SOBHA

PASSION AT WORK

Date: July 15, 2020

To,

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

Dear Sir / Madam,

Sub: Submission of Annual Report of the Company for the Financial Year 2019-20 pursuant to Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

In terms of Regulation 34(1) of the Listing Regulations, please find enclosed the Annual Report for the financial year 2019-20 along with the Notice of the Annual General Meeting being dispatched to shareholders of the Company through electronic mode whose e-mail addresses are registered with the Company / Depository Participants / Registrar and Transfer Agent.

The 25th Annual General Meeting ('AGM') of the Company will be held on Friday, August 7, 2020 at 3.00 p.m. (IST) through Video Conference / Other Audio Visual Means, in accordance with the General Circular issued by Ministry of Corporate Affairs dated May 5, 2020 read with General Circulars dated April 8, 2020 and April 13, 2020 and SEBI Circular dated May 12, 2020.

The Annual Report of the Company is also available on the website of the Company at https://www.sobha.com/pdfsbio/159481050720200715.pdf

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

Thanking you.

FOR SOBHA LIMITED

VBhat

VIGHNESHWAR G BHAT
COMPANY SECRETARY & COMPLIANCE OFFICER

SOBHA

PASSION AT WORK

CELEBRATING 25 YEARS OF SELF-RELIANCE

ANNUAL REPORT **2020**

Self-Reliance is a virtue that was well understood early in SOBHA's journey. Committed to deliver high quality homes, on-time, with transparency could have been possible only because of the unique self-reliant business model (backward integrated) that SOBHA adopted. The concept of '*AtmaNirbhar Bharat*' (self-reliant India) is in vogue today. This concept was embraced since inception. In the absence of any precedence for such a business model in the realty space, the step taken then was not only visionary but courageous. This exceptional model of working ensured that the company had full control over its supply chain. Once the mechanism to check the quality of ingredients that were used in constructing SOBHA homes was put in place, there was no looking back. This helped the company fulfil its mission of "No shortcuts to quality." This also served as the most distinguishing differentiator for it in the real estate sector. Having its own interiors, glazing & metal works and concrete division makes SOBHA independent and self-reliant. This has helped SOBHA become the most admired and trusted company in the realty space in India and this coincides well with the celebration of the 25th year of self-reliance this year.

SOBHA

Commemorating its 25th year of self-reliance and excellence, SOBHA has established itself as the most admired and trusted real estate brand in the country today. A journey that began in 1995 revolving round the work philosophy of 'Passion at Work', has whetted its desire to do much more with responsibility. We are guided by five core values - Quality, Passion, Reliability, Transparency, and Integrity which works as our moral compass. SOBHA's focus on quality, timely delivery, customer-centricity, transparency, robust engineering, in-house research, and uncompromising business ethics have shaped its journey from a regional to the national real estate brand. Today, SOBHA has presence in residential segment in 10 cities and its overall footprint extends to 27 cities in 14 states across India, including a strong contractual portfolio. SOBHA's unique and highly-efficient self – reliant model is the key USP of the brand. It is the only company in the Indian realty sector to have a full-fledged backward integrated model of operations, which makes it self-reliant.

SOBHA REAL ESTATE

SOBHA's residential projects include presidential apartments, villas, row houses, luxury and super luxury apartments, plotted development and aspirational homes. As of 31st March 2020, SOBHA has overall completed 109.74 million square feet of area. The company currently has ongoing real estate projects aggregating to 39.36 million square feet of developable area and 27.41 million square feet of saleable area. At SOBHA, we believe and focus on quality and timely delivery of projects. These are of prime significance in the real estate business. All the products from the house of SOