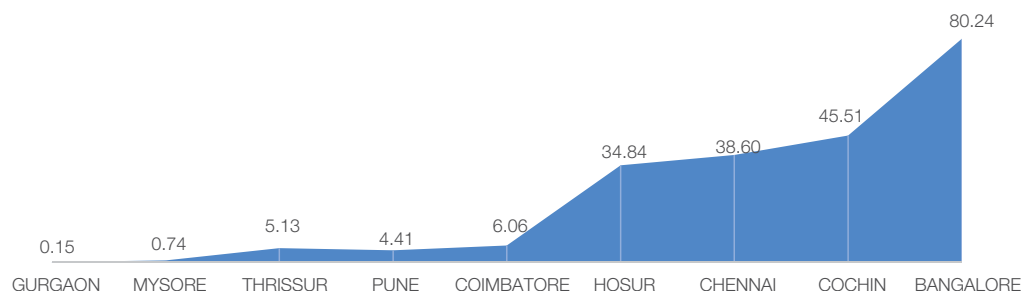
Land Portfolio

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 Development Agreements for future launches helps in maximising profits for the Company. The Company has a land portfolio comprising of 2,525 Acres wherein the Company holds an economic interest of 2,435 Acres. The majority of the land portfolio has already been paid for. The overall cost per square feet of the land portfolio is ₹ 192.

The location wise distribution of the land portfolio is given below

Sobha Share of Developable Area

(in million square feet)



Land is one of the primary raw materials for the Company, a key factor of production. As such, the priority of the Company is to explore and identify suitable opportunities for its development. For instance, during the year under review, the Company unlocked the value of land admeasuring 81 acres located at Balagere, Bangalore, a part of its historic land bank. It is one of the largest residential development being undertaken by the Company.

Project Launches

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

- Sobha Arena in Bangalore with a total super built-up area of 1.01 million square feet
- Sobha Morzaria Grandeur-Phase II in Bangalore with a total super built-up area of 0.08 million square feet.
- Sobha City Lake Edge in Thrissur with a total super built-up area of 0.24 million square feet
- Sobha Evergreen (plotted development) in Chennai with a total super built-up area of 0.28 million square feet.
- Sobha Halcyon in Bangalore with a total super built-up area of 0.30 million square feet
- Sobha Elanza in Pune with a total super built-up area of 0.37 million square feet
- Sobha Dream Acres in Bangalore with 2.04 million square feet of super built-up area (first phase)

- Sobha Winchester in Chennai with a super built-up area of 0.51 million square feet

Successful entry into new Geographies

Though it is generally perceived that real estate is a regional play devoid of opportunities beyond the home turf, the Company has been consistently venturing into new cities. In the last five 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 various reputed clients. The contracts vertical of the Company has been a significant contributor to the revenue stream of the Company. With 9.31 million square feet of contractual orders under progress and contractual orders of approximately ₹ 6.65 billion pending to be executed as at March 31, 2015, the contractual operations will continue to be a source of steady revenue.

Following is the performance of the Contracts Vertical:

	₹ in million				
	2014-15	2013-14	2012-13	2011-12	2010-11
Revenue	5,718.58	4,445.06	3,013.06	2,347.51	2,341.86
Share of Revenue (%)	23.29	20.36	16.11	16.61	16.73

The CAGR in revenues from contracts vertical over the past 5 years is 25.01%

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, Chennai and Sonapat.

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 Alwar.

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 new 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

	₹ in million				
Sales	2014-15	2013-14	2012-13	2011-12	2010-11
Glazing and Metal Works Division	1,215.07	1,239.24	756.44	745.36	466.99
Interiors Division	801.71	580.81	556.33	524.71	321.40
Concrete Products Division	229.28	184.90	164.29	123.02	52.03
Total	2,246.06	2,004.94	1,477.06	1,393.09	840.42
Share of Revenue (%)	9.15	9.18	7.90	9.85	6.00

The CAGR in revenues from manufacturing vertical over the past 5 years is 27.86%

Cash Flows

The cash flow summary for the financial year 2014-2015 under direct cash flow method is as follows:

Particulars	₹ in million
	2014-15
Operational Cash inflow	25,771
Operational Cash outflow	22,429
Net Operational Cash inflow	3,341

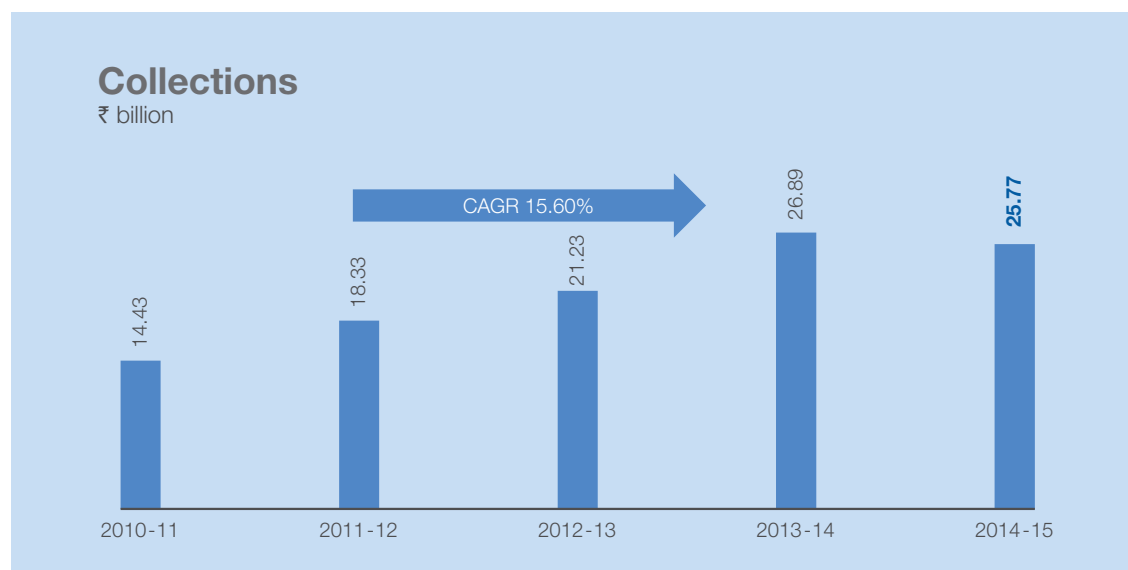
The Company has collected ₹ 25.77 billion during the year from real estate, contractual and manufacturing activities. After expending on construction expenses for real estate, contractual, manufacturing activities, overheads, etc. the net operating cash inflows were ₹ 3,341 million.

Out of the above, the Company has utilised ₹ 2,369 million towards payment of interest and ₹ 845 million for income taxes. This leads to a surplus of ₹ 102 million.

The Company has spent ₹ 3,804 million towards land payments during the year. In addition to this, the Company incurred ₹ 1,118 million towards capex and ₹ 803 million for dividend payments including tax.

The net operational cash flow has reduced from ₹ 6,613 million in 2013-14 to ₹ 3,341 million in 2014-15. This is mainly on account of subdued sales combined with the execution of projects continuing at the same pace.

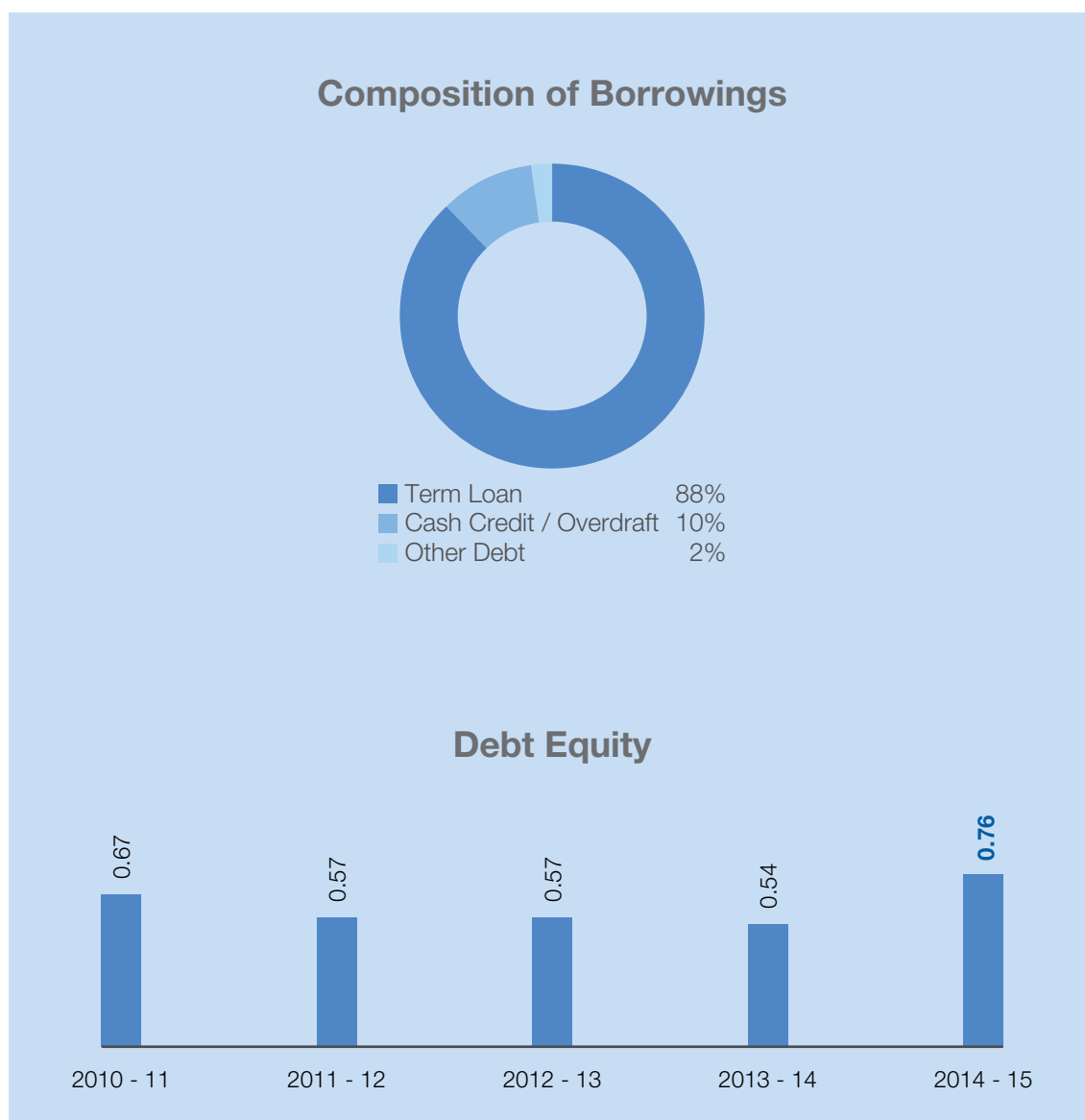
The Cash Flow Statement prepared as per the Indirect Method forms part of the Financial Statements.



Debt

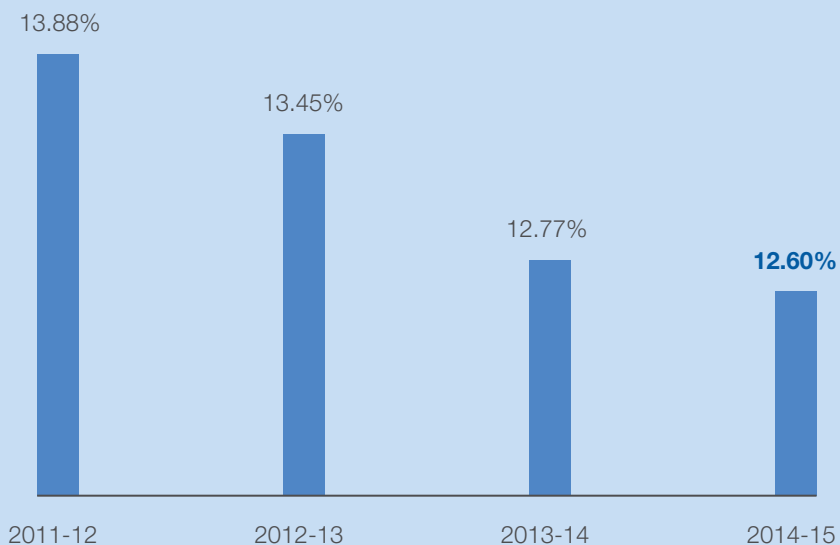
The Company seeks to maintain an optimum balance between low-cost debt and relatively higher cost equity. Debt financing is utilised for execution of various projects viz. residential, commercial and contractual and to finance the acquisition of land parcels for future development.

As on March 31, 2015, the net debt of the Company was ₹ 18,409 million as compared to ₹ 12,342 million in the previous year. The increase in debt is primarily on account of pursuing investment opportunities in Cochin and Pune combined with the slowdown in sales volume. As a consequence, the debt-equity ratio increased to 0.76 at the close of the financial year.



As on March 31, 2015, Net Debt to EBITDA stands at 2.91. The cost of indebtedness as on March 31, 2015 is 12.60%. Despite the economic slowdown and consequent slowdown in the real estate sector, the Company's cost of borrowings has decreased y-o-y.

Borrowing Cost



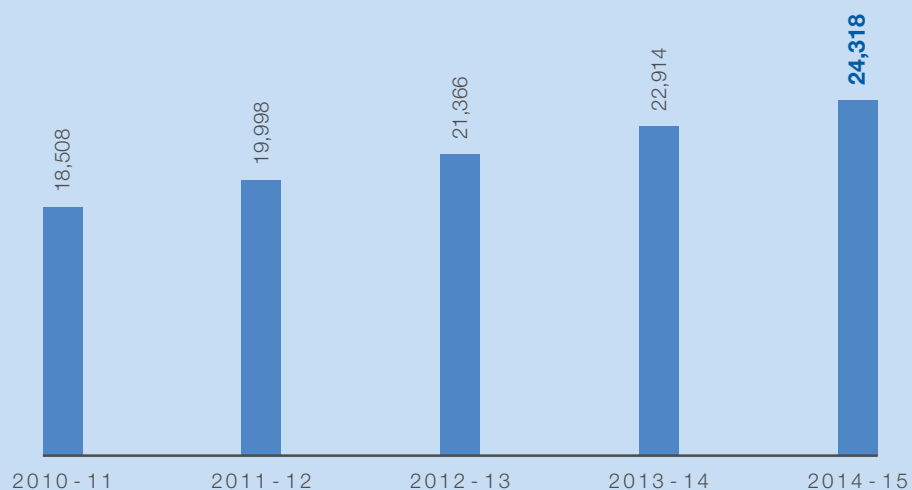
During the year the borrowings of the Company have been rated by various Credit Rating Agencies as follows

CARE	A (Retained)
ICRA	A (upgraded from A-)

Net Worth

The consolidated net worth of the Company as on March 31, 2015 was ₹ 24,318 million.

Net Worth ₹ million



The compounded annual rate of growth in net worth over the past five financial years is 7.06%. The market value / book value as on March 31, 2015 was 1.62 as compared to 1.60 in the previous year.

Fixed Assets

During the financial year 2014-15, the gross addition to Fixed Assets was ₹ 545.81 million. About 41.20 % of gross block addition was on account of investment in scaffolding items and 29.60% on account of additions to Plant and Machinery.

Current Assets

During the financial year 2014-15, the Current Assets increased by ₹ 7,234 million as compared to the previous year. This is mainly on account of increase in inventories by ₹ 3,011 million and land advances by ₹ 2,401 million.

Current Liabilities

During the financial year 2014-15, the Current Liabilities increased by ₹ 3,590 million. This is on account of increase in short term borrowings.

Dividends

The Company aims to follow a consistent Dividend Payout while striving to achieve a trade-off between deployment of internal accruals for growth and the payment of dividends. The Company has been paying dividend in the range of 25% - 35% of its profits.

The Board of Directors has recommended a dividend of ₹ 7 per equity share for the year.

Guidance

The Company has set a guidance of new sales value of ₹ 26 billion measuring 4 million square feet for the financial year 2015-16. The Guidance set out is higher by 22% in value terms and 24% in volume terms compared to the FY'15 performance.

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.

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 Limited for the financial year ended 31st March 2015 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 2015, 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 2015
 - (ii) significant changes in accounting policies made during the financial year ended 31st March 2015, 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 12, 2015

Subhash Mohan Bhat
Chief Financial Officer



J C Sharma
Vice Chairman and Managing Director

Independent Auditors' Report

To the Members of Sobha Limited

Report on the standalone financial statements

We have audited the accompanying standalone financial statements of Sobha Limited [formerly known as Sobha Developers Limited] ('the Company'), which comprise the balance sheet as at March 31, 2015, the statement of profit and loss and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the standalone financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the 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 whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March, 31, 2015, and its profit and its cash flows for the year ended on that date.

Other matter

We did not audit the financial information as regards Company's share in profits of partnership firm (post tax) amounting to ₹ 146.69 million for the year ended March 31, 2015. 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 standalone financial statements solely based on the report of other auditors. Our opinion is not modified in respect of this matter.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act;
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer note 29 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

per Adarsh Ranka
Partner
Membership No.: 209567

Place: Bengaluru
Date: May 12, 2015

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

Re: Sobha Limited (‘the Company’)

- (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.
- (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 and no material discrepancies were noticed on physical verification.
- (iii) (a) The Company has granted unsecured loan and subscribed to unsecured debentures to two parties covered in the register maintained under section 189 of the Companies Act, 2013. The loan granted is re-payable on demand. We are informed that the Company has not demanded repayment of any such loan during the year, and thus, there has been no default on the part of the parties to whom the money has been lent. The loan given is interest free which is not prima facie prejudicial to the interest of the Company considering Company's economic interest in such entity. 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.
- (b) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us and having regard to the explanation that purchases of certain items of inventories and fixed assets are of proprietary nature for which alternative sources are not available to obtain comparable quotations, 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) The Company has not accepted any deposits from the public.
- (vi) 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 148(1) of the Companies Act, 2013, related to the construction of buildings/ structures and other related activities, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident 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, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, 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, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount * (₹ in million)	Period to which amount relates	Forum where dispute is pending
Andhra Pradesh Sales Tax Act	Basis of charge of sales tax	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	392.07	2006-12	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994 (Service Tax Provisions)	Service tax demand	67.72	2012-13	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	Central Excise and Service Tax Appellate Tribunal

* Net of ₹ 191.89 million, paid under protest.

- (d) According to the information and explanations given to us, the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time.
- (viii) 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.
- (ix) 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.
- (x) 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.
- (xi) Based on information and explanations given to us by the management, term loans (representing loans with a repayment period beyond 36 months) were applied for the purpose for which the loans were obtained.
- (xii) 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
ICAI Firm registration number: 101049W
Chartered Accountants

per Adarsh Ranka
Partner
Membership No.: 209567

Place: Bengaluru
Date: May 12, 2015

Balance sheet as at March 31, 2015

	Notes	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Equity and liabilities			
Shareholders' funds			
Share capital	3	980.64	980.64
Reserves and surplus	4	22,477.70	21,449.16
		23,458.34	22,429.80
Non-current liabilities			
Long-term borrowings	5	1,956.80	390.28
Deferred tax liability (net)	13	1,576.02	1,009.77
Trade payables	6	177.62	177.62
Long-term provisions	7	46.96	20.04
		3,757.40	1,597.71
Current liabilities			
Short-term borrowings	8	16,146.54	10,691.69
Trade payables	9	4,874.81	5,629.98
Other current liabilities	9	9,827.03	10,478.05
Short-term provisions	7	1,408.77	1,371.55
		32,257.15	28,171.27
TOTAL		59,472.89	52,198.78
Assets			
Non-current assets			
Fixed assets			
Tangible assets	10	3,058.77	3,209.72
Intangible assets	11	12.92	38.41
Capital work-in-progress		524.45	412.23
Non-current investments	12	2,486.24	2,323.58
Long-term loans and advances	14	4,399.46	4,404.92
Trade receivables	15.1	196.84	123.27
Other non-current assets	15.2	108.23	67.09
		10,786.91	10,579.22
Current assets			
Inventories	16	22,834.15	20,619.84
Trade receivables	15.1	2,664.94	2,467.93
Cash and bank balances	17	1,195.41	741.99
Short-term loans and advances	14	17,898.75	14,453.18
Other current assets	15.2	4,092.73	3,336.62
		48,685.98	41,619.56
TOTAL		59,472.89	52,198.78

Summary of significant accounting policies

2.1

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

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

per Adarsh Ranka
Partner
Membership No.: 209567

Place: Bengaluru
Date: May 12, 2015

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

Ravi PNC Menon
Chairman

Subhash Bhat
Chief Financial Officer

Place: Bengaluru
Date: May 12, 2015

J.C. Sharma
Vice Chairman and
Managing Director

Kishore Kayarath
Company Secretary and
Compliance Officer

Statement of profit and loss for the year ended March 31, 2015

	Notes	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Income			
Revenue from operations (gross)	18	23,941.33	21,241.63
Less : Excise duty		117.53	112.74
Revenue from operations (net)		23,823.80	21,128.89
Other income	19	192.67	158.77
Total revenue		24,016.47	21,287.66
Expenses			
Land purchase cost		1,560.60	2,319.22
Cost of raw material and components consumed	20	1,881.76	1,725.30
(Increase)/ decrease in inventories of building materials, finished goods, stock in trade - flats, land stock and work-in-progress	21	(2,385.85)	(4,850.41)
Purchase of project materials		6,327.29	7,000.20
Subcontractor and other charges		6,615.37	5,168.86
Employee benefits expense	22	1,977.27	1,864.58
Depreciation and amortization expense	24	688.60	655.84
Finance costs	25	1,522.86	1,368.65
Other expenses	23	2,834.75	2,898.79
Total		21,022.65	18,151.03
Profit before tax		2,993.82	3,136.63
Tax expenses			
Current tax [including ₹ 23.82 million (Previous year: ₹ Nil) towards tax relating to earlier years]		624.28	699.55
Deferred tax charge/ (credit)		571.89	371.66
MAT credit entitlement		(193.20)	-
Total tax expense		1,002.97	1,071.21
Profit for the year		1,990.85	2,065.42
Earnings per equity share [nominal value of ₹ 10 (Previous year - ₹ 10)]			
Basic and Diluted	27	20.30	21.06

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

per Adarsh Ranka
Partner
Membership No.: 209567

Place: Bengaluru
Date: May 12, 2015

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

Ravi PNC Menon
Chairman

Subhash Bhat
Chief Financial Officer

Place: Bengaluru
Date: May 12, 2015

J.C. Sharma
Vice Chairman and
Managing Director

Kishore Kayarat
Company Secretary and
Compliance Officer

Cash flow statement for the year ended March 31, 2015

	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Cash flow from operating activities		
Profit before tax	2,993.82	3,136.63
Adjustment of items appropriated to retained earnings		
CSR expenditure - Donation	(144.70)	-
Non-cash adjustment to reconcile profit before tax to net cash flows		
Share of profit from investment in partnership firm	(146.69)	(182.64)
Depreciation/ amortization	688.60	655.84
Profit on sale of fixed assets (net)	(0.33)	(2.46)
Provision for doubtful debts and advances	10.00	49.20
Interest expense	1,394.53	1,260.11
Interest income	(112.39)	(88.39)
Operating profit before working capital changes	4,682.84	4,828.29
Movements in working capital :		
Increase/ (decrease) in trade payables	(755.17)	1,556.99
Increase/ (decrease) in other current liabilities	(814.28)	2,050.65
Decrease/ (increase) in trade receivables	(280.62)	(973.44)
Decrease/ (increase) in inventories	(2,214.31)	(4,740.28)
Decrease/ (increase) in other assets	(767.89)	1,268.00
Decrease/ (increase) in loans and advances	(2,668.89)	(270.82)
Increase/ (decrease) in provisions	33.15	19.10
Cash generated from / (used in) operations	(2,785.17)	3,738.49
Direct taxes paid (net of refunds)	(596.82)	(608.87)
Net cash flow from/ (used in) operating activities (A)	(3,381.99)	3,129.62
Cash flows from investing activities		
Purchase of fixed assets, including capital work-in-progress and capital advances	(636.32)	(1,197.05)
Proceeds from sale of fixed assets	2.01	11.01
Purchase of non-current investments	(15.97)	(21.50)
Amounts withdrawn from partnership current account	-	358.86
(Investments in)/ redemption of bank deposits (having original maturity of more than three months) - net	(8.57)	(135.72)
Interest received	124.17	84.56
Net cash flow from/ (used in) investing activities (B)	(534.68)	(899.84)

Cash flow statement for the year ended March 31, 2015

	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Cash flows from financing activities		
Proceeds from long-term borrowings	2,350.00	500.00
Repayment of long-term borrowings	(601.06)	(251.74)
Proceeds from short-term borrowings	15,025.90	4,305.00
Repayment of short-term borrowings	(9,571.05)	(4,397.95)
Interest paid (gross)	(1,998.59)	(1,542.66)
Dividends paid on equity shares	(685.88)	(686.26)
Tax on equity dividend paid	(116.66)	(116.66)
Net cash flow from/ (used in) in financing activities (C)	4,402.66	(2,190.27)
Net increase/ (decrease) in cash and cash equivalents (A + B + C)	485.99	39.51
Cash and cash equivalents at the beginning of the year	489.39	449.88
Cash and cash equivalents at the end of the year	975.38	489.39
Components of cash and cash equivalents		
Cash on hand	6.73	6.50
Cheques/ drafts on hand	16.78	12.81
With banks- on current account	949.86	468.64
- unclaimed dividend accounts*	2.01	1.44
Total cash and cash equivalents (refer note 17)	975.38	489.39

Summary of significant accounting policies

2.1

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

As per our report of even date

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

per Adarsh Ranka
Partner
Membership No.: 209567

Place: Bengaluru
Date: May 12, 2015

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

Ravi PNC Menon
Chairman

Subhash Bhat
Chief Financial Officer

Place: Bengaluru
Date: May 12, 2015

J.C. Sharma
Vice Chairman and
Managing Director

Kishore Kayarat
Company Secretary and
Compliance Officer

Notes to the financial statements for the year ended March 31, 2015

1 Corporate Information

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

2 Basis of preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1 Summary of significant accounting policies

a) Change in accounting policy

I Depreciation on fixed assets

Till the year ended March 31, 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets.

i) Useful lives/ depreciation rates

Till the year ended March 31, 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the Company

was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act, 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II. Accordingly, the carrying amount as at April 01, 2014 is being depreciated over the revised remaining useful life of the asset. The carrying value of ₹16.66 million, in case of assets with Nil revised remaining useful life as at April 01, 2014, is reduced after tax adjustment from the retained earnings as at such date. Further, had the Company continued with the previously assessed useful lives, charge for depreciation for the year ended March 31, 2015 would have been lower by ₹ 96 million and the profit before tax for the year ended March 31, 2015 would have been higher by such amount, with a corresponding impact on net block of fixed assets as at March 31, 2015.

ii) Depreciation on assets costing less than ₹ 5,000/-

Till year ended March 31, 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the Company was charging 100% depreciation on assets costing less than ₹ 5,000/- in the year of

Notes to the financial statements for the year ended March 31, 2015

purchase. However, Schedule II to the Companies Act 2013, applicable from the current year, does not recognize such practice. Hence, to comply with the requirement of Schedule II to the Companies Act, 2013, the Company has changed its accounting policy for depreciations of assets costing less than ₹ 5,000/- . As per the revised policy, the Company is depreciating such assets over their useful life as assessed by the management. The management has decided to apply the revised accounting policy prospectively from accounting periods commencing on or after April 1, 2014.

The change in accounting for depreciation of assets costing less than ₹ 5,000/- did not have any material impact on financial statements of the Company for the current year.

II Corporate social responsibility (CSR)

Refer note 2.1 (s) and 38 to the financial statements.

b) Use of estimates

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

c) Tangible fixed assets and Intangible assets

i. Tangible fixed assets

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

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

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

Notes to the financial statements for the year ended March 31, 2015

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.

d) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on written down value basis using the following useful lives prescribed under Schedule II, except where specified.

Tangible fixed assets	Useful lives estimated by the management (in years)	
	March 31, 2015	March 31, 2014
Factory buildings	30	28
Buildings - other than factory buildings	60	59
Buildings - Temporary structure	3	3
Plant and machinery		
i. General plant and machinery	15	20
ii. Plant and machinery - Civil construction	12	20
iii. Plant and Machinery - Electrical installations	10	20
Furniture and fixtures	10	15
Motor vehicles	8	10
Computers		
i. Computer equipment	3	6
ii. Servers and network equipment	6	6
Office equipments	5	20

Steel scaffolding items are depreciated using straight line method over a period of 6 years, which is estimated to be the useful life of the asset by the management based on planned usage and technical advice thereon. These lives are higher than those indicated in Schedule II.

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

e) Impairment of tangible and intangible assets

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

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

Notes to the financial statements for the year ended March 31, 2015

f) Leases

Where the Company is lessee

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

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

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

g) Investments

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

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

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

investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

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

h) Inventories

Related to contractual and real estate activity

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

- i. Work-in-progress - Contractual: Cost of work yet to be certified/ billed, as it pertains to contract costs that relate to future activity on the contract, are recognised as contract work-in-progress provided it is probable that they will be recovered. Contractual work-in-progress is valued at lower of cost and net realisable value.
- ii. Work-in-progress - Real estate projects (including land inventory): Represents cost incurred in respect of unsold area of the real estate development projects or cost incurred on projects where the revenue is yet to be recognised. Real estate work-in-progress is valued at lower of cost and net realisable value.

Notes to the financial statements for the year ended March 31, 2015

- iii. Finished goods - Flats: Valued at lower of cost and net realisable value.
- iv. Finished goods - Plots: Valued at lower of cost and net realisable value.
- v. Building materials purchased, not identified with any specific project are valued at lower of cost and net realisable value. Cost is determined based on a weighted average basis.
- vi. Land inventory: Valued at lower of cost and net realisable value.

Related to manufacturing activity

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

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

i) Revenue recognition

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

i. Recognition of revenue from contractual projects

If the outcome of contractual contract can be reliably measured, revenue

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

ii. Recognition of revenue from real estate projects

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

a. Recognition of revenue from property development

For projects commenced and period where revenue recognised before April 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 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

Notes to the financial statements for the year ended March 31, 2015

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 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 Company still has obligations to perform substantial acts even after the transfer of all significant risks and rewards, revenue in such cases is recognised by applying the percentage of completion method only if the following thresholds have been met:

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

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

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

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

Notes to the financial statements for the year ended March 31, 2015

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 unit holders' 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.

j) Foreign currency translation

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and

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

k) Taxes

Tax expense comprises of current and deferred tax.

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

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

Notes to the financial statements for the year ended March 31, 2015

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

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

l) Retirement and other employee benefits

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

The Company makes contributions to Sobha Developers Employees Gratuity Trust ('the trust') to discharge the gratuity liability to employees. Provision towards gratuity, a defined benefit plan, is made for the difference between actuarial valuation by an independent actuary and the fund balance, as at the year-end. The cost of providing benefits under gratuity is determined on the basis of actuarial valuation using the projected unit credit method at each year end. Actuarial gains

and losses are immediately taken to statement of profit and loss and are not deferred.

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

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

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

m) Earnings per share

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

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

Notes to the financial statements for the year ended March 31, 2015

n) Provisions

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

o) Contingent liabilities

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

p) Cash and cash equivalents

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

q) Borrowing costs

Borrowing costs directly attributable to acquisition/ construction of qualifying assets are capitalised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one

that necessarily takes substantial period of time to get ready for its intended use/ sale. All other borrowing costs not eligible for inventorisation/ capitalisation are charged to statement of profit and loss.

r) Land

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

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

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

s) Corporate social responsibility (CSR)

In accordance with the clarification issued by the Institute of Chartered Accountants of India, vide FAQ's on the provisions of CSR applicability under the Companies Act, 2013, the Company has adopted the policy to charge CSR expenditure incurred as an appropriation of profit with effect from April 01, 2014.

Notes to the financial statements for the year ended March 31, 2015

3. Share Capital

	31-Mar-15 ₹ million	31-Mar-14 ₹ 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-15		31-Mar-14	
	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-15		31-Mar-14	
	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%
Platinum Asia Fund	6.19	6.30%	-	0.00%

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.

Notes to the financial statements for the year ended March 31, 2015

4 Reserves and surplus

	31-Mar-15 ₹ million	31-Mar-14 ₹ 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	2,111.44	1,904.44
Add: Transfer from statement of profit and loss	199.00	207.00
Closing balance	2,310.44	2,111.44
Surplus in the statement of profit and loss		
Balance as per last financial statements	8,753.16	7,697.85
Profit for the year	1,990.85	2,065.42
Less: Appropriations		
Proposed final equity dividend (amount per share ₹ 7 (Previous year - ₹ 7))	(686.45)	(686.45)
Tax on proposed equity dividend	(140.55)	(116.66)
Transitional adjustment on account of depreciation [refer note 2.1 (a)]	(10.97)	-
CSR expenditure - Donation (refer note 38)	(124.34)	-
Transfer to general reserve	(199.00)	(207.00)
Total appropriations	(1,161.31)	(1,010.11)
Net surplus in the statement of profit and loss	9,582.70	8,753.16
Total reserves and surplus	22,477.70	21,449.16

5 Long-term borrowings

	₹ million			
	Current maturities		Non current portion	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
Secured loans				
Term loans from banks	-	-	550.00	100.00
Term loans from financial institutions	153.29	116.13	188.05	283.87
Finance lease obligations	6.42	141.63	-	6.41
Equipment loans	0.19	0.97	-	-
	159.90	258.73	738.05	390.28
Amount disclosed under the head "other current liabilities" (refer note 9)	(159.90)	(258.73)		
Net amount	-	-	738.05	390.28
Unsecured loans				
Term loans from financial institutions	281.25	-	1,218.75	-
Amount disclosed under the head "other current liabilities" (refer note 9)	(281.25)	-		
Net amount	-	-	1,218.75	-
Net amount	-	-	1,956.80	390.28

Notes to the financial statements for the year ended March 31, 2015

(i) Secured loans

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-15	31-Mar-14			
Term loans from banks	550.00	100.00	11%-12%	Secured by equitable mortgage of certain land of the Company 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.
Term loans from financial institutions	341.34	-	12%-14%	Secured by equitable mortgage of fixed assets and receivables of the Company.	Thirty equated monthly installments from the date of first disbursement.
Finance lease obligations	6.42	148.04	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	0.19	0.97	13%-15%	Hypothecation against specific equipment	Thirty five monthly installments commencing from the month the loan is availed.

(ii) Unsecured loans

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-15	31-Mar-14			
Term loans from financial institutions	1,500.00	-	13%-15%	Secured by way of equitable mortgage of land owned by certain group Companies.	Forty eight equal monthly installments of ₹ 31.25 million after a moratorium of twelve months from the date of first disbursement.

Notes to the financial statements for the year ended March 31, 2015

6 Other long term liabilities

	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Trade payables		
(refer note 36 for details of dues to micro and small enterprises)		
Land cost payable	177.62	177.62
	177.62	177.62

7 Provisions

	Short - term		Long - term	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
Provision for employee benefits				
Provision for gratuity (refer note 31)	52.31	51.72	46.96	20.04
Provision for leave benefits	57.14	51.50	-	-
	109.45	103.22	46.96	20.04
Other provisions				
Provision for taxation (net of advance tax payments)	472.32	465.22	-	-
Proposed equity dividend	686.45	686.45	-	-
Tax on proposed equity dividend	140.55	116.66	-	-
	1,299.32	1,268.33	-	-
	1,408.77	1,371.55	46.96	20.04

8 Short-term borrowings

	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Secured		
Term loans from banks *	7,843.93	8,429.14
Term loans from financial institutions *	5,356.94	1,467.17
Cash credit from banks	2,145.67	645.38
	15,346.54	10,541.69
Unsecured		
Term loans from banks *	800.00	150.00
	800.00	150.00
	16,146.54	10,691.69

* Term loan from banks and financial institutions represents amount repayable within the operating cycle. Amount payable within twelve months ₹ 3,449.39 million (Previous year - ₹ 8,196.44 million)

Notes to the financial statements for the year ended March 31, 2015

(i) Secured loans

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-15	31-Mar-14			
From banks					
Term Loan	-	645.00	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	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	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	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	1,950.00	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	412.13	871.14	12%-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	466.80	1,078.00	13%-14%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Company. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Quarterly installments of amounts as mentioned in the repayment schedule commencing from two years from the date of disbursement of loan.

Notes to the financial statements for the year ended March 31, 2015

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-15	31-Mar-14			
Term Loan	-	3,000.00	14%-15%	Secured by equitable mortgage of certain land and inventory of the Company. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Three quarterly installments of ₹ 750 million, ₹ 900 million and ₹ 1,350 million after a moratorium of twenty seven months from the date of first disbursement.
Term Loan	125.00	625.00	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.
Term Loan	675.00	-	11%-13%	Secured by equitable mortgage of project specific inventory of the Company.	Eight equal quarterly installments of ₹ 168.75 million after a moratorium of twelve quarters from the date of first disbursement.
Term Loan	550.00	-	12%-14%	Secured by equitable mortgage of certain land and project specific receivables of the Company and maintaining of Debt Service Reserve account equal to three months interest.	Monthly installments of amounts as mentioned in the repayment schedule commencing from two years from the date of disbursement of loan.
Term Loan	825.00	-	11%-13%	Secured by equitable mortgage of project specific inventory of the Company.	Eight equal quarterly installments of ₹ 206.25 million after a moratorium of thirty six months from the date of first disbursement.
Term Loan	750.00	-	11%-13%	Secured by equitable mortgage of receivables of the Company.	One installment in every ninety days.
Term Loan	1,000.00	-	12%-14%	Secured by equitable mortgage of certain land of the Company and maintaining of Debt Service Reserve account equal to three months interest.	Twenty four equal monthly installments of ₹ 41.70 million starting from July 15, 2015.
Term Loan	320.00	-	11%-13%	Secured by equitable mortgage of project specific inventory of the Company.	Five equal quarterly installments of ₹ 350 million after a moratorium of thirty months from the date of first disbursement.
Term Loan	270.00	-	11%-13%	Secured by equitable mortgage of project specific inventory of the Company.	Five unequal quarterly installments after a moratorium of eleven months from the date of first disbursement.
Term Loan	500.00	-	12%-14%	Secured by equitable mortgage of certain land of the Company.	Eight equal quarterly installments of ₹ 62.50 million starting from April 30, 2016.

Notes to the financial statements for the year ended March 31, 2015

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-15	31-Mar- 14			
From financial institutions					
Term Loan	-	400.00	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	166.85	367.17	12%-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	300.00	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.
Term Loan	390.59	-	12%-14%	Secured by equitable mortgage of certain land and building and receivables of the Company.	Thirty two equal monthly installments of ₹ 15.63 million starting from September 15, 2014.
Term Loan	600	-	12%-14%	Secured by equitable mortgage of fixed assets and receivables of the Company.	Forty eight equal monthly installments of ₹ 18.18 million after a moratorium of fifteen months from the date of first disbursement.
Term Loan	1,500.00	-	12%-14%	Secured by equitable mortgage of certain land of the Company.	Twenty four equal monthly installments of ₹ 62.50 million starting from January 15, 2016.
Term Loan	400.00	-	12%-14%	Secured by equitable mortgage of certain land and project specific receivables of the Company.	Thirty three equal monthly installments of ₹ 12.12 million starting from April 30, 2015.
Term Loan	499.75	-	12%-14%	Secured by equitable mortgage of project specific inventory and receivables of the Company.	Eighteen equated monthly installments after a moratorium of six months from the date of first disbursement.
Term Loan	499.75	-	12%-14%	Secured by equitable mortgage of project specific inventory and receivables of the Company and maintaining of Debt Service Reserve account equal to three months interest.	Twenty five equal monthly installments of ₹ 20 million starting from September 15, 2015.
Term Loan	1,000.00	-	12%-14%	Secured by equitable mortgage of project specific inventory and receivables of the Company.	Twenty five equal monthly installments of ₹ 20 million starting from September 15, 2015.

Notes to the financial statements for the year ended March 31, 2015

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-15	31-Mar-14			
From banks					
Cash credit	429.44	24.94	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	779.11	62.53	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 (till December 27, 2014).	Repayable on demand
Cash credit	321.56	282.78	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	-	107.27	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	10%-14%	Secured by lien on fixed deposits of the Company.	Repayable on demand
Cash credit	-	103.78	11%-13%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Company.	Repayable on demand
Cash credit	9.27	19.96	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	5.27	13.75	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

Notes to the financial statements for the year ended March 31, 2015

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-15	31-Mar- 14			
Cash credit	0.04	8.71	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	15.11	4.16	10%-14%	Secured by lien on fixed deposits of the Company.	Repayable on demand
Cash credit	548.07	-	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	17.76	-	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	8.78	-	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	5.65	-	11%-13%	Secured by equitable mortgage of project specific inventory and receivables of the Company and maintaining of Debt Service Reserve account equal to three months interest.	Repayable on demand
Cash credit	3.47	-	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	2.14	4.12	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

Notes to the financial statements for the year ended March 31, 2015

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-15	31-Mar- 14			
(ii) Unsecured loans					
Term Loan	800.00	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-15	31-Mar-14		
Term loans	-	400.00	Vayaloor Properties Private Limited	Equitable mortgage of land
			Vayaloor Builders Private Limited	
			Vayaloor Developers Private Limited	
			Vayaloor Real Estate Private Limited	
			Valasai Vettikadu Realtors Private Limited	
Term loans	-	645.00	Megatech Software Private Limited	Equitable mortgage of land
			Tirur Cyber City Developers Private Limited	
			Thakazhi Developers Private Limited	
			Sobha Innercity Technopolis Private Limited	
Term loans	300.00	700.00	Sobha Glazing & Metal Works Private Limited	Equitable mortgage of land and building
Term loans	800.00	150.00	Rusoh Marina Properties Private Limited	Equitable mortgage of land
			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	
Term loans	941.34	-	Sobha Glazing & Metal Works Private Limited	Equitable mortgage of land
Term loans	1,500.00	-	Sri Durga Devi Property Management Private Limited Sri Parvathy Land Developers Private Limited	Equitable mortgage of land

Notes to the financial statements for the year ended March 31, 2015

9 Other current liabilities

	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Trade payables		
(refer note 36 for details of dues to micro and small enterprises)		
Land cost payable	1,226.03	1,904.87
Others	3,648.78	3,725.11
	4,874.81	5,629.98
Other liabilities		
Current maturities of long-term borrowings (refer note 5)		
(Includes current maturity of finance lease obligation ₹ 6.42 million (Previous year - ₹ 141.63 million))	441.15	258.73
Book overdraft from scheduled banks	1.22	6.34
Advance from customers	8,216.79	9,074.91
Interest accrued but not due on borrowings	43.18	35.94
Investor education & protection fund shall be credited for unclaimed dividends when due		
Unclaimed dividend	2.01	1.44
Others		
Non-trade payable	268.13	216.31
Security deposit towards maintenance services	625.75	670.03
Payable to related parties (refer note 26)	94.93	80.47
Payable for purchase of fixed assets	64.70	91.67
Withholding taxes payable	36.17	32.08
Others	33.00	10.13
	9,827.03	10,478.05
	14,701.84	16,108.03

Notes to the financial statements for the year ended March 31, 2015

10 Tangible assets

	Freehold land	Factory buildings	Other buildings	Plant and machinery	Scaffolding items	Furniture and fixtures	Vehicles	Computers	Office equipments	Total
Cost - At 1 April 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
Additions	-	-	118.44	156.40	217.61	5.71	4.52	22.40	3.38	528.46
Disposals	-	-	-	(0.28)	-	(2.02)	(1.20)	(4.03)	(0.73)	(8.26)
At 31 March 2015	81.90	385.09	1,327.41	2,412.66	1,514.40	94.91	54.41	178.52	57.43	6,106.73
Depreciation - At 1 April 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
Charge for the year	-	22.12	75.22	315.80	191.26	15.06	3.93	29.15	8.62	661.16
Disposals	-	-	-	(0.08)	-	(1.70)	(0.34)	(4.01)	(0.45)	(6.58)
Other adjustments	-	-	-	0.33	-	0.11	0.90	4.76	10.47	16.57
At 31 March 2015	-	219.03	221.76	1,567.99	731.75	57.56	45.31	154.86	49.70	3,047.96
Net Block										
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
At 31 March 2015	81.90	166.06	1,105.65	844.67	782.65	37.35	9.10	23.66	7.73	3,058.77

1) Assets taken on finance lease

	Plant and machinery		Scaffolding items	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
Gross block	371.89	371.89	306.54	306.54
Depreciation charge for the year	93.38	124.16	40.23	101.60
Accumulated depreciation	360.47	267.09	303.99	263.76
Net book value	11.42	104.80	2.55	42.78

Notes to the financial statements for the year ended March 31, 2015

11 Intangible assets

₹ million

	Software	Intellectual property rights	Total
Gross block - At 1 April 2013	83.04	47.62	130.66
Additions	23.59	-	23.59
Other adjustments	(28.70)	-	(28.70)
At 31 March 2014	77.93	47.62	125.55
Additions	1.95	-	1.95
Other adjustments	-	-	-
At 31 March 2015	79.88	47.62	127.50
Amortization - At 1 April 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
Charge for the year	11.61	15.83	27.44
Other adjustments	-	-	-
At 31 March 2015	67.01	47.57	114.58
Net Block			
At 31 March 2014	22.53	15.88	38.41
At 31 March 2015	12.87	0.05	12.92

12 Non-current investments

	31-Mar-15 ₹ million	31-Mar-14 ₹ 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
50,000 (Previous year - Nil) equity shares of ₹ 10 each fully paid-up in Sobha Nandambakkam Developers Limited	13.74	-
50,002 (Previous year - Nil) equity shares of ₹ 10 each fully paid-up in Sobha Tambaram Developers Limited	2.24	-
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	454.08	307.40
Consideration paid for additional share in capital and profit of the partnership firm	128.00	128.00

Notes to the financial statements for the year ended March 31, 2015

	31-Mar-15 ₹ million	31-Mar-14 ₹ million
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 - 3,985,000) 17.5% Series B compulsorily convertible debentures of ₹ 100 each fully paid-up in Sobha Highrise Ventures Private Limited **	398.50	398.50
	2,486.06	2,323.40

* 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-15 ₹ million	31-Mar-14 ₹ 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
	2,486.24	2,323.58
Aggregate amount of unquoted investments (net of provision for diminution in value of investments)	2,486.24	2,323.58
Aggregate provision for diminution in value of investments	26.70	26.70

Details of investments in partnership firms

Investment in Sobha City

Name of Partner	Share of partner in profits (%)	
	31-Mar-15	31-Mar-14
Sobha Limited	99	99
Sobha Developers (Pune) Limited	1	1
Total capital of the firm (₹ million)	400.00	400.00

Notes to the financial statements for the year ended March 31, 2015

13 Deferred tax liability (net)

	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Deferred tax liability		
Expenses allowed for tax purposes on payment basis but chargeable to the statement of profit and loss in future years	1,643.37	1,083.70
Gross deferred tax liability	1,643.37	1,083.70
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	16.94	17.68
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	42.87	10.40
Provision for doubtful debts and advances	7.54	45.85
Gross deferred tax asset	67.35	73.93
Net deferred tax liability	1,576.02	1,009.77

14 Loans and advances

	Current		Non-current	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
Capital advances				
Unsecured, considered good			20.69	24.97
			20.69	24.97
Security deposit				
Unsecured, considered good				
Refundable deposit towards joint development agreement	2,961.32	2,545.74	97.82	97.62
Security deposit - Others	45.70	13.95	551.30	598.69
	3,007.02	2,559.69	649.12	696.31
Inter-corporate deposit to related party (refer note 26)				
Unsecured, considered good	47.11	47.11	-	-
Land advance *				
Unsecured, considered good	12,892.24	10,491.50	3,552.82	3,498.61
Advances recoverable in cash or kind				
Unsecured considered good	1,358.39	1,031.86	78.21	75.66
Other loans and advances				
Prepaid expenses	98.35	102.06	98.62	109.37
MAT Credit entitlement	193.20	-	-	-
Balances with statutory/ government authorities	302.44	220.96	-	-
	593.99	323.02	98.62	109.37
Total	17,898.75	14,453.18	4,399.46	4,404.92

* 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.

Notes to the financial statements for the year ended March 31, 2015

Loans and advances due by directors or other officers, etc.

	Current		Non-current	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
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	374.52	374.92	-	-
Dues from Sobha Assets Private Limited, in which the Company's director is a director	-	-	73.06	70.51
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

	Current		Non-current	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
15.1 Trade receivable				
<i>Outstanding for a period exceeding six months from the date they are due for payment</i>				
Unsecured, considered good	366.67	359.08	-	-
Doubtful	-	-	22.29	136.20
	366.67	359.08	22.29	136.20
Provision for doubtful trade receivables	-	-	22.29	136.20
	366.67	359.08	-	-
<i>Other receivables</i>				
Unsecured, considered good	2,298.27	2,108.85	196.84	123.27
	2,298.27	2,108.85	196.84	123.27
	2,664.94	2,467.93	196.84	123.27
15.2 Other assets				
Unsecured, considered good unless stated otherwise				
Non-current bank balances (refer note17)			108.23	67.09
Others				
Unbilled revenue	3,787.45	3,019.56	-	-
Interest accrued on investments	15.48	27.26	-	-
Others	289.80	289.80	-	-
Total other assets	4,092.73	3,336.62	108.23	67.09
	6,757.67	5,804.55	305.07	190.36

Notes to the financial statements for the year ended March 31, 2015

	Current		Non-current	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
Trade receivables include:				
Dues from Sobha Highrise Ventures Private Limited in which the Company's director is a director	55.42	-	-	-

16 Inventories (valued at lower of cost and net realizable value)

	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Raw materials and components	322.19	291.19
Building materials	17.20	15.76
Land stock	8,325.25	5,411.72
Work-in-progress	13,765.71	14,766.68
Stock in trade - flats	358.85	105.84
Finished goods	44.95	28.65
	22,834.15	20,619.84

17 Cash and bank balances

	Current		Non-current	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
Cash and cash equivalents				
<i>Balances with banks:</i>				
– On current accounts	949.86	468.64		
– On unclaimed dividend account	2.01	1.44		
Cheques/ drafts on hand	16.78	12.81		
Cash on hand	6.73	6.50		
	975.38	489.39		
Other bank balances				
– Margin money deposit	220.03	252.60	108.23	67.09
	220.03	252.60	108.23	67.09
Less: Amount disclosed under non-current assets (refer note 15.2)			(108.23)	(67.09)
	1,195.41	741.99	-	-

Margin money deposits given as security

Margin money deposits with a carrying amount of ₹ 328.26 million (Previous year - ₹ 319.69 million) are subject to first charge to secure the Company's borrowings.

Notes to the financial statements for the year ended March 31, 2015

18 Revenue from operations

	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Revenue from operations		
Sale of products/ finished goods		
Income from property development	13,183.24	11,473.56
Income from sale of land and development rights	59.24	13.21
Income from glazing works	1,314.69	1,335.30
Income from interior works	859.40	632.29
Income from concrete blocks	252.36	211.85
Sale of services		
Income from contractual activity - Subsidiaries	2,329.04	2,906.79
Income from contractual activity - Others	5,718.58	4,445.06
Other operating revenue		
Share in profits of partnership firm investments (post tax)	146.69	182.64
Scrap sales	78.09	40.93
Revenue from operations (gross)	23,941.33	21,241.63
Less: Excise duty #	117.53	112.74
Revenue from operations (net)	23,823.80	21,128.89

Excise duty on sales amounting to ₹ 117.53 million (Previous year - ₹ 112.74 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 ₹ 1.00 million (Previous year - ₹ 0.55 million) has been considered as (income)/ expense in note 23 of financial statements.

19 Other income

	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Interest income on		
Bank deposits	19.79	19.42
Current investments	69.74	68.97
Others	22.86	-
Foreign exchange fluctuation (net)	2.72	0.07
Profit on sale of fixed assets (net)	0.33	2.46
Other non-operating income (net of expenses directly attributable to such income of ₹ Nil (Previous year - ₹ Nil))	77.23	67.85
	192.67	158.77

Notes to the financial statements for the year ended March 31, 2015

20 Cost of raw material and components consumed

	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Inventory at the beginning 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
Add: Purchases		
Glazing material	923.90	851.89
Interior material	602.22	532.54
Concrete block material	386.64	379.12
	1,912.76	1,763.55
Less: Inventory at the end of the year		
Glazing material	144.22	116.73
Interior material	117.41	112.88
Concrete block material	60.56	61.58
	322.19	291.19
Cost of raw material and components consumed		
Glazing material	896.41	848.10
Interior material	597.69	521.40
Concrete block material	387.66	355.80
Cost of raw material and components consumed	1,881.76	1,725.30

21 (Increase)/ decrease in inventories

	31-Mar-15	31-Mar-14	Less: Transferred to Capital work- in-progress/ tangible assets	₹ million (Increase) / decrease
Inventories at the end of the year				31-Mar-15
Building materials	17.20	15.76	-	(1.44)
Land stock	8,325.25	5,411.72	202.54	(3,116.07)
Work-in-progress	13,765.71	14,766.68	-	1,000.97
Stock in trade - flats	358.85	105.84	-	(253.01)
Finished goods	44.95	28.65	-	(16.30)
	22,511.96	20,328.65	202.54	(2,385.85)
Inventories at the beginning 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)
Less: Transferred to Capital work-in-progress/ tangible fixed assets	202.54	148.38		
	20,126.11	15,478.24		
(Increase)/ decrease	(2,385.85)	(4,850.41)		

Notes to the financial statements for the year ended March 31, 2015

22 Employee benefit expense

	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Salaries, wages and bonus	1,766.19	1,693.35
Contribution to provident and other fund	51.62	37.62
Gratuity expense (refer note 31)	27.51	20.58
Compensated absence	25.18	21.92
Staff welfare expenses	106.77	91.11
	1,977.27	1,864.58

23 Other expenses

	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Excise duty on (increase)/ decrease in inventory	(1.00)	(0.55)
License fees and plan approval charges	232.59	232.57
Power and fuel	339.12	305.83
Water charges	84.77	71.09
Freight and forwarding charges	149.22	154.43
Rent	296.81	239.60
Rates and taxes	70.92	100.98
Insurance	34.62	31.35
Property maintenance expenses	80.13	82.51
Repairs and maintenance		
Plant and machinery	19.59	19.00
Others	47.17	42.55
Advertising and sales promotion	469.52	488.62
Brokerage and discounts	100.57	96.89
Donation	-	137.74
Travelling and conveyance	343.05	338.66
Legal and professional fees	193.13	155.82
Directors' commission and sitting fees	7.40	5.34
Payment to auditor (Refer details below)	10.74	9.22
Exchange difference (net)	0.08	0.53
Bad debts written off	-	33.97
Provision for doubtful debts and advances (net of write off)	10.00	49.20
Miscellaneous expenses	346.32	303.44
	2,834.75	2,898.79

Payment to auditor *

	31-Mar-15 ₹ million	31-Mar-14 ₹ million
As auditor:		
Audit fee [including for Limited review ₹ 4.80 million (Previous year - ₹ 4.20 million)]	10.00	8.80
In other capacity:		
Other services	0.20	-
Reimbursement of expenses	0.54	0.42
	10.74	9.22

* Net of service tax

Notes to the financial statements for the year ended March 31, 2015

24 Depreciation and amortization expense

	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Depreciation of tangible assets	661.16	629.93
Amortization of intangible assets	27.44	25.91
	688.60	655.84

25 Finance costs

	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Interest		
- On borrowings	1,969.18	1,465.93
- On finance lease obligation	7.56	28.17
- Others	29.09	62.60
Bank charges	128.33	108.54
	2,134.16	1,665.24
Less: Interest cross charged and interest inventorised/capitalised to qualifying land advances and capital work-in-progress	(611.30)	(296.59)
Total *	1,522.86	1,368.65

* Gross of interest amounting to ₹ 1,156.43 million (Previous year - ₹ 967.47 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)]

Sobha Developers (Pune) Limited

Sobha Assets Private Limited

Sobha Tambaram Developers Limited (Formerly known as Megatech Software Private Limited) [from March 16, 2015]

Sobha Nandambakkam Developers Limited (Formerly Tirur Cybercity Developers Private Limited) [from March 16, 2015]

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

Notes to the financial statements for the year ended March 31, 2015

Key Shareholder

Mr. P. N. C. Menon [Refer note 3 (c)]

Mrs. Sobha Menon [Refer note 3 (c)]

Key Management Personnel

Mr. Ravi PNC Menon

Mr. J. C. Sharma

Mr. P. Ramakrishnan

Mr. Ganesh Venkataraman [upto February 16, 2015]

Mr. Subhash Bhat [from February 16, 2015]

Mr. Kishore Kayarat

Relatives of key management personnel

Mrs. Sudha Menon

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

Mapedu Real Estates Private Limited

Moolamcode Traders Private Limited

Notes to the financial statements for the year ended March 31, 2015

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 Nandambakkam Developers Limited (Formerly Tirur Cybercity Developers Private Limited) [upto March 15, 2015]
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 Tambaram Developers Limited (Formerly known as Megatech Software Private Limited) [upto March 15, 2015]
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 Real Estates Private Limited

Notes to the financial statements for the year ended March 31, 2015

b Transactions with related parties

			₹ million	
Description of the nature of transaction	Description of relationship	Related party	31-Mar-15	31-Mar-14
Income from property development	Key management personnel	Mr. J. C. Sharma	0.16	-
		Sobha City	804.41	1,538.76
	Subsidiary	Sobha Developers (Pune) Limited	1,115.86	1,221.20
Income from contractual activity		Sobha Highrise Ventures Private Limited	408.77	146.83
	Key management personnel	Mr. Ravi PNC Menon	64.44	-
	Other related parties	Sri Kurumba Trust	2.81	5.35
	Subsidiary	Sobha Highrise Ventures Private Limited	-	13.21
		Sobha Tambaram Developers Limited	34.05	-
Income from sale of land and development rights	Other related parties	Thakazhi Realtors Private Limited	3.34	-
		Thakazhi Developers Private Limited	11.32	-
		Mannur Real Estate Private Limited	10.53	-
	Subsidiary	Sobha City	51.91	36.36
Income from glazing works	Key management personnel	Mr. Ravi PNC Menon	-	0.31
	Other related parties	Sri Kurumba Trust	2.91	1.98
		Sri Parvathy Land Developers Private Limited	2.01	0.03
	Subsidiary	Sobha City	10.97	17.10
	Key management personnel	Mr. P. Ramakrishnan	0.01	-
Income from interior works		Sri Parvathy Land Developers Private Limited	1.64	1.54
	Other related parties	Sobha Projects & Trade Private Limited	0.12	-
		Sri Kurumba Trust	8.87	3.85
Income from concrete block material	Subsidiary	Sobha City	-	8.29
	Other related parties	Sri Parvathy Land Developers Private Limited	1.63	0.16
Interest income on debentures	Subsidiary	Sobha Highrise Ventures Private Limited	69.74	68.97
Purchase of project items	Other related parties	Sobha Projects & Trade Private Limited	222.32	157.75
Amount withdrawn from partnership current account	Subsidiary	Sobha City	-	358.86
Aircraft hire charges*	Other related parties	Sobha Puravankara Aviation Private Limited	157.73	165.94
Share in profits of partnership firm	Subsidiary	Sobha City	146.69	182.64
Purchase of investment in equity share capital of Sobha Tambaram Developers Limited	Other related parties	Technobuild Developers Private Limited	1.84	-

Notes to the financial statements for the year ended March 31, 2015

₹ million

Description of the nature of transaction	Description of relationship	Related party	31-Mar-15	31-Mar-14
Purchase of investment in equity share capital of Sobha Nandambakkam Developers Limited	Other related parties	Technobuild Developers Private Limited	13.74	-
Investment in equity share capital	Subsidiary	Sobha Tambaram Developers Limited	0.40	-
Investment in debentures	Subsidiary	Sobha Highrise Ventures Private Limited	-	21.50
Directors' remuneration	Key management personnel	Mr. J. C. Sharma	57.61	51.54
		Mr. Ravi PNC Menon	95.84	89.72
		Mr. P. Ramakrishnan	9.16	8.11
		Mr. P. N. C. Menon	87.42	87.42
Dividend paid (Payment basis)	Key shareholder	Mr. P. N. C. Menon and Mrs. Sobha Menon (Jointly held shares)	38.46	38.46
		Mrs. Sobha Menon	289.44	289.44
	Key management personnel	Mr. Ravi PNC Menon	0.23	0.23
		Mr. J. C. Sharma	0.63	0.61
Salary (including perquisites)	Key management personnel	Mr. Kishore Kayarat	2.61	2.31
		Mr. Subhash Bhat	0.95	-
		Mr. Ganesh Venkataraman	10.09	8.66
Inter corporate loan given	Subsidiary	Sobha Highrise Ventures Private Limited	-	2.60
Inter corporate loan repaid by related party	Subsidiary	Sobha Highrise Ventures Private Limited	-	2.60
Advance received	Subsidiary	Sobha Highrise Ventures Private Limited	-	53.76
CSR expenditure - Donation	Other related parties	Sri Kurumba Trust	144.70	126.90
	Subsidiary	Sobha Assets Private Limited	2.55	-
		Sobha Developers (Pune) Limited	143.94	-
		Sobha Highrise Ventures Private Limited	7.03	31.60
		Royal Interiors Private Limited	-	9.88
		Sobha Interiors Private Limited	-	3.92
		Technobuild Developers Private Limited	0.09	-
Reimbursement from related party	Other related parties	Sobha Projects & Trade Private Limited	0.29	-
		Mannur Real Estate Private Limited	0.14	-
		Sri Kanakadurga Property Developers Private Limited	0.15	-
		Sobha Puravankara Aviation Private Limited	6.21	6.40
	Key management personnel	Mr. Ravi PNC Menon	1.58	-
	Key shareholder	Mrs. Sobha Menon	-	1.70

Notes to the financial statements for the year ended March 31, 2015

			₹ million	
Description of the nature of transaction	Description of relationship	Related party	31-Mar-15	31-Mar-14
Reimbursement to related party	Subsidiary	Sobha City	2.98	-
		Technobuild Developers Private Limited	3.51	1.35
		Sobha Projects & Trade Private Limited	250.86	112.85
Advance paid towards purchase of land, goods or services	Other related parties	Puzhakkal Developers Private Limited	-	73.15
		Sobha Puravankara Aviation Private Limited	190.36	187.02
		Sri Durga Devi Property Management Private Limited	0.84	1.72
	Subsidiary	Sobha Assets Private Limited	-	0.14
Refund of advance by the related party	Other related parties	Technobuild Developers Private Limited	109.55	-
		Sobha Projects & Trade Private Limited	11.27	-
		Sobha Interiors Private Limited	14.49	12.92
Rent paid	Other related parties	Sri Kurumba Trust	0.12	-
		Sobha Glazing & Metal Works Private Limited	5.69	5.12
	Key management personnel	Mr. Ravi PNC Menon	0.85	0.63

Notes to the financial statements for the year ended March 31, 2015

c Closing balance

			₹ million	
Description of the nature of transaction	Description of relationship	Related party	31-Mar-15	31-Mar-14
Inter-corporate deposit	Other related parties	Sobha Renaissance Information Technology Private Limited	47.11	47.11
		Technobuild Developers Private Limited	8,103.00	8,150.42
		Puzhakkal Developers Private Limited	125.47	125.47
Land advance	Other related parties	Sri Parvathy Land Developers Private Limited	92.14	92.14
		Sri Durga Devi Property Management Private Limited	50.59	49.75
Rent deposit	Other related parties	Sobha Glazing & Metal Works Private Limited	112.03	112.03
		Sobha Interiors Private Limited	280.00	280.00
Investment in subsidiaries - Current account	Subsidiary	Sobha City - Partner current account	454.08	307.40
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	398.50
	Subsidiary	Sobha Assets Private Limited	73.06	70.51
		Sobha Projects & Trade Private Limited	374.52	374.92
Advances recoverable in cash or in kind	Other related parties	Sobha Puravankara Aviation Private Limited	388.05	276.86
		Architectural Metal Works FZCO	0.29	0.29
		Punkunnam Builders and Developers Private Limited	0.01	0.03
		Sobha Contracting LLC, Dubai	5.15	5.15
Trade receivables	Subsidiary	Sobha City	160.21	95.93
		Sobha Highrise Ventures Private Limited	55.42	-
	Other related parties	Sri Kurumba Trust	25.18	22.76
Interest accrued on investments	Subsidiary	Sobha Highrise Ventures Private Limited	15.48	27.26
		Sobha Glazing & Metal Works Private Limited	34.00	30.11
		SBG Housing Private Limited	2.68	2.68
Payables	Other related parties	Sobha Interiors Private Limited	57.67	47.67
		Sobha Puravankara Aviation Private Limited	231.24	138.56
		Sobha Space Private Limited	0.58	0.02
Capital creditors	Other related parties	Sobha Renaissance Information Technology Private Limited	50.00	50.00
Advance from customers	Subsidiary	Sobha Developers (Pune) Limited	1,792.15	1,994.65
		Sobha Highrise Ventures Private Limited	-	46.39
Non-trade payable	Key management personnel	Mr. J. C. Sharma	77.62	37.80
		Mr. Ravi PNC Menon	36.47	33.92
		Sobha City	1,105.00	1,420.00
Guarantees given	Subsidiary	Sobha Highrise Ventures Private Limited	150.00	150.00
		Sobha Developers (Pune) Limited	390.01	734.89

*During the year ended March 31, 2015, the Company has renewed the aircraft usage agreement with Sobha Puravankara Aviation Private Limited, wherein the usage charges have been revised with effect from April 01, 2014. The aircraft hire charges has been accrued for the year based on revised agreement.

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.

Notes to the financial statements for the year ended March 31, 2015

27 Earnings per share ['EPS']

	₹ million	
Particulars	31-Mar-15	31-Mar-14
Profit after tax attributable to shareholders	1,990.85	2,065.42
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	Total MLP outstanding as on March 31, 2015	Interest	Present Value of MLP
Within one year	6.55	0.13	6.42
	(149.15)	(7.52)	(141.63)
After one year but not more than five years	-	-	-
	(6.54)	(0.13)	(6.41)
More than five years	-	-	-
	-	-	-
	6.55	0.13	6.42
	(155.69)	(7.65)	(148.04)

(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.

	₹ million	
Particulars	31-Mar-15	31-Mar-14
Lease payments recognised as an expense in statement of profit and loss	296.81	239.60

Minimum lease payments outstanding in respect of these lease for non-cancelable period are as follows:

	₹ million	
Particulars	31-Mar-15	31-Mar-14
Not later than one year	67.50	63.90
Later than one year and not later than five years	165.89	148.41
Later than five years	190.94	210.52
	424.33	422.83

Notes to the financial statements for the year ended March 31, 2015

29 Contingent liabilities (to the extent not provided for)

Particulars	31-Mar-15 ₹ million	31-Mar-14 ₹ million
i. Guarantees given by the Company	4,235.14	4,524.65
ii. Income tax matters in dispute	3.94	3.94
iii. Sales tax matters in dispute	331.37	331.37
iv. Service tax matters in dispute	1,512.80	1,441.88
	6,083.25	6,301.84

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.

Other litigations

The Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business, including certain litigation for lands acquired by it for construction purposes, either through joint development agreements or through outright purchases, the impact of which is not quantifiable. These cases are pending with various courts and are scheduled for hearings. After considering the circumstances and legal advice received, management believes that these cases will not adversely effect its financial statements.

Service tax matters in dispute includes demands raised for joint development agreements, the tax impact of which for future years is not ascertainable. The Company has evaluated such arrangements for tax compliance and based on experts opinion, the management is of the view that the tax positions are appropriate.

30 Commitments

- The estimated amount of contracts, net of advances remaining to be executed on capital account is ₹ 526.46 million (Previous year - ₹ 211.84 million).
- At March 31, 2015, the Company has given ₹ 16,445.06 million (Previous year - ₹ 13,990.11 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, 2015 the Company has paid ₹ 3,059.14 million (Previous year - ₹ 2,643.36 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.

Notes to the financial statements for the year ended March 31, 2015

31 Employee benefits

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service subject to a maximum of ₹ 1,000,000. The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for gratuity benefit.

Statement of profit and loss

Net employee benefit expense (recognised in employee benefits expense)

Particulars	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Current service cost	14.81	12.86
Interest cost on benefit obligation	8.08	6.15
Expected return on plan assets	(1.75)	(1.59)
Net actuarial loss/ (gain) recognised	6.37	3.16
Net benefit expense	27.51	20.58

Balance Sheet

Particulars	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Defined benefit obligation	112.02	91.85
Fair value of plan assets	12.75	20.09
Plan (asset)/ liability	99.27	71.76
Changes in the present value of the defined benefit obligation		
Opening defined benefit obligation	91.85	76.92
Interest cost	8.08	6.15
Current service cost	14.81	12.86
Benefits paid	(10.11)	(7.48)
Actuarial (gains)/ losses on obligation	7.39	3.40
Closing defined benefit obligation	112.02	91.85
Changes in the fair value of plan assets		
Opening fair value of plan assets	20.09	18.24
Expected return	1.75	1.59
Contributions by employer	-	7.50
Benefits paid	(10.11)	(7.48)
Actuarial gains/ (losses)	1.02	0.24
Closing fair value of plan assets	12.75	20.09
Actual return on plan assets		
Expected return on plan assets	1.75	1.59
Actuarial gain/ (loss) on plan assets	1.02	0.24
Actual return on plan assets	2.77	1.83

Notes to the financial statements for the year ended March 31, 2015

Particulars	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Investment details of plan assets		
Investment with insurer - 100% in debt instruments		
The principal assumptions used in determining gratuity obligation		
Discount rate	7.89%	8.00%
Expected rate of return on assets	7.89%	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	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11
Defined benefit obligation	112.02	91.85	76.92	62.03	52.67
Plan assets	12.75	20.09	18.24	20.75	21.95
Surplus / (deficit)	99.27	71.76	58.68	41.28	30.72
Experience adjustments on plan liabilities	2.18	7.40	6.40	(0.24)	3.86
Experience adjustments on plan assets	1.02	0.24	0.07	(0.22)	(0.45)

Notes:

- The Company expects to contribute ₹ 52.31 million (Previous year - ₹ 51.72 million) to the trust towards gratuity fund in 2015-16.
- The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other several factor such as supply and demand factor in the employment market. Employee turnover varies based on various age groups.

32 Segment reporting

As the Company operates on a backward integration model and its business activity primarily falls within a single business segment which constitutes real estate development, there are no additional disclosures to be provided under Accounting Standard 17 'Segment Reporting'. The Company operates primarily in India and there are no other significant geographical segment.

33 Supplementary statutory information

a. Expenditure in foreign currency [on accrual basis]

Particulars	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Salaries, wages and bonus	25.58	13.78
Travelling and conveyance	3.38	2.27
Rent	7.34	5.98
Legal and professional charges	1.80	0.27
Advertising and sales promotion	2.75	12.44
Miscellaneous expenses	8.66	6.68
	49.51	41.42

Notes to the financial statements for the year ended March 31, 2015

b. Value of imports calculated on CIF basis

Particulars	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Raw materials (including project items)	333.99	363.70
Capital goods	144.81	177.26
	478.80	540.96

c. Imported and indigenous raw materials consumption

Particulars	31-Mar-15		31-Mar-14	
	%	Amount	%	Amount
Raw Materials				
Imported	8.09%	152.32	9.44%	162.79
Indigenously obtained	91.91%	1,729.44	90.56%	1,562.51
	100.00%	1,881.76	100.00%	1,725.30

34 Construction contracts

Particulars	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Contract revenue recognised as revenue for the year ended March 31, 2015*	20,489.98	17,277.34
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to March 31, 2015 for all the contracts in progress	49,155.64	31,185.15
The amount of customer advances outstanding for contracts in progress as at March 31, 2015 for which revenue has been recognised	5,824.48	6,180.64
The amount of retentions due from customers for contracts in progress as at March 31, 2015	644.87	415.74

* The Company has revised its project cost estimates in the current year, as a result of which the profit before tax for the year ended March 31, 2015 is lower by ₹ 586 million.

35 Derivative instruments and unhedged foreign currency exposure

Particulars	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Foreign currency exposure that are not hedged by derivative instruments or otherwise:		
Payables	18.03	6.68
Receivables	58.77	55.39

36 Based on the information available with the Company, there are no suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as at March 31, 2015.

Notes to the financial statements for the year ended March 31, 2015

37 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	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Purchase of project materials	2.78	8.39
Subcontractor and other charges	50.68	238.10
Salaries, wages and bonus	8.04	4.17
Rent	13.30	9.87
Miscellaneous expenses	3.01	3.32
	77.81	263.85

38 Corporate Social Responsibility (CSR)

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company. The CSR expenditure for the year ended March 31, 2015 is contributed to a trust towards activities which are specified in Schedule VII of the Companies Act, 2013. In accordance with the clarification issued by the Institute of Chartered Accountants of India, vide FAQ's on the provisions of CSR applicability under the Companies Act, 2013, the Company has adopted the policy to charge CSR expenditure incurred as an appropriation of profit with effect from April 01, 2014. Accordingly, CSR expenditure (net of tax) of ₹ 124.34 million has been adjusted to retained earnings.

- 39** During the year ended March 31, 2015, the Company has received notice u/s 153A of the Income Tax Act, 1961, whereby the Company has revised the income tax returns for the assessment years 2008-09 to 2013-14 for certain additional disallowances for which no additional tax charge is provided, since the management is of the view that the disallowances are mainly on account of timing differences. Pending final assessment, no adjustments have been made in the financial statements for the year ended March 31, 2015.

40 Disclosure required under Section 186(4) of the Companies Act 2013

For details of loans, advances and guarantees given and securities provided to related parties refer note 26.

- 41** 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-15		31-Mar-14	
	Closing balance	Maximum amount due	Closing balance	Maximum amount due
Sobha Highrise Ventures Private Limited	413.98	458.04	425.76	458.04
Sobha Renaissance Information Technology Private Limited	47.11	47.11	47.11	47.11

Notes to the financial statements for the year ended March 31, 2015

42 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.

43 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 Limited

per Adarsh Ranka
Partner
Membership No.: 209567

Ravi PNC Menon
Chairman

J.C. Sharma
Vice Chairman and
Managing Director

Subhash Bhat
Chief Financial Officer

Kishore Kayarat
Company Secretary and
Compliance Officer

Place: Bengaluru
Date: May 12, 2015

Place: Bengaluru
Date: May 12, 2015

Independent Auditors' Report

To the Members of Sobha Limited

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Sobha Limited [formerly known as Sobha Developers Limited] (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated balance sheet as at March 31, 2015, the consolidated statement of profit and loss and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's responsibility for the consolidated financial statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") 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, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies and management of a subsidiary partnership firm included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on

our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, 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 financial control relevant to the Holding Company's preparation 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 whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated 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, of the consolidated state of affairs of the Group as at March 31, 2015, their consolidated profit, and their consolidated 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, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditor's report of the Holding Company and its subsidiaries incorporated in India, to whom the Order applies, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:
 - a. We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - b. In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
 - c. The consolidated balance sheet, consolidated statement of profit and loss, and consolidated cash flow statement dealt with by this report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
 - d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies incorporated in India, none of the directors of the Group's companies, incorporated in India is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information

and according to the explanations given to us:

- i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 29 to the consolidated financial statements;
- ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary Companies incorporated in India.

Other matter

- (a) The accompanying consolidated financial statements include (after eliminations) total assets of ₹ 4,179.09 million as at March 31, 2015, and total revenues and net cash outflows of ₹ 2,306.41 million and ₹ 32.72 million for the year ended on that date, in respect of eleven subsidiaries, which have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the management.

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

per Adarsh Ranka
Partner
Membership No.: 209567

Place: Bengaluru
Date: May 12, 2015

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

Re: The Group, comprising Sobha Limited (‘Holding Company’) and its subsidiaries incorporated in India and to whom the provisions of the Order apply (together referred to as “the Covered entities” in this report)

- (i) (a) The Holding Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. The Covered entities have no fixed assets and therefore, the provisions of clause 3(i)(a) and (b) of the Order are not applicable to the Covered entities and hence not commented upon.
- (b) All fixed assets have not been physically verified by the management of the Holding Company during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Holding Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (ii) (a) The management of the Holding Company and the Covered entities of the Group have 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 Holding Company and the Covered entities of the Group and the nature of their business.
- (c) The Holding Company and the Covered entities of the Group are maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The Holding Company has granted unsecured loan and subscribed to unsecured debentures to two parties covered in the register maintained under section 189 of the Companies Act, 2013. 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. The Covered entities of the Group have not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Covered entities of the Group and hence not commented upon.
- (b) There is no overdue amount of loans granted by the Holding Company to Companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us and as reported by the other auditors who audited the financial statements / financial information of Covered entities of the Group, having regard to the explanation that purchases of certain items of inventories and fixed assets are of proprietary nature for which alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Holding Company and the Covered entities of the Group and the nature of its businesses, for the purchase of inventory and fixed assets and for the sale of goods and services, to the extent applicable to the nature of the business of the Covered entities of the Group. During the course of our audit and as reported by the other auditors who audited the financial statements / financial information of Covered entities of the Group, no major weakness was observed or continuing failure to correct any major weakness in the internal control system of the Holding Company and the Covered entities of the Group in respect of these areas.
- (v) The Holding Company and the Covered entities of the Group have not accepted any deposits from the public.

- (vi) We have broadly reviewed the books of account maintained by the Holding Company and certain Covered entities of the Group to the extent applicable and relevant, pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the construction of buildings/ structures and other related activities, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. The detailed examination of the same have not been made by us or such other auditors. To the best of our knowledge and as explained and as reported by the other auditors who audited the financial statements / financial information of certain Covered entities of the Group, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of certain other Covered entities of the Group.
- (vii) (a) The Holding Company and Covered entities of the Group are regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues as applicable to the respective covered entities though there has been a slight delay in remittance of tax deducted at source in few cases in respect of certain Covered entities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, 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 for the Holding Company and Covered entities of the Group.
- (c) According to the information and explanations given to us and as reported by the other auditor who audited the financial statements / financial information of Covered entities of the Group, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute in respect of Covered entities. According to the records of the Holding Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount * (₹ in million)	Period to which amount relates	Forum where dispute is pending
Andhra Pradesh Sales Tax Act	Basis of charge of sales tax	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	392.07	2006-12	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994 (Service Tax Provisions)	Service tax demand	67.72	2012-13	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	Central Excise and Service Tax Appellate Tribunal

* Net of ₹ 191.89 million, paid under protest.

- (d) According to the information and explanations given to us and as reported by the other auditor who audited the financial statements / financial information of Covered entities of the Group, the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time to the extent applicable to the Holding Company and the Covered entities of the Group.
- (viii) The Holding Company and certain Covered entities of the Group have no accumulated losses at the end of the financial year and have not incurred cash losses in the current and immediately preceding financial year. Certain Covered entities of the Group have been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in the current financial year and in the immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management and as reported by the other auditor who audited the financial statements / financial information of Covered entities, of the Group, we are of the opinion that the Holding Company and Covered entities of the Group have not defaulted in their repayment of dues to a financial institution, bank or debenture holders.
- (x) According to the information and explanations given to us, the Holding 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 Holding Company considering Holding Company's economic interest in such entities. According to the information and explanations given to us, the Covered entities of the Group have not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) Based on the information and explanations given to us by the management and the report of the other auditors who audited the financial statements / financial information of Covered entities of the Group, term loans (representing loans with a repayment period beyond 36 months) were applied for the purpose for which the loans were obtained by the Holding Company and the Covered entities of the Group.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the consolidated financial statements and as per the information and explanations given by the management and reports of the other auditors who audited the financial statements / financial information of other Covered entities of the Group, which we have relied upon, we report that no fraud on or by the Holding Company and the Covered entities of the Group have been noticed or reported during the year.

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

per Adarsh Ranka
Partner
Membership No.: 209567

Place: Bengaluru
Date: May 12, 2015

Consolidated balance sheet as at March 31, 2015

	Notes	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Equity and liabilities			
Shareholders' funds			
Share capital	3	980.64	980.64
Reserves and surplus	4	23,336.89	21,932.92
		24,317.53	22,913.56
Minority interest		147.53	88.25
Non-current liabilities			
Long-term borrowings	5	2,355.30	788.78
Deferred tax liability (net)	13	1,630.58	1,009.77
Trade payables	6	177.62	177.62
Long-term provisions	7	46.96	20.04
		4,210.46	1,996.21
Current liabilities			
Short-term borrowings	8	17,791.56	12,996.58
Trade payables	9	4,784.56	5,573.63
Other current liabilities	9	9,659.13	10,080.18
Short-term provisions	7	1,451.25	1,446.12
		33,686.50	30,096.51
TOTAL		62,362.02	55,094.53
Assets			
Non-current assets			
Fixed assets			
Tangible assets	10	3,058.77	3,209.72
Intangible assets	11	91.94	136.11
Capital work-in-progress		524.45	412.23
Non-current investments	12	0.18	0.18
Long-term loans and advances	14	4,362.18	4,360.51
Trade receivables	15.1	196.84	123.27
Other non-current assets	15.2	147.76	107.06
		8,382.12	8,349.08
Current assets			
Inventories	16	27,283.93	24,273.05
Trade receivables	15.1	2,527.05	2,460.56
Cash and bank balances	17	1,631.37	1,054.72
Short-term loans and advances	14	18,203.57	15,194.25
Other current assets	15.2	4,333.98	3,762.87
		53,979.90	46,745.45
TOTAL		62,362.02	55,094.53

Summary of significant accounting policies

2.1

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

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

per Adarsh Ranka
Partner
Membership No.: 209567

Place: Bengaluru
Date: May 12, 2015

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

Ravi PNC Menon
Chairman

Subhash Bhat
Chief Financial Officer

Place: Bengaluru
Date: May 12, 2015

J.C. Sharma
Vice Chairman and
Managing Director

Kishore Kayarath
Company Secretary and
Compliance Officer

Consolidated statement of profit and loss for the year ended March 31, 2015

	Notes	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Income			
Revenue from operations (gross)	18	24,523.14	21,847.08
Less : Excise duty		117.53	112.74
Revenue from operations (net)		24,405.61	21,734.34
Other income	19	149.17	103.29
Total revenue		24,554.78	21,837.63
Expenses			
Land purchase cost		1,560.60	2,319.50
Cost of raw material and components consumed	20	1,881.76	1,725.30
(Increase)/ decrease in inventories of building materials, finished goods, stock in trade - flats, land stock and work-in-progress	21	(2,999.70)	(5,365.56)
Purchase of project materials		6,327.29	7,000.20
Subcontractor and other charges		6,657.94	5,225.78
Employee benefits expense	22	1,977.27	1,864.58
Depreciation and amortization expense	24	722.68	689.92
Finance costs	25	1,883.42	1,734.44
Other expenses	23	2,827.40	2,938.65
Total		20,838.66	18,132.81
Profit before tax		3,716.12	3,704.82
Tax expenses			
Current tax [including ₹ 23.82 million (Previous year: ₹ Nil) towards tax relating to earlier years]		843.46	996.28
Deferred tax charge/ (credit)		626.45	371.66
MAT credit entitlement		(193.20)	-
Total tax expense		1,276.71	1,367.94
Profit after tax		2,439.41	2,336.88
Profit attributable to:			
Owners of the Company		2,380.12	2,350.43
Minority interests		59.29	(13.55)
		2,439.41	2,336.88
Earnings per equity share [nominal value of ₹ 10 (Previous year - ₹ 10)]			
Basic and Diluted	27	24.27	23.97

Summary of significant accounting policies

2.1

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

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

per Adarsh Ranka
Partner
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For and on behalf of the Board of Directors of
Sobha Limited

Ravi PNC Menon
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Vice Chairman and
Managing Director

Kishore Kayarat
Company Secretary and
Compliance Officer

Place: Bengaluru
Date: May 12, 2015

Place: Bengaluru
Date: May 12, 2015

Consolidated cash flow statement for the year ended March 31, 2015

	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Cash flow from operating activities		
Profit before tax	3,716.12	3,704.82
Adjustment of items appropriated to retained earnings		
CSR expenditure - Donation	(161.40)	-
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/ amortization	722.68	689.92
Profit on sale of fixed assets (net)	(0.33)	(2.46)
Provision for doubtful debts and advances	10.00	49.20
Interest expense	1,752.66	1,623.61
Interest income	(62.65)	(31.16)
Operating profit before working capital changes	5,977.08	6,033.93
Movements in working capital :		
Increase/ (decrease) in trade payables	(789.07)	1,477.47
Increase/ (decrease) in other current liabilities	(754.28)	2,834.83
Decrease/ (increase) in trade receivables	(150.10)	(971.39)
Decrease/ (increase) in inventories	(2,828.16)	(5,255.43)
Decrease/ (increase) in other assets	(567.70)	1,359.07
Decrease/ (increase) in loans and advances	(2,239.81)	(560.27)
Increase/ (decrease) in provisions	33.15	19.10
Cash generated from / (used in) operations	(1,318.89)	4,937.31
Direct taxes paid (net of refunds)	(845.25)	(989.25)
Net cash flow from/ (used in) operating activities (A)	(2,164.14)	3,948.06
Cash flows from investing activities		
Purchase of fixed assets, including capital work-in-progress and capital advances	(636.32)	(1,197.05)
Proceeds from sale of fixed assets	2.01	11.01
Consideration paid on acquisition of subsidiary	(15.57)	-
Purchase of current investments	(1,207.64)	(599.32)
Proceeds from sale of current investments	1,207.64	601.21
(Investments in)/ redemption of bank deposits (having original maturity of more than three months) - net	(8.57)	(113.59)
Interest received	59.68	32.93
Net cash flow from/ (used in) investing activities (B)	(598.77)	(1,264.81)

Consolidated cash flow statement for the year ended March 31, 2015

	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Cash flows from financing activities		
Proceeds from long-term borrowings	2,350.00	521.50
Repayment of long-term borrowings	(601.06)	(251.74)
Proceeds from short-term borrowings	15,115.91	5,730.00
Repayment of short-term borrowings	(10,320.93)	(5,743.06)
Interest paid (gross)	(2,369.47)	(1,909.34)
Dividends paid on equity shares	(685.88)	(686.26)
Tax on equity dividend paid	(116.66)	(116.66)
Net cash flow from/ (used in) in financing activities (C)	3,371.91	(2,455.56)
Net increase/ (decrease) in cash and cash equivalents (A + B + C)	609.00	227.69
Cash and cash equivalents at the beginning of the year	802.12	574.43
Cash inflow due to acquisition of subsidiary	0.22	-
Cash and cash equivalents at the end of the year	1,411.34	802.12
Components of cash and cash equivalents		
Cash on hand	6.87	6.65
Cheques/ drafts on hand	16.78	12.81
With banks- on current account	1,384.85	780.46
- on deposit account	0.83	0.76
- unclaimed dividend accounts*	2.01	1.44
Total cash and cash equivalents (refer note 17)	1,411.34	802.12

Summary of significant accounting policies

2.1

* The Company can utilize this balance only towards 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 Limited

per Adarsh Ranka
Partner
Membership No.: 209567

Ravi PNC Menon
Chairman

Subhash Bhat
Chief Financial Officer

J.C. Sharma
Vice Chairman and
Managing Director

Kishore Kayarat
Company Secretary and
Compliance Officer

Place: Bengaluru
Date: May 12, 2015

Place: Bengaluru
Date: May 12, 2015

Notes to the consolidated financial statements for the year ended March 31, 2015

1 Corporate Information

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

2 Basis of preparation

The accompanying consolidated financial statements include the accounts of SL 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-15	31-Mar-14
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 [Subsidiary Company under Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended)]	50.0003%	50.0003%
Sobha Nandambakkam Developers Limited [Subsidiary Company from March 16, 2015]	100%	-
Sobha Tambaram Developers Limited [Subsidiary Company from March 16, 2015]	100%	-
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 in accordance with the generally accepted accounting principles in India (Indian GAAP). The consolidated financial statements have been prepared to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention.

The financial statements of the subsidiary are drawn up to the same reporting date as that of the Company i.e. March 31, 2015. 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.

Notes to the consolidated financial statements for the year ended March 31, 2015

The excess of cost of the parent company of its investment in the subsidiary over its portion of equity in the subsidiary, on the date of investments is recognised in the financial statements as goodwill. The parent portion of equity in such subsidiary is determined on the basis of book values of assets and liabilities as per the financial statement of the subsidiary as on the date of investment. Goodwill is amortised over a period of 5 years from date of acquisition/ investment.

The accounting policies have been consistently applied by the Group and are consistent with those used in previous year, except for the change in accounting policy explained below.

2.1 Summary of significant accounting policies

a) Change in accounting policy

I Depreciation on fixed assets

Till the year ended March 31, 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets.

i) Useful lives/ depreciation rates

Till the year ended March 31, 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the Group was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act, 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/

lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II. Accordingly, the carrying amount as at April 1, 2014 is being depreciated over the revised remaining useful life of the asset. The carrying value of ₹ 16.66 million, in case of assets with Nil revised remaining useful life as at April 1, 2014, is reduced after tax adjustment from the retained earnings as at such date. Further, had the Group continued with the previously assessed useful lives, charge for depreciation for the year ended March 31, 2015 would have been lower by ₹ 96 million and the profit before tax for the year ended March 31, 2015 would have been higher by such amount, with a corresponding impact on net block of fixed assets as at March 31, 2015.

ii) Depreciation on assets costing less than ₹ 5,000/-

Till year ended March 31, 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the Group was charging 100% depreciation on assets costing less than ₹ 5,000/- in the year of purchase. However, Schedule II to the Companies Act 2013, applicable

Notes to the consolidated financial statements for the year ended March 31, 2015

from the current year, does not recognize such practice. Hence, to comply with the requirement of Schedule II to the Companies Act, 2013, the Group has changed its accounting policy for depreciations of assets costing less than ₹ 5,000/-. As per the revised policy, the Group is depreciating such assets over their useful life as assessed by the management. The management has decided to apply the revised accounting policy prospectively from accounting periods commencing on or after April 1, 2014.

The change in accounting for depreciation of assets costing less than ₹ 5,000/- did not have any material impact on financial statements of the Group for the current year.

II Corporate social responsibility (CSR)

Refer note 2.1 (s) and 38 to the consolidated financial statements.

b) Use of estimates

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

of assets and liabilities into current and non-current, estimates of the economic useful lives of fixed assets, 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.

c) Tangible fixed assets and Intangible assets

i. Tangible fixed assets

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

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

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

Notes to the consolidated financial statements for the year ended March 31, 2015

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.

d) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on written down value basis using the following useful lives prescribed under Schedule II, except where specified.

Tangible fixed assets	Useful lives estimated by the management (in years)	
	March 31, 2015	March 31, 2014
Factory buildings	30	28
Buildings - other than factory buildings	60	59
Buildings - Temporary structure	3	3
Plant and machinery		
i. General plant and machinery	15	20
ii. Plant and machinery - Civil construction	12	20
iii. Plant and Machinery - Electrical installations	10	20
Furniture and fixtures	10	15
Motor vehicles	8	10
Computers		
i. Computer equipment	3	6
ii. Servers and network equipment	6	6
Office equipments	5	20

Steel scaffolding items are depreciated using straight line method over a period of 6 years, which is estimated to be the useful life of the asset by the management based on planned usage and technical advice thereon. These lives are higher than those indicated in Schedule II.

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

e) Impairment of tangible and intangible assets

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

Notes to the consolidated financial statements for the year ended March 31, 2015

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

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

f) Leases

Where the Group is lessee

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

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

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

g) Investments

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

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

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

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

h) Inventories

Related to contractual and real estate activity

Direct expenditure relating to construction activity is inventorised. Other expenditure (including borrowing costs) during construction period is inventorised to the extent the expenditure is directly

Notes to the consolidated financial statements for the year ended March 31, 2015

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

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

- vi. Land inventory: Valued at lower of cost and net realisable value.

Related to manufacturing activity

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

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

i) Revenue recognition

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

i. Recognition of revenue from contractual projects

If the outcome of contractual contract can be reliably measured, revenue associated with the construction

Notes to the consolidated financial statements for the year ended March 31, 2015

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

Notes to the consolidated financial statements for the year ended March 31, 2015

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 unit holders' 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.

Notes to the consolidated financial statements for the year ended March 31, 2015

j) Foreign currency translation

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

k) Taxes

Tax expense comprises of current and deferred tax.

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are

recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each balance sheet date the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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

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

l) Retirement and other employee benefits

Retirement benefits in the form of provident fund is a defined contribution scheme and the contributions are charged

Notes to the consolidated financial statements for the year ended March 31, 2015

to the statement of profit and loss of the year when the contributions to the provident fund are due. There are no other obligations other than the contribution payable to the government administered provident fund.

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

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

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

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

m) Earnings per share

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

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

n) Provisions

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

o) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events

Notes to the consolidated financial statements for the year ended March 31, 2015

beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

p) **Cash and cash equivalents**

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

q) **Borrowing costs**

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

r) **Land**

Advances paid by the Group to the seller/ intermediary toward outright purchase of land is recognised as land advance under

loans and advances during the course of obtaining clear and marketable title, free from all encumbrances and transfer of legal title to the Group, whereupon it is transferred to land stock under inventories.

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

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

s) **Corporate social responsibility (CSR)**

In accordance with the clarification issued by the Institute of Chartered Accountants of India, vide FAQ's on the provisions of CSR applicability under the Companies Act, 2013, the Group has adopted the policy to charge CSR expenditure incurred as an appropriation of profit with effect from April 01, 2014.

Notes to the consolidated financial statements for the year ended March 31, 2015

3. Share Capital

	31-Mar-15 ₹ million	31-Mar-14 ₹ 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-15		31-Mar-14	
	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

	31-Mar-15		31-Mar-14	
Name of shareholder	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%
Platinum Asia Fund	6.19	6.30%	-	0.00%

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.

Notes to the consolidated financial statements for the year ended March 31, 2015

4 Reserves and surplus

	31-Mar-15 ₹ million	31-Mar-14 ₹ 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	2,111.44	1,904.44
Add: Transfer from statement of profit and loss	199.00	207.00
Closing balance	2,310.44	2,111.44
Surplus in the statement of profit and loss		
Balance as per last financial statements	9,236.92	7,896.60
Profit for the year	2,380.14	2,350.43
Less: Appropriations		
Proposed final equity dividend (amount per share ₹ 7 (Previous year - ₹ 7))	(686.45)	(686.45)
Tax on proposed equity dividend	(140.55)	(116.66)
Transitional adjustment on account of depreciation [refer note 2.1 (a)]	(10.97)	-
CSR expenditure - Donation (refer note 38)	(138.20)	-
Transfer to general reserve	(199.00)	(207.00)
Total appropriations	(1,175.17)	(1,010.11)
Net surplus in the statement of profit and loss	10,441.89	9,236.92
Total reserves and surplus	23,336.89	21,932.92

5 Long-term borrowings

	₹ million			
	Current maturities		Non current portion	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
Unsecured debentures				
17.5% Series A Compulsorily Convertible Debentures of ₹ 100 each in Sobha Highrise Ventures Private Limited	-	-	398.50	398.50
Secured loans				
Term loans from banks	-	-	550.00	100.00
Term loans from financial institutions	153.29	116.13	188.05	283.87
Finance lease obligations	6.42	141.63	-	6.41
Equipment loans	0.19	0.97	-	-
	159.90	258.73	738.05	390.28
Amount disclosed under the head "other current liabilities" (refer note 9)	(159.90)	(258.73)		
Net amount	-	-	738.05	390.28
Unsecured loans				
Term loans from financial institutions	281.25	-	1,218.75	-
Amount disclosed under the head "other current liabilities" (refer note 9)	(281.25)	-		
Net amount	-	-	1,218.75	-
Net amount	-	-	2,355.30	788.78

Notes to the consolidated financial statements for the year ended March 31, 2015

- 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 loans

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-15	31-Mar-14			
Term loans from banks	550.00	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.
Term loans from financial institutions	341.34	-	12%-14%	Secured by equitable mortgage of fixed assets and receivables of the Group.	Thirty equated monthly installments from the date of first disbursement.
Finance lease obligations	6.42	148.04	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	0.19	0.97	13%-15%	Hypothecation against specific equipment	Thirty five monthly installments commencing from the month the loan is availed.

iii) Unsecured term loans

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-15	31-Mar-14			
Term loans from financial institutions	1,500.00	-	13%-15%	Secured by way of equitable mortgage of land owned by certain group Companies.	Forty eight equal monthly installments of ₹ 31.25 million after a moratorium of twelve months from the date of first disbursement.

Notes to the consolidated financial statements for the year ended March 31, 2015

6 Other long term liabilities

	31-Mar-15 ₹ million	31-Mar-14 ₹ 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-15	31-Mar-14	31-Mar-15	31-Mar-14
Provision for employee benefits				
Provision for gratuity (refer note 31)	52.31	51.72	46.96	20.04
Provision for leave benefits	57.14	51.50	-	-
	109.45	103.22	46.96	20.04
Other provisions				
Provision for taxation (net of advance tax payments)	514.80	539.79	-	-
Proposed equity dividend	686.45	686.45	-	-
Tax on proposed equity dividend	140.55	116.66	-	-
	1,341.80	1,342.90	-	-
	1,451.25	1,446.12	46.96	20.04

8 Short-term borrowings

	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Secured		
Term loans from banks *	10,288.95	10,884.03
Term loans from financial institutions *	5,356.94	1,467.17
Cash credit from banks	2,145.67	645.38
	17,791.56	12,996.58

* Term loan from banks and financial institutions represents amount repayable within the operating cycle. Amount payable within twelve months ₹ 4,802.71 million (Previous year - ₹ 9,021.44 million)

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-15	31-Mar-14			
From banks					
Term Loan	-	645.00	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.

Notes to the consolidated financial statements for the year ended March 31, 2015

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-15	31-Mar-14			
Term Loan	-	410.00	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	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	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	1,950.00	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	800.00	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	412.14	871.14	12%-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	466.80	1,078.00	13%-14%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Group. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Quarterly installments of amounts as mentioned in the repayment schedule commencing from two years from the date of disbursement of loan.

Notes to the consolidated financial statements for the year ended March 31, 2015

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-15	31-Mar-14			
Term Loan	-	3,000.00	14%-15%	Secured by equitable mortgage of certain land and inventory of the Group. Further, the loan has been guaranteed by the personal guarantee of promoter of the Company.	Three quarterly installments of ₹ 750 million, ₹ 900 million and ₹ 1,350 million after a moratorium of twenty seven months from the date of first disbursement.
Term Loan	125.00	625.00	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	675.00	-	11%-13%	Secured by equitable mortgage of project specific inventory of the Group.	Eight equal quarterly installments of ₹ 168.75 million after a moratorium of twelve quarters from the date of first disbursement.
Term Loan	550.00	-	12%-14%	Secured by equitable mortgage of project specific inventory and receivables of the Group and maintaining of Debt Service Reserve account equal to three months interest.	Monthly installments of amounts as mentioned in the repayment schedule commencing from two years from the date of disbursement of loan.
Term Loan	825.00	-	11%-13%	Secured by equitable mortgage of project specific inventory of the Group.	Eight equal quarterly installments of ₹ 206.25 million after a moratorium of thirty six months from the date of first disbursement.
Term Loan	750.00	-	11%-13%	Secured by equitable mortgage of receivables of the Group.	One installment in every ninety days.
Term Loan	1,000.00	-	12%-14%	Secured by equitable mortgage of certain land of the Group and maintaining of Debt Service Reserve account equal to three months interest.	Twenty four equal monthly installments of ₹ 41.70 million starting from July 15, 2015.
Term Loan	320.00	-	11%-13%	Secured by equitable mortgage of project specific inventory of the Group.	Five equal quarterly installments of ₹ 350 million after a moratorium of thirty months from the date of first disbursement.
Term Loan	270.00	-	11%-13%	Secured by equitable mortgage of project specific inventory of the Group.	Five unequal quarterly installments after a moratorium of eleven months from the date of first disbursement.

Notes to the consolidated financial statements for the year ended March 31, 2015

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-15	31-Mar-14			
Term Loan	500.00	-	12%-14%	Secured by equitable mortgage of certain land of the Group.	Eight equal quarterly installments of ₹ 62.50 million starting from April 30, 2016.
Term Loan	390.01	734.89	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	700.00	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	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	405.00	810.00	12%-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	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	166.85	367.17	12%-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	300.00	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.
Term Loan	390.59	-	12%-14%	Secured by equitable mortgage of certain land and building and receivables of the Group.	Thirty two equal monthly installments of ₹ 15.63 million starting from September 15, 2014.
Term Loan	600.00	-	12%-14%	Secured by equitable mortgage of fixed assets and receivables of the Group.	Forty eight equal monthly installments of ₹ 18.18 million after a moratorium of fifteen months from the date of first disbursement.

Notes to the consolidated financial statements for the year ended March 31, 2015

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-15	31-Mar-14			
Term Loan	1,500.00	-	12%-14%	Secured by equitable mortgage of certain land of the Group.	Twenty four equal monthly installments of ₹ 62.50 million starting from January 15, 2016.
Term Loan	400.00	-	12%-14%	Secured by equitable mortgage of certain land and project specific receivables of the Group.	Thirty three equal monthly installments of ₹ 12.12 million starting from April 30, 2015.
Term Loan	499.75	-	12%-14%	Secured by equitable mortgage of project specific inventory and receivables of the Group.	Eighteen equated monthly installments after a moratorium of six months from the date of first disbursement.
Term Loan	499.75	-	12%-14%	Secured by equitable mortgage of project specific inventory and receivables of the Group and maintaining of Debt Service Reserve account equal to three months interest.	Twenty five equal monthly installments of ₹ 20 million starting from September 15, 2015.
Term Loan	1,000.00	-	12%-14%	Secured by equitable mortgage of project specific inventory and receivables of the Group.	Twenty five equal monthly installments of ₹ 20 million starting from September 15, 2015.
From banks					
Cash credit	429.44	24.94	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	779.11	62.53	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 (till December 27, 2014).	Repayable on demand
Cash credit	321.56	282.78	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

Notes to the consolidated financial statements for the year ended March 31, 2015

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-15	31-Mar-14			
Cash credit	-	107.27	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	10%-14%	Secured by lien on fixed deposits of the Group.	Repayable on demand
Cash credit	-	103.78	11%-13%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Group.	Repayable on demand
Cash credit	9.27	19.96	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
Cash credit	5.27	13.75	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	0.04	8.71	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	15.11	4.16	10%-14%	Secured by lien on fixed deposits of the Group.	Repayable on demand
Cash credit	548.07	-	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

Notes to the consolidated financial statements for the year ended March 31, 2015

Particulars	Amount outstanding (₹ million)		Interest rate	Security details	Repayment terms
	31-Mar-15	31-Mar-14			
Cash credit	17.76	-	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	8.78	-	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	5.65	-	11%-13%	Secured by equitable mortgage of project specific inventory and receivables of the Group and maintaining of Debt Service Reserve account equal to three months interest.	Repayable on demand
Cash credit	3.47	-	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	2.14	4.12	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

Notes to the consolidated financial statements for the year ended March 31, 2015

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-15	31-Mar-14		
Term loans	-	645.00	Megatech Software Private Limited	Equitable mortgage of land
			Tirur Cyber City Developers Private Limited	
			Thakazhi Developers Private Limited	
			Sobha Innercity Technopolis Private Limited	
Term loans	300.00	700.00	Sobha Glazing & Metal Works Private Limited	Equitable mortgage of land and building
Term loans	800.00	150.00	Rusoh Marina Properties Private Limited	Equitable mortgage of land
			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	
Term loans	1,500.00	-	Sri Durga Devi Property Management Private Limited	Equitable mortgage of land and building
Term loans	941.34	-	Sri Parvathy Land Developers Private Limited	Equitable mortgage of land and building
			Sobha Glazing & Metal Works Private Limited	

Notes to the consolidated financial statements for the year ended March 31, 2015

9 Other current liabilities

	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Trade payables		
(refer note 35 for details of dues to micro and small enterprises)		
Land cost payable	1,226.03	1,904.87
Others	3,558.53	3,668.76
	4,784.56	5,573.63
Other liabilities		
Current maturities of long-term borrowings (refer note 5)		
(Includes current maturity of finance lease obligation ₹ 6.42 million (Previous year - ₹ 141.63 million))	441.15	258.73
Book overdraft from scheduled banks	1.22	6.34
Advance from customers	7,798.97	8,593.50
Interest accrued but not due on borrowings	71.59	77.10
Investor education & protection fund shall be credited for unclaimed dividends when due		
Unclaimed dividend	2.01	1.44
Others		
Service tax payable	0.01	-
Non-trade payable	268.13	216.31
VAT Payable	-	0.95
Security deposit towards maintenance services	625.75	670.03
Payable to related parties (refer note 26)	289.24	90.97
Payable for purchase of fixed assets	64.70	91.67
Withholding taxes payable	45.39	48.93
Others	50.97	24.21
	9,659.13	10,080.18
	14,443.69	15,653.81

Notes to the consolidated financial statements for the year ended March 31, 2015

10 Tangible assets

	Freehold land	Factory buildings	Other buildings	Plant and machinery	Scaffolding items	Furniture and fixtures	Vehicles	Computers	Office equipments	Total
Cost - At 1 April 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
Additions	-	-	118.44	156.40	217.61	5.71	4.52	22.40	3.38	528.46
Disposals	-	-	-	(0.28)	-	(2.02)	(1.20)	(4.03)	(0.73)	(8.26)
At 31 March 2015	81.90	385.09	1,327.41	2,412.66	1,514.40	94.91	54.41	178.52	57.43	6,106.73
Depreciation - At 1 April 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
Charge for the year	-	22.12	75.22	315.80	191.26	15.06	3.93	29.15	8.62	661.16
Disposals	-	-	-	(0.08)	-	(1.70)	(0.34)	(4.01)	(0.45)	(6.58)
Other adjustments	-	-	-	0.33	-	0.11	0.90	4.76	10.47	16.57
At 31 March 2015	-	219.03	221.76	1,567.99	731.75	57.56	45.31	154.86	49.70	3,047.96
Net Block										
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
At 31 March 2015	81.90	166.06	1,105.65	844.67	782.65	37.35	9.10	23.66	7.73	3,058.77

1) Assets taken on finance lease

	Plant and machinery		Scaffolding items	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
Gross block	371.89	371.89	306.54	306.54
Depreciation charge for the year	93.38	124.16	40.23	101.60
Accumulated depreciation	360.47	267.09	303.99	263.76
Net book value	11.42	104.80	2.55	42.78

Notes to the consolidated financial statements for the year ended March 31, 2015

11 Intangible assets

	₹ million			
	Goodwill on consolidation	Software	Intellectual property rights	Total
Gross block - At 1 April 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
Additions	15.40	1.95	-	17.35
Other adjustments	-	-	-	-
At 31 March 2015	181.26	79.88	47.62	308.76
Amortization - At 1 April 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
Charge for the year	34.08	11.61	15.83	61.52
Other adjustments	-	-	-	-
At 31 March 2015	102.24	67.01	47.57	216.82
Net Block				
At 31 March 2014	97.70	22.53	15.88	136.11
At 31 March 2015	79.02	12.87	0.05	91.94

12 Non-current investments

	31-Mar-15 ₹ million	31-Mar-14 ₹ 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

Notes to the consolidated financial statements for the year ended March 31, 2015

13 Deferred tax liability (net)

	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Deferred tax liability		
Expenses allowed for tax purposes on payment basis but chargeable to the statement of profit and loss in future years	1,697.93	1,083.70
Gross deferred tax liability	1,697.93	1,083.70
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	16.94	17.68
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	42.87	10.40
Provision for doubtful debts and advances	7.54	45.85
Gross deferred tax asset	67.35	73.93
Net deferred tax liability	1,630.58	1,009.77

14 Loans and advances

	Current		Non-current	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
Capital advances				
Unsecured, considered good			20.69	24.97
			20.69	24.97
Security deposit				
<i>Unsecured, considered good</i>				
Refundable deposit towards joint development agreement	2,961.32	2,545.74	97.82	97.62
Security deposit - Others	45.70	13.95	551.38	598.78
	3,007.02	2,559.69	649.20	696.40
Inter-corporate deposit to related party (refer note 26)				
Unsecured, considered good	47.11	47.11	-	-
Land advance *				
Unsecured, considered good	12,892.24	10,491.50	3,558.82	3,498.61
Advances recoverable in cash or kind				
Unsecured considered good	1,358.66	1,030.69	34.56	31.15
Other loans and advances				
Prepaid expenses	98.35	102.06	98.62	109.37
MAT Credit entitlement	193.20	-	-	-
Balances with statutory/ government authorities	606.99	963.20	0.29	0.01
	898.54	1,065.26	98.91	109.38
Total	18,203.57	15,194.25	4,362.18	4,360.51

* 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.

Notes to the consolidated financial statements for the year ended March 31, 2015

15 Trade receivables and other assets

	Current		Non-current	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
15.1 Trade receivable				
<i>Outstanding for a period exceeding six months from the date they are due for payment</i>				
Unsecured, considered good	444.41	387.64	-	-
Doubtful	-	-	22.29	136.20
	444.41	387.64	22.29	136.20
Provision for doubtful trade receivables	-	-	22.29	136.20
	444.41	387.64	-	-
Other receivables				
Unsecured, considered good	2,082.64	2,072.92	196.84	123.27
	2,082.64	2,072.92	196.84	123.27
	2,527.05	2,460.56	196.84	123.27
15.2 Other assets				
Unsecured, considered good unless stated otherwise				
Non-current bank balances (refer note 17)			142.36	101.22
Others				
Unbilled revenue	4,044.17	3,473.06	-	-
Interest accrued on fixed deposits	0.01	0.01	5.40	2.43
Others	289.80	289.80	-	3.41
Total other assets	4,333.98	3,762.87	147.76	107.06
	6,861.03	6,223.43	344.60	230.33

16 Inventories (valued at lower of cost and net realizable value)

	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Raw materials and components	322.19	291.19
Building materials	17.20	15.76
Land stock	9,096.39	5,688.38
Work-in-progress	17,444.35	18,143.23
Stock in trade - flats	358.85	105.84
Finished goods	44.95	28.65
	27,283.93	24,273.05

Notes to the consolidated financial statements for the year ended March 31, 2015

17 Cash and bank balances

	Current		Non-current	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
Cash and cash equivalents				
<i>Balances with banks:</i>				
– On current accounts	1,384.85	780.46		
– Deposits with less than three months maturity	0.83	0.76		
– On unclaimed dividend account	2.01	1.44		
Cheques/ drafts on hand	16.78	12.81		
Cash on hand	6.87	6.65		
	1,411.34	802.12		
Other bank balances				
– Deposits with maturity for more than 12 months	-	-	34.13	34.13
– Margin money deposit	220.03	252.60	108.23	67.09
	220.03	252.60	142.36	101.22
Less: Amount disclosed under non-current assets (refer note 15.2)			(142.36)	(101.22)
	1,631.37	1,054.72	-	-

Margin money deposits given as security

Margin money deposits with a carrying amount of ₹ 328.26 million (Previous year - ₹ 319.69 million) are subject to first charge to secure the Group's borrowings.

18 Revenue from operations

	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Revenue from operations		
Sale of products/ finished goods		
Income from property development	16,294.98	15,230.20
Income from sale of land and development rights	67.90	13.21
Income from glazing works	1,262.79	1,298.94
Income from interior works	848.44	615.19
Income from concrete blocks	252.36	203.55
Sale of services		
Income from contractual activity - Others	5,718.58	4,445.06
Other operating revenue		
Scrap sales	78.09	40.93
Revenue from operations (gross)	24,523.14	21,847.08
Less: Excise duty #	117.53	112.74
Revenue from operations (net)	24,405.61	21,734.34

Excise duty on sales amounting to ₹ 117.53 million (Previous year - ₹ 112.74 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 ₹ 1.00 million (Previous year - ₹ 0.55 million) has been considered as (income)/ expense in note 23 of financial statements.

Notes to the consolidated financial statements for the year ended March 31, 2015

19 Other income

	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Interest income on		
Bank deposits	23.16	23.52
Current investments	16.63	7.64
Others	22.86	-
Foreign exchange fluctuation (net)	2.72	0.07
Profit on sale of fixed assets (net)	0.33	2.46
Other non-operating income (net of expenses directly attributable to such income of ₹ Nil (Previous year - ₹ Nil))	83.47	69.60
	149.17	103.29

20 Cost of raw material and components consumed

	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Inventory at the beginning 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
Add: Purchases		
Glazing material	923.90	851.89
Interior material	602.22	532.54
Concrete block material	386.64	379.12
	1,912.76	1,763.55
Less: Inventory at the end of the year		
Glazing material	144.22	116.73
Interior material	117.41	112.88
Concrete block material	60.56	61.58
	322.19	291.19
Cost of raw material and components consumed		
Glazing material	896.41	848.10
Interior material	597.69	521.40
Concrete block material	387.66	355.80
Cost of raw material and components consumed	1,881.76	1,725.30

Notes to the consolidated financial statements for the year ended March 31, 2015

21 (Increase)/ decrease in inventories

₹ million

	31-Mar-15	31-Mar-14	Less: Transferred to Capital work- in-progress/ tangible assets	Add: Opening inventory acquired on acquisition of subsidiaries	(Increase) / decrease
Inventories at the end of the year					31-Mar-15
Building materials	17.20	15.76	-	-	(1.44)
Land stock	9,096.39	5,688.38	202.54	182.72	(3,427.83)
Work-in-progress	17,444.35	18,143.23	-	-	698.88
Stock in trade - flats	358.85	105.84	-	-	(253.01)
Finished goods	44.95	28.65	-	-	(16.30)
	26,961.74	23,981.86	202.54	182.72	(2,999.70)
Less: Inventories at the beginning 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: Transferred to Capital work-in-progress/ tangible assets	202.54	148.38			
Add: Opening inventory acquired on acquisition of subsidiaries	182.72	-			
	23,962.04	18,616.30			
(Increase)/ decrease	(2,999.70)	(5,365.56)			

22 Employee benefit expense

	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Salaries, wages and bonus	1,766.19	1,693.35
Contribution to provident and other fund	51.62	37.62
Gratuity expense (refer note 31)	27.51	20.58
Compensated absence	25.18	21.92
Staff welfare expenses	106.77	91.11
	1,977.27	1,864.58

Notes to the consolidated financial statements for the year ended March 31, 2015

23 Other expenses

	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Excise duty on (increase)/ decrease in inventory	(1.00)	(0.55)
License fees and plan approval charges	232.59	255.04
Power and fuel	339.12	305.83
Water charges	84.77	71.09
Freight and forwarding charges	149.22	154.43
Rent	296.81	239.60
Rates and taxes	73.38	101.23
Insurance	34.62	31.35
Property maintenance expenses	80.13	82.51
Repairs and maintenance		
Plant and machinery	19.59	19.00
Others	47.17	42.55
Advertising and sales promotion	481.19	497.56
Brokerage and discounts	101.29	97.39
Donation	4.43	147.84
Travelling and conveyance	343.05	338.66
Legal and professional fees	197.97	186.02
Directors' commission and sitting fees	7.40	5.34
Payment to auditor (Refer details below)	11.62	10.11
Exchange difference (net)	0.08	0.53
Bad debts written off	-	33.97
Provision for doubtful debts and advances (net of write off)	10.00	49.20
Miscellaneous expenses	313.97	269.95
	2,827.40	2,938.65

Payment to auditor *

	31-Mar-15 ₹ million	31-Mar-14 ₹ million
As auditor:		
Audit fee [including for Limited review ₹ 5.10 million (Previous year - ₹ 4.50 million)]	10.88	9.68
In other capacity:		
Other services	0.20	-
Reimbursement of expenses	0.55	0.43
	11.63	10.11

* Net of service tax

Notes to the consolidated financial statements for the year ended March 31, 2015

24 Depreciation and amortization expense

	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Depreciation of tangible assets	661.16	629.93
Amortization of intangible assets	61.52	59.99
	722.68	689.92

25 Finance costs

	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Interest		
- On borrowings	2,324.31	1,829.41
- On finance lease obligation	7.56	28.17
- Others	32.09	62.62
Bank charges	130.76	110.83
	2,494.72	2,031.03
Less: Interest cross charged and interest inventorised/capitalised to qualifying land advances and capital work-in-progress	(611.30)	(296.59)
Total *	1,883.42	1,734.44

* Gross of interest amounting of ₹ 1,477.17 million (Previous year - ₹ 1,330.95 million) inventorised to qualifying land stock and work in progress.

25 Related party disclosure

a List of related parties

Key Shareholder

Mr. P. N. C. Menon [Refer note 3 (c)]

Mrs. Sobha Menon [Refer note 3 (c)]

Key Management Personnel

Mr. Ravi PNC Menon

Mr. J. C. Sharma

Mr. P. Ramakrishnan

Mr. Ganesh Venkataraman [upto February 16, 2015]

Mr. Subhash Bhat [from February 16, 2015]

Mr. Kishore Kayarat

Relatives of key management personnel

Mrs. Sudha Menon

Shareholder having significant influence in a subsidiary

Winona SA Investments LLC

SA Winona Ventures Limited

Notes to the consolidated financial statements for the year ended March 31, 2015

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
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

Notes to the consolidated financial statements for the year ended March 31, 2015

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 Nandambakkam Developers Limited (Formerly Tirur Cybercity Developers Private Limited) [upto March 15, 2015]
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 Tambaram Developers Limited (Formerly known as Megatech Software Private Limited) [upto March 15, 2015]
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 Real Estates Private Limited

Notes to the consolidated financial statements for the year ended March 31, 2015

b Transactions with related parties

Description of the nature of transaction	Description of relationship	Related party	₹ million	
			31-Mar-15	31-Mar-14
Income from property development	Key management personnel	Mr. J. C. Sharma	0.16	-
Income from contractual activity	Key management personnel	Mr. Ravi PNC Menon	64.44	-
	Other related parties	Sri Kurumba Trust	2.81	5.35
Income from glazing works	Key management personnel	Mr. Ravi PNC Menon	-	0.31
	Other related parties	Sri Kurumba Trust	2.91	1.98
		Sri Parvathy Land Developers Private Limited	2.01	0.03
		Sri Parvathy Land Developers Private Limited	1.64	1.54
Income from interior works	Other related parties	Sobha Projects & Trade Private Limited	0.12	-
		Sri Kurumba Trust	8.87	3.85
	Key management personnel	Mr. P. Ramakrishnan	0.01	-
Income from concrete block material	Other related parties	Sri Parvathy Land Developers Private Limited	1.63	0.16
Purchase of project items	Other related parties	Sobha Projects & Trade Private Limited	222.32	194.77
Income from sale of land and development rights	Other related parties	Sobha Tambaram Developers Limited	34.05	-
		Thakazhi Realtors Private Limited	3.34	-
		Thakazhi Developers Private Limited	11.32	-
		Mannur Real Estate Private Limited	10.53	-
Purchase of investment in equity share capital of Sobha Tambaram Developers Limited	Other related parties	Technobuild Developers Private Limited	1.84	-
Purchase of investment in equity share capital of Sobha Nandambakkam Developers Limited	Other related parties	Technobuild Developers Private Limited	13.74	-
Aircraft hire charges*	Other related parties	Sobha Puravankara Aviation Private Limited	157.73	165.94
Directors' remuneration	Key management personnel	Mr. J. C. Sharma	57.61	51.54
		Mr. Ravi PNC Menon	95.84	89.72
		Mr. P. Ramakrishnan	9.16	8.11
		Mr. P. N. C. Menon	87.42	87.42
Dividend paid (Payment basis)	Key shareholder	Mr. P. N. C. Menon and Mrs. Sobha Menon (Jointly held shares)	38.46	38.46
		Mrs. Sobha Menon	289.44	289.44
	Key management personnel	Mr. Ravi PNC Menon	0.23	0.23
		Mr. J. C. Sharma	0.63	0.61
Salary (including perquisites)	Key management personnel	Mr. Kishore Kayarat	2.61	2.31
		Mr. Subhash Bhat	0.95	-
		Mr. Ganesh Venkataraman	10.09	8.66
Advance received	Other related parties	Technobuild Developers Private Limited	0.01	-
Advance repaid	Other related parties	Technobuild Developers Private Limited	7.27	-
CSR expenditure - Donation	Other related parties	Sri Kurumba Trust	161.40	137.00

Notes to the consolidated financial statements for the year ended March 31, 2015

Description of the nature of transaction	Description of relationship	Related party	₹ million	
			31-Mar-15	31-Mar-14
Reimbursement from related party	Other related parties	Royal Interiors Private Limited	-	9.88
		Sobha Interiors Private Limited	-	3.92
		Technobuild Developers Private Limited	0.09	-
		Sobha Projects & Trade Private Limited	0.29	-
		Mannur Real Estate Private Limited	0.14	-
		Sri Kanakadurga Property Developers Private Limited	0.15	-
		Sobha Puravankara Aviation Private Limited	6.21	6.40
	Key management personnel	Mr. Ravi PNC Menon	1.58	-
	Key shareholder	Mrs. Sobha Menon	-	1.70
Advance paid towards purchase of land, goods or services	Other related parties	Technobuild Developers Private Limited	3.51	1.35
		Sobha Projects & Trade Private Limited	250.86	112.85
		Puzhakkal Developers Private Limited	-	73.15
		Sobha Puravankara Aviation Private Limited	190.36	187.02
		Sri Durga Devi Property Management Private Limited	0.84	1.72
Refund of advance by the related party	Other related parties	Technobuild Developers Private Limited	109.55	-
		Sobha Projects & Trade Private Limited	11.27	-
Rent paid	Other related parties	Sobha Interiors Private Limited	14.49	12.92
		Sri Kurumba Trust	0.12	-
		Sobha Glazing & Metal Works Private Limited	5.69	5.12
	Key management personnel	Mr. Ravi PNC Menon	0.85	0.63
Interest on debentures	Other related parties	SA Winona Ventures Limited	69.74	68.97
Issue of Compulsorily Convertible Debentures	Other related parties	SA Winona Ventures Limited	-	21.50

Notes to the consolidated financial statements for the year ended March 31, 2015

c Closing balance

			₹ million	
Description of the nature of transaction	Description of relationship	Related party	31-Mar-15	31-Mar-14
Inter-corporate deposit	Other related parties	Sobha Renaissance Information Technology Private Limited	47.11	47.11
		Technobuild Developers Private Limited	8,103.00	8,150.42
Land advance	Other related parties	Puzhakkal Developers Private Limited	125.47	125.47
		Sri Parvathy Land Developers Private Limited	92.14	92.14
		Sri Durga Devi Property Management Private Limited	50.59	49.75
Rent deposit	Other related parties	Sobha Glazing & Metal Works Private Limited	112.03	112.03
		Sobha Interiors Private Limited	280.00	280.00
Advances recoverable in cash or in kind	Other related parties	Sobha Projects & Trade Private Limited	374.52	374.92
		Sobha Puravankara Aviation Private Limited	388.05	276.86
		Architectural Metal Works FZCO	0.29	0.29
		Punkunnam Builders and Developers Private Limited	0.01	0.03
		Sobha Contracting LLC, Dubai	5.15	5.15
Trade receivables	Other related parties	Sri Kurumba Trust	25.18	22.76
		Sobha Glazing & Metal Works Private Limited	34.00	30.11
		SBG Housing Private Limited	2.68	2.68
		Sobha Interiors Private Limited	57.67	47.67
		Sobha Projects & Trade Private Limited	13.11	10.53
Payables	Other related parties	Sobha Puravankara Aviation Private Limited	231.24	138.56
		Technobuild Developers Private Limited	181.20	-
		Sobha Space Private Limited	0.58	0.02
		Sobha Renaissance Information Technology Private Limited	50.00	50.00
Capital creditors	Other related parties	Mr. J. C. Sharma	77.62	37.80
		Mr. Ravi PNC Menon	36.47	33.92
Non-trade payable	Key management personnel			
Long-term borrowings - Debentures	Other related parties	SA Winona Ventures Limited	398.50	398.50
Interest payable	Other related parties	SA Winona Ventures Limited	12.04	21.49
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

*During the year ended March 31, 2015, the Company has renewed the aircraft usage agreement with Sobha Puravankara Aviation Private Limited, wherein the usage charges have been revised with effect from April 1, 2014. The aircraft hire charges has been accrued for the year based on revised agreement.

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.

Notes to the consolidated financial statements for the year ended March 31, 2015

27 Earnings per share ['EPS']

Particulars	₹ million	
	31-Mar-15	31-Mar-14
Profit after tax attributable to shareholders	2,380.12	2,350.43
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: Group as lessee

The Group has acquired plant and machinery and scaffolding items under finance lease with the respective underlying assets as security. These leases have an average life of 3 to 5 years with renewal option included in the contract. Minimum lease payments (MLP) outstanding in respect of these assets are as follows (Figures in brackets are in respect of the previous year):

Particulars	Total MLP outstanding as on March 31, 2015	Interest	₹ million
			Present Value of MLP
Within one year	6.55	0.13	6.42
	(149.15)	(7.52)	(141.63)
After one year but not more than five years	-	-	-
	-	-	-
	(6.54)	(0.13)	(6.41)
More than five years	-	-	-
	-	-	-
	6.55	0.13	6.42
	(155.69)	(7.65)	(148.04)

(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-15	31-Mar-14
Lease payments recognised as an expense in statement of profit and loss	296.81	239.60

Minimum lease payments outstanding in respect of these lease for non-cancelable period are as follows:

Particulars	₹ million	
	31-Mar-15	31-Mar-14
Not later than one year	67.50	63.90
Later than one year and not later than five years	165.89	148.41
Later than five years	190.94	210.52
	424.33	422.83

Notes to the consolidated financial statements for the year ended March 31, 2015

29 Contingent liabilities (to the extent not provided for)

Particulars	31-Mar-15 ₹ million	31-Mar-14 ₹ million
i. Guarantees given by the Group	4,235.14	4,524.65
ii. Income tax matters in dispute	3.94	3.94
iii. Sales tax matters in dispute	331.37	331.37
iv. Service tax matters in dispute	1,636.70	1,441.88
	6,207.15	6,301.84

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.

Other litigations

The Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business, including certain litigation for lands acquired by it for construction purposes, either through joint development agreements or through outright purchases, the impact of which is not quantifiable. These cases are pending with various courts and are scheduled for hearings. After considering the circumstances and legal advice received, management believes that these cases will not adversely effect its financial statements.

Service tax matters in dispute includes demands raised for joint development agreements, the tax impact of which for future years is not ascertainable. The Group has evaluated such arrangements for tax compliance and based on experts opinion, the management is of the view that the tax positions are appropriate.

30 Commitments

- The estimated amount of contracts, net of advances remaining to be executed on capital account is ₹ 526.46 million (Previous year - ₹ 211.84 million).
- At March 31, 2015, the Group has given ₹ 16,451.06 million (Previous year - ₹ 13,990.11 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.
- 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, 2015 the Group has paid ₹ 3,059.14 million (Previous year - ₹ 2,643.36 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.

Notes to the consolidated financial statements for the year ended March 31, 2015

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)

Particulars	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Current service cost	14.81	12.86
Interest cost on benefit obligation	8.08	6.15
Expected return on plan assets	(1.75)	(1.59)
Net actuarial loss/ (gain) recognised	6.37	3.16
Net benefit expense	27.51	20.58

Consolidated Balance Sheet

Particulars	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Defined benefit obligation	112.02	91.85
Fair value of plan assets	12.75	20.09
Plan (asset)/ liability	99.27	71.76
Changes in the present value of the defined benefit obligation		
Opening defined benefit obligation	91.85	76.92
Interest cost	8.08	6.15
Current service cost	14.81	12.86
Benefits paid	(10.11)	(7.48)
Actuarial (gains)/ losses on obligation	7.39	3.40
Closing defined benefit obligation	112.02	91.85
Changes in the fair value of plan assets		
Opening fair value of plan assets	20.09	18.24
Expected return	1.75	1.59
Contributions by employer	-	7.50
Benefits paid	(10.11)	(7.48)
Actuarial gains/ (losses)	1.02	0.24
Closing fair value of plan assets	12.75	20.09
Actual return on plan assets		
Expected return on plan assets	1.75	1.59
Actuarial gain/ (loss) on plan assets	1.02	0.24
Actual return on plan assets	2.77	1.83

Notes to the consolidated financial statements for the year ended March 31, 2015

Particulars	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Investment details of plan assets		
Investment with insurer - 100% in debt instruments		
The principal assumptions used in determining gratuity obligation		
Discount rate	7.89%	8.00%
Expected rate of return on assets	7.89%	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	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11	
Defined benefit obligation	112.02	91.85	76.92	62.03	52.67	
Plan assets	12.75	20.09	18.24	20.75	21.95	
Surplus / (deficit)	99.27	71.76	58.68	41.28	30.72	
Experience adjustments on plan liabilities	2.18	7.40	6.40	(0.24)	3.86	
Experience adjustments on plan assets	1.02	0.24	0.07	(0.22)	(0.45)	

Notes:

- The Company expects to contribute ₹ 52.31 million (Previous year - ₹ 51.72 million) to the trust towards gratuity fund in 2015-16.
- 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

Particulars	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Contract revenue recognised as revenue for the year ended March 31, 2015*	21,259.72	17,949.78
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to March 31, 2015 for all the contracts in progress	49,652.29	31,019.62
The amount of customer advances outstanding for contracts in progress as at March 31, 2015 for which revenue has been recognised	5,745.64	5,019.48
The amount of retentions due from customers for contracts in progress as at March 31, 2015	644.87	415.74

* The Group has revised its project cost estimates in the current year, as a result of which the profit before tax for the year ended March 31, 2015 is lower by ₹ 343 million.

Notes to the consolidated financial statements for the year ended March 31, 2015

34 Derivative instruments and unhedged foreign currency exposure

Particulars	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Foreign currency exposure that are not hedged by derivative instruments or otherwise:		
Payables	18.03	6.68
Receivables	58.77	55.39

- 35** 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, 2015.

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.

Particulars	31-Mar-15 ₹ million	31-Mar-14 ₹ million
Purchase of project materials	2.78	8.39
Subcontractor and other charges	50.68	238.10
Salaries, wages and bonus	8.04	4.17
Rent	13.30	9.87
Miscellaneous expenses	3.01	3.32
	77.81	263.85

Notes to the consolidated financial statements for the year ended March 31, 2015

37 Additional information, as required under Schedule III to the Act, of enterprises consolidated as subsidiary/ associates/ joint ventures

Name of the entity	Net assets				Share in profit or loss			
	As % of consolidated net assets		Amount ₹ million		As % of consolidated profit or loss		Amount ₹ million	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
Parent								
Sobha Limited	92.36%	95.96%	22,594.71	22,072.69	75.54%	80.49%	1,842.67	1,880.94
Subsidiaries								
<i>Indian</i>								
Sobha City ["Partnership firm"]	4.01%	2.73%	981.36	628.21	11.84%	4.10%	288.90	95.79
Vayaloor Properties Private Limited	0.00%	0.00%	0.11	0.09	0.00%	0.00%	(0.02)	(0.01)
Vayaloor Builders Private Limited	0.00%	0.00%	0.20	0.19	0.00%	0.00%	-	0.01
Vayaloor Developers Private Limited	0.00%	0.00%	0.17	0.16	0.00%	0.00%	(0.01)	0.01
Vayaloor Real Estate Private Limited	0.00%	0.00%	0.19	0.17	0.00%	0.00%	-	0.01
Vayaloor Realtors Private Limited	0.02%	0.02%	5.29	5.29	0.00%	0.00%	-	-
Valasai Vettikadu Realtors Private Limited	0.00%	0.00%	0.07	0.06	0.00%	0.00%	(0.01)	(0.01)
Sobha Developers (Pune) Limited	0.86%	-0.91%	209.90	(209.27)	9.52%	20.52%	232.21	479.49
Sobha Assets Private Limited	0.30%	0.31%	73.12	70.58	0.00%	0.00%	(0.01)	(0.02)
Sobha Highrise Ventures Private Limited	1.85%	1.50%	451.61	345.39	0.66%	-4.53%	16.18	(105.78)
Sobha Nandambakkam Developers Limited	0.00%	0.00%	0.33	-	0.00%	0.00%	(0.02)	-
Sobha Tambaram Developers Limited	0.00%	0.00%	0.47	-	0.01%	0.00%	0.24	-
Minority interest in all subsidiaries	0.60%	0.38%	147.53	88.25	2.43%	-0.58%	59.28	(13.55)
Total	100.00%	100.00%	24,465.06	23,001.81	100.00%	100.00%	2,439.41	2,336.88

38 Corporate Social Responsibility (CSR)

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company. The CSR expenditure for the year ended March 31, 2015 is contributed to a trust towards activities which are specified in Schedule VII of the Companies Act, 2013. In accordance with the clarification issued by the Institute of Chartered Accountants of India, vide FAQ's on the provisions of CSR applicability under the Companies Act, 2013, the Group has adopted the policy to charge CSR expenditure incurred as an appropriation of profit with effect from April 01, 2014. Accordingly, CSR expenditure (net of tax) of ₹ 138.20 million has been adjusted to retained earnings.

- 39** During the year ended March 31, 2015, the Company has received notice u/s 153A of the Income Tax Act, 1961, whereby the Company has revised the income tax returns for the assessment years 2008-09 to 2013-14 for certain additional disallowances for which no additional tax charge is provided, since the management is of the view that the disallowances are mainly on account of timing differences. Pending final assessment, no adjustments have been made in the financial statements for the year ended March 31, 2015.

Notes to the consolidated financial statements for the year ended March 31, 2015

40 Disclosure required under Section 186(4) of the Companies Act 2013

For details of loans, advances and guarantees given and securities provided to related parties refer note 26.

41 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.

42 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 Limited

per Adarsh Ranka
Partner
Membership No.: 209567

Ravi PNC Menon
Chairman

J.C. Sharma
Vice Chairman and
Managing Director

Subhash Bhat
Chief Financial Officer

Kishore Kayarat
Company Secretary and
Compliance Officer

Place: Bengaluru
Date: May 12, 2015

Place: Bengaluru
Date: May 12, 2015

Form AOC – I

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries, Associate Companies / Joint Ventures

Part “A”: Subsidiaries

	Sobha Developers (Pune) Limited	Sobha Highrise Ventures Private Limited*	Sobha Assets Private Limited	Sobha Tambaram Developers Limited	Sobha Nandambakkam Developers Limited
Reporting Period	2014-15	2014-15	2014-15	2014-15	2014-15
Reporting Currency	INR in Million	INR in Million	INR in Million	INR in Million	INR in Million
Share Capital	0.53	206.00	0.10	0.50	0.50
Reserve and Surplus	1,976.58	89.07	(0.03)	(0.03)	(0.17)
Total Assets	2,840.01	1,605.88	73.15	89.56	92.55
Total Liabilities	862.90	1,310.81	73.08	89.09	92.22
Investments	4.66	-	-	-	-
Turnover	1,113.47	861.28	-	46.92	-
Profit before Taxation	346.99	152.17	(0.01)	0.30	(0.02)
Provision for Taxation	114.35	33.60	-	0.06	-
Profit after Taxation	232.64	118.57	(0.01)	0.24	(0.02)
Proposed Dividend	-	-	-	-	-
% Share Holding	100%	50%	100%	100%	100%

*Subsidiary of the Company in terms of Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended)

- Names of subsidiaries which are yet to commence business None
- Names of subsidiaries which have been liquidated or sold during the year None

Part “B”: Associates and Joint Ventures

Not Applicable

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

Ravi PNC Menon
Chairman

J.C. Sharma
Vice Chairman and
Managing Director

Subhash Bhat
Chief Financial Officer

Kishore Kayarat
Company Secretary and
Compliance Officer

Place: Bengaluru
Date: May 12, 2015

Notice of Annual General Meeting

NOTICE is hereby given that the Twentieth Annual General Meeting of the Members of Sobha Limited will be held on Wednesday, the 15th day of July 2015 at The Gateway Hotel Residency Road Bangalore, 66, Residency Road, Bangalore - 560 025 at 3:00 PM 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, 2015, 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. Ravi PNC Menon (DIN: 02070036), who retires by rotation and being eligible has offered himself for re-appointment.
4. To ratify the appointment of Statutory Auditors and in this regard to consider and, if thought fit, to pass with or without modification(s), the following resolution as an *Ordinary Resolution*:

“RESOLVED THAT in furtherance to the resolution passed in the Nineteenth Annual General Meeting held on July 11, 2014 appointing M/s S.R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration Number 101049W) as the Statutory Auditors to hold office from the conclusion of the Nineteenth Annual General Meeting until the conclusion of the Twenty Second Annual General Meeting and in terms of the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made thereunder, the members of the Company be and hereby ratify their appointment as the Statutory Auditors from the conclusion of this Annual General Meeting until the conclusion of the Twenty First Annual General Meeting at such remuneration as may 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 Dr. Punita Kumar-Sinha (DIN: 05229262) 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. Punita Kumar-Sinha (DIN: 05229262) who was appointed as an Additional Director in the capacity of a Non-Executive Independent Director on October 06, 2014 and 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 a Non-Executive Independent Director of the Company for a consecutive term of five years commencing from October 06, 2014.”

6. Ratification of remuneration payable to Cost Auditors

To consider and if thought fit, to pass with or without modifications, the following resolution as an *Ordinary Resolution*:

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, including any amendment or re-enactment thereof and of any other law for the time being in force, the consent of the members of the Company be and is hereby accorded for the payment of remuneration not exceeding ₹ 150,000 (Rupees One Lakh and Fifty

Thousand only) plus reimbursement of out of pocket expenses and taxes as may be applicable from time to time to M/s. Srinivas and Co, Cost Accountants (Firm Registration No: 000278), the Cost Auditors of the Company for the financial year 2014-15.

RESOLVED FURTHER THAT any of the Directors or the Company Secretary and Compliance Officer of the Company be and are hereby severally authorised to do all such acts, deeds, things, matters and to execute all such documents as may be required to give effect to this Resolution."

7. 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 Section 42, 71 and other applicable provisions, if any, of the Companies Act, 2013, relevant rules made thereunder and any other law for the time being in force and the provisions contained in the Memorandum and Articles of Association of the Company, 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 ₹ 10,000,000,000 (Rupees One Thousand Crores only), on a private placement basis, on such terms and conditions as the Board of Directors may, from time to time, determine and consider proper and beneficial to the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the 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 Limited



Kishore Kayarat
Company Secretary &
Compliance Officer

Place: Bangalore
Date: May 12, 2015

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.

- Statement pursuant to the provisions of Section 102(1) of the Companies Act, 2013 is annexed to and forms part of this Notice.
- 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 provided separately.
- 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.
- 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.
- Members may note that the Notice of the Twentieth Annual General Meeting and the Annual Report 2015 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
- In terms of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force), listed companies are required to provide members with the facility to exercise their votes at general meetings through electronic means. The Company has availed the services of National Securities Depository Limited (NSDL) for providing the necessary remote e-voting platform to the members of the Company.
- The e-voting period shall commence on July 12, 2015 [9:00 AM] and end on July 14, 2015 [5:00 PM]. 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.**
- In terms of the Companies (Management and Administration) Rules, 2014 as amended from time to time, the Company will conduct a poll on the day of the meeting and members who have not cast their vote through remote e-voting, shall be able exercise their right by voting in the poll.**
- Members of the Company, holding shares either in physical form or dematerialized form, as on the cut-off date i.e. July 08, 2015, will be eligible to cast their vote electronically or by way of poll.**
- The Board of Directors has appointed Mr. Nagendra D Rao, Practising Company Secretary (Membership No. 5553, COP No. 7731) and in his absence Mr. Natesh K, Practising Company Secretary (Membership No. 6835, COP No. 7277) as the Scrutinizer for conducting the remote e-voting and poll process in accordance with law and in a fair

and transparent manner. The Scrutinizer shall within a period not exceeding three days from the conclusion of the annual general meeting prepare a Consolidated Scrutinizer's Report of the votes cast in favour or against, if any, and submit it forthwith to the Chairman of the Company.

The Results declared along with the Scrutinizer's Report shall be placed on the website of the Company and on the website of NSDL.

12. Detailed instructions on the e-voting procedure

For shareholders receiving e-mail communication from NSDL

- a) Open e-mail and open PDF file viz; "remote 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 "remote e-voting" will open. Click on "remote e-voting: --- Active Voting Cycles."
- g) Select "EVEN" of Sobha Limited.
- h) Now you are ready for "remote 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.

For shareholders' who have become members of the Company after the despatch of Notice of Annual General Meeting

Members who have acquired the shares of the Company after the despatch of the Notice of Annual General Meeting and whose name appears in the Register of Members of the Company or in the Register of Beneficial owners maintained by the depositories as on the cut-off date i.e. July 08, 2015 will be eligible to cast their vote through remote e-voting.

Such members may obtain the login ID and password by sending a request to any of the following email ids:

1. To NSDL at evoting@nsdl.co.in
2. To the Registrar and Share Transfer Agents at evoting@linkintime.co.in
3. To the Company at investors@sobha.com

However, if you are already registered with NSDL for remote e-voting then you can use your

existing user ID and password for casting your vote. If you do not remember your password, you can reset your password by using “Forgot User Details/Password” option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

Thereafter, members are requested to follow the steps mentioned above to cast the vote.

13. If a shareholder is already registered with NSDL for remote e-voting, then they may use their existing User ID and Password for casting the votes.
14. 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.
15. In case of any queries, shareholders may refer the Frequently Asked Questions (FAQs) and remote e-voting user manual for shareholders available in the “Downloads” section of www.evoting.nsdl.com or call on the toll free no.: 1800-222-990. Shareholders may also contact the Company or its Registrar and Transfer Agents for any assistance in this regard.
16. Members who have cast their vote through remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
17. 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 Annual General Meeting.

Dividend

18. The Register of Members and the Share Transfer Books of the Company shall remain closed on July 04, 2015.
19. 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.

20. The Dividend will be paid by the Company through:
 - a) Real Time Gross Settlement (RTGS) or National Electronic Fund Transfer (NEFT) or National Electronic Clearing System (NECS) or Electronic Clearing System (ECS) to those members who have registered their bank details with the Depository Participants or the Company as the case may be.
 - b) Dividend warrants to the remaining members.

Investor Claims

21. 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 11, 2014 are available in the investors section of the website of the Company www.sobha.com

During the financial year 2015-16, 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 July 24, 2008, 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.

22. 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

23. 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.

24. 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

25. The Route Map of the venue of the Annual General Meeting forms part of this Notice and is published elsewhere in the Annual Report of the Company.
26. Clause 32 of the Listing Agreement directs 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 the 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

Dr. Punita Kumar-Sinha (DIN: 05229262) was appointed as a Non-Executive Independent Director of the Company on October 06, 2014.

Dr. Kumar-Sinha is the Founder and Managing Partner, Pacific Paradigm Advisors, an independent investment advisory and management firm. Prior to founding Pacific Paradigm Advisors, she was a Senior Managing Director of the Blackstone Group, leading Blackstone Asia Advisors LLC as the business unit head and Chief Investment Officer.

She has over twenty five years of experience in fund management in international and emerging markets, working with many leading firms in the US. She started her investment career in emerging markets in 1987 and was one of the first foreign investors into India. Before joining Blackstone, Dr. Kumar-Sinha was a Managing Director and Senior Portfolio Manager at Oppenheimer Asset Management Inc., and CIBC World Markets, where she was also the Portfolio Manager for The India Fund and The Asia Tigers Fund. At CIBC World Markets, Dr. Kumar-Sinha initiated the opening of one of the first India advisory offices for a foreign firm. Prior to this, Dr. Kumar-Sinha was a Portfolio Manager on the emerging markets team at Batterymarch (a Legg Mason company), which she joined after four years at Standish Ayer & Wood (a BNY Mellon company). At Standish Ayer she was hired to help build the international equity business, reporting to the Managing Partner.

Dr. Kumar-Sinha has a Ph.D. and a Masters in Finance from the Wharton School, University of Pennsylvania. She received her undergraduate degree in chemical engineering with distinction from the Indian Institute of Technology, New Delhi where she also received the Distinguished Alumni Award. She has an MBA and is also a CFA Charter holder. Dr. Kumar-Sinha is a member of the CFA Institute, the Boston Security Analysts Society and the Council on Foreign Relations. She is a Charter Member and was a Board Member of TiE-Boston. She has also advised select companies on asset management.

Dr. Kumar-Sinha, with her valuable insights and suggestions, has 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 her knowledge, expertise and in particular the contributions made by her, it is proposed to appoint Dr. Punita Kumar-Sinha as an Independent Director of the Company in terms of Section 149 read with Section 152 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. In terms of Sections 149 and 152 of the Companies Act, 2013, Dr. Kumar-Sinha is not liable to retire by rotation. Dr. Kumar-Sinha, if appointed, will hold office for a consecutive term of 5 years commencing from October 06, 2014.

Dr. Kumar-Sinha has given her consent to act as an Independent Director of the Company and has furnished necessary declarations to the Board of Directors that she 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. Kumar-Sinha is not disqualified under Section 164 of the Companies Act, 2013.

Dr. Kumar-Sinha does not hold any equity shares in the Company as on May 12, 2015. She is not related to any of the Directors of the Company. The directorships held by Dr. Kumar-Sinha are within the limits prescribed under Section 165 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

In terms of Clause 49 of the Listing Agreement, the details of directorships and committee positions held as on April 01, 2015 are given below:

Directorships held in other public companies	JSW Steel Limited
	SREI Infrastructure Finance Limited
	Rallis India Limited
	Fino Pay Tech Limited
	Mahindra Intertrade Limited
	Hexaware Technologies Limited
	SKS Microfinance Limited
	Mahindra Two Wheelers Limited
Committee Positions [Includes only Audit and Stakeholders Relationship Committee]	Metahelix Life Sciences Limited
	JSW Steel Limited - Investor Grievance Committee [Member]
	Fino Pay Tech Limited - Audit Committee [Member]
	Mahindra Two Wheelers Limited - Audit Committee [Member]
	Metahelix Life Sciences Limited - Audit Committee [Member]

The terms and conditions of appointment of Dr. Kumar-Sinha 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. Kumar-Sinha is interested in the passing of this resolution by virtue of her 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 except to the extent of their shareholding in the Company.

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

In terms of Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014 as may be amended from time to time, the Company is required to get its cost records audited.

The Board of Directors, based on the recommendation of the Audit Committee, have appointed M/s. Srinivas and Co, Cost Accountants (Firm Registration No: 000278) as the Cost Auditors of the Company for the financial year 2014-15. Further, the Board of Directors, on the recommendations of the Audit Committee, have approved the payment of remuneration not exceeding ₹ 150,000 (Rupees One Lakh and Fifty Thousand only) plus out of pocket expenses and taxes as may be applicable from time to time to the Cost Auditors for undertaking the cost audit of the Company for the financial year 2014-15.

In terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

None of the other Directors or Key Managerial Personnel or their relatives are in any way interested or concerned, financially or otherwise in this Resolution except to the extent of their shareholding in the Company.

The Board of Directors recommends the Ordinary Resolution set out in Item No. 6 for approval by the Members.

Item No. 7

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.

The members of the Company in the Annual General Meeting held on July 11, 2014 had approved the issue of Non-Convertible Debentures on a Private Placement Basis aggregating up to ₹ 20,000,000,000 (Rupees Two Thousand Crores only) and such approval is valid for a year, i.e. until July 10, 2015.

Accordingly, fresh consent of the members is being sought to enable the Board of Directors to offer or invite subscriptions for non-convertible debentures aggregating up to ₹ 10,000,000,000 (Rupees One Thousand Crores only) as may be required and such approval shall be valid for a year.

None of the Directors or the Key Managerial Personnel or their relatives are in any way interested or concerned, financially or otherwise in this Resolution except to the extent of their shareholding in the Company.

The Board recommends the Special Resolution set-out in Item 7 of the Notice for approval by the members.

Additional Information on Directors seeking re-election at the Annual General Meeting

Name of Director	Mr. Ravi PNC Menon
Age	34 Years
Date of Appointment	June 08, 2004
Qualifications	Bachelor of Science in Civil Engineering from Purdue University, USA
Expertise in specific functional areas	<p>Mr. Ravi PNC Menon oversees the overall management and functioning of the Company. His responsibilities in the Company encompass product delivery, project execution, technology advancements, quality control and enhancement, process and information technology and customer satisfaction. He supervises the performance of various departments in the organisation such as Project Management, Design and Engineering, Sales & Marketing, Quality Safety & Technology, Purchase, Estimation, Cost Audit, Value Engineering, Landscaping, Human Resources etc.</p> <p>Mr. Menon specifically aims at scaling the delivery levels of the Company, adhering to the standards of quality, launching new product lines and strengthening the customer relationship management function.</p>
Directorships held in other public limited companies	Sobha Assets Private Limited [Subsidiary of Sobha Limited, a public company]
Committee positions held in other companies	None
Relationship with other Directors	None
Number of shares held as on May 12, 2015	32,950 Equity Shares of ₹ 10 each 59,331,380 Equity Shares of ₹ 10 each held by relatives



The Gateway Hotel Residency Road Bangalore,
66, Residency Road,
Bangalore - 560 025

The Twentieth Annual General Meeting of
the Members of Sobha Limited is scheduled
on Wednesday, the 15th day of July 2015 at
3:00 PM

Proxy Form

*[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies
(Management and Administration) Rules, 2014]*

SOBHA LIMITED

[Formerly 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 Twentieth Annual General Meeting of the Company, to be held on Wednesday, July 15, 2015 at The Gateway Hotel Residency Road Bangalore, 66, Residency Road, Bangalore - 560 025 at 3.00 PM and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No

1. To receive, consider and adopt the standalone and consolidated financial statements of the Company for the financial year ended March 31, 2015
2. To declare dividend on equity shares
3. To appoint a Director in place of Mr. Ravi PNC Menon (DIN: 02070036), who retires by rotation and being eligible has offered himself for reappointment
4. To ratify the appointment of S.R. Batliboi & Associates LLP (Firm Registration Number 101049W) as the Statutory Auditors of the Company
5. Appointment of Dr. Punita Kumar-Sinha (DIN: 05229262) as a Non-Executive Independent Director
6. Ratification of remuneration payable to M/s Srinivas and Co, Cost Accountants (Firm Registration No: 000278), the Cost Auditors of the Company
7. Issue of Non-Convertible Debentures on a Private Placement basis

Signed this day of 2015.

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 LIMITED

(Formerly 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 **Twentieth Annual General Meeting** of the Company held on Wednesday, July 15, 2015 at 3:00 PM at The Gateway Hotel Residency Road Bangalore, 66, Residency Road, Bangalore - 560 025.
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 Twentieth Annual General Meeting dated May 12, 2015. The E-Voting period starts on July 12, 2015 [9:00 AM] and ends on July 14, 2015 [5:00 PM]. The e-voting module shall be disabled by NSDL for voting thereafter.

Notes

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Glossary

ADR American Depository Receipts	EBITDA Earnings before Interest, Depreciation and Amortisation
APMC Agriculture Produce Marketing Committee	ECS Electronic Clearing System
BBS Bar Bending Schedule	EHS Environment, Health & Safety
BSE Bombay Stock Exchange Limited	EPS Earnings Per Share
CAGR Compounded Annual Growth Rate	ERP Enterprise Resource Planning
CARE Credit Rating Analysis and Research	EVEN E-Voting Event Number
CBSE Central Board of Secondary Education	FDI Foreign Direct Investment
CDSL Central Depository Services (India) Limited	FICCI Federation of Indian Chambers of Commerce and Industry
CEO Chief Executive Officer	FII Foreign Institutional Investors
CFL Compact Fluorescent Lamp	FIPB Foreign Investment Promotion Board
CFO Chief Financial Officer	FSI Floor Space Index
CII Confederation of Indian Industry	GDP Gross Domestic Product
CIN Corporate Identification Number	GDR Global Depository Receipts
CPD Concrete Products Division	GFRC Glass Fiber Reinforced Concrete
CREDAI Confederation of Real Estate Developers Association of India	HSS Higher Secondary School
CRISIL Credit Rating Information Services of India Limited	HUF Hindu Undivided Family
CRM Customer Relationship Management	ICRA ICRA Limited [Formerly Investment Information and Credit Rating Agency of India Limited]
CSR Corporate Social Responsibility	IEPF Investor Education and Protection Fund
Demat Dematerialised Account	IGBC Indian Green Building Council
DG Diesel Generator	IPO Initial Public Offer
DIN Director Identification Number	

ISIN International Securities Identification Number	PBIT Profit before Interest and Tax
ISO International Organization for Standardization	PBT Profit before Tax
IT / ITES Information Technology / Information Technology Enabled Services	PV Cells Photovoltaic Cells
JD / JV Joint Development / Joint Venture	QST Quality, Safety and Technology
KMP Key Managerial Personnel	R&D Research and Development
LED Light-emitting diode	R&T Agents Registrar and Share Transfer Agents
MCA Ministry of Corporate Affairs, New Delhi	RBI Reserve Bank of India
MD&A Management Discussion & Analysis	ROCE Return on Capital Employed
MEP Mechanical, Electrical and Plumbing	ROE Return on Equity
NCR National Capital Region	RTGS Real Time Gross Settlement
NEAPS NSE Electronic Application Processing System	SBA Super Built-up Area
NECS National Electronic Clearing System	SCORES SEBI Complaint Redress System
NEFT National Electronic Fund Transfer	SEBI Securities and Exchange Board of India
NRI Non Resident Indian	SSLC Secondary School Leaving Certificate
NSDL National Securities Depository Limited	SVTC Sobha Vocational Training Centre
NSE National Stock Exchange of India Limited	VFD Variable Frequency Drive
OHSAS Occupational Health Safety Assessment Series	WTD Whole-time Director
PAT Profit after Tax	Y-O-Y Year-on-Year
PBDIT Profit before Depreciation, Interest and Tax	

Fiscal 2015 Highlights

Q1

Revenues of ₹ 5,826 million with a PBT of ₹ 903 million and PAT of ₹ 570 million

Collections of ₹ 5,925 million

Completed and handed over 2 real estate projects and 4 contractual projects admeasuring total developed area of 2.25 million square feet.

Sold 0.76 million square feet of super built-up area valued at ₹ 4,822 million

Q2

Revenues of ₹ 6,768 million with a PBT of ₹ 949 million and PAT of ₹ 595 million

Collections of ₹ 7,255 million

Completed and handed over 1 real estate project and 2 contractual projects admeasuring total developed area of 0.65 million square feet.

Sold 0.83 million square feet of super built-up area valued at ₹ 5,590 million

Launched 4 projects: Sobha Arena – 1.01 million square feet and Sobha Morzaria Grandeur II - 0.08 million square feet in Bangalore, Sobha Lake Edge – 0.24 million square feet in Thrissur and Sobha Evergreen – 0.28 million square feet in Chennai

ICRA upgrades the long tem rating to 'A' from 'A-'

Q3

Revenues of ₹ 6,868 million with a PBT of ₹ 911 million and PAT of ₹ 601 million

Collections of ₹ 6,582 million

Completed and handed over 3 real estate projects and 5 contractual projects admeasuring total developed area of 2.14 million square feet.

Sold 0.66 million square feet of super built-up area valued at ₹ 4,270 million

Launched 2 projects: Sobha Halcyon – 0.30 million square feet in Bangalore and Sobha Elanza - 0.37 million square feet in Pune

Q4

Revenues of ₹ 5,093 million with a PBT of ₹ 954 million and PAT of ₹ 615 million

Collections of ₹ 6,008 million

Completed and handed over 4 real estate projects and 4 contractual projects admeasuring total developed area of 2.56 million square feet.

Sold 1.03 million square feet of super built-up area valued at ₹ 6,268 million

Launched 2 projects: Sobha Dream Acres – 7.95 million square feet in Bangalore and Sobha Winchester - 0.32 million square feet in Pune

Forayed into new product Segment - 'SOBHA DREAM SERIES' - Aspirational homes with 1 and 2 BHK units (650 square feet, 1,000 square feet and 1,200 square feet)

5 Years Financial Highlights (Consolidated financials)

(₹ in million except earning per share and rate of dividend)

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
Financial Performance					
Total Income (Net of Excise Duty)	24,554.78	21,837.63	18,700.59	14,143.72	13,996.13
Profit before depreciation interest and tax (PBDIT)	6,322.22	6,129.18	5,537.70	4,730.25	3,651.58
Depreciation	722.68	689.92	593.73	387.78	277.73
Profit before interest and tax (PBIT)	5,599.54	5,439.26	4,943.97	4,342.47	3,373.85
Interest	1,883.42	1,734.44	1,704.90	1,165.39	859.67
Profit before tax (PBT)	3,716.12	3,704.82	3,239.07	3,177.08	2514.18
Profit after tax (PAT)	2,439.41	2,336.88	2,170.59	2,100.53	1845.62
Minority interest	59.28	(13.55)	(1.20)	40.99	32.7
PAT after minority interest	2,380.13	2,350.43	2,171.79	2,059.54	1812.92
Dividend					
Equity	686.45	686.45	686.45	490.32	294.19
Rate of dividend	70%	70%	70%	50%	30%
Financial position					
Share holder's funds	24,317.53	22,913.56	21,366.19	19,997.51	18,507.83
Borrowed fund	20,588.01	14,044.09	13,787.39	12,407.70	12,415.65
Total	44,905.54	36,957.65	35,153.58	32,405.21	30,923.48
Net fixed assets	3,675.16	3,758.06	3,300.52	2,852.29	2,019.28
Investments	0.18	0.18	2.07	0.18	37.11
Net current and non current assets	42,860.78	34,209.18	32,489.10	29,883.11	28,793.30
Deferred tax assets/ (liability)	(1,630.58)	(1,009.77)	(638.11)	(330.37)	73.79
Total	44,905.54	36,957.65	35,153.58	32,405.21	30,923.48
Ratios					
EBIDTA Margin	25.75%	28.07%	29.61%	33.44%	26.09%
Pre-Tax Margin	15%	17%	17%	22%	18%
Post Tax Margin	10%	11%	12%	15%	13%
Interest coverage ratio	2.97	3.14	2.90	3.73	3.92
Net debt to EBIDTA (times)	2.91	2.01	2.20	2.40	3.32
Fixed assets to turnover ratio	15%	17%	18%	20%	14%
Debtors turnover ratio (Net Debtors)	-4%	-12%	4%	9%	17%
Debtors turnover ratio (Gross Debtors)	28%	28%	35%	27%	30%
Return on Equity (ROE)	10%	11%	10%	11%	10%
Return on Capital Employed (ROCE)*	14%	15%	15%	14%	11%
Earnings per share(EPS)	24.27	23.97	22.15	21.00	18.49
Book Value	247.98	233.66	217.88	203.92	188.73
Debt/Equity Ratio	0.76	0.54	0.57	0.57	0.67
Price Earning Multiple	16.56	15.62	15.72	15.86	15.88
Price/book value	1.62	1.60	1.60	1.63	1.56

*EBIT/ Average capital employed

Figures are regrouped wherever necessary

Publication Details and Credits

Investor Relations Contact:

Sobha Limited

(Formerly Sobha Developers Limited)

'SOBHA'

Sarjapur-Marathahalli Outer Ring Road (ORR),

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Financial Calendar

[tentative and subject to change]

Board Meetings

- For quarter ending June 30, 2015
August 07, 2015
- For quarter ending September 30, 2015
November 06, 2015
- For quarter ending December 31, 2015
February 05, 2016
- For the year ending March 31, 2016
May 13, 2016

Annual General Meeting

- For the year ending March 31, 2016
July 15, 2016

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



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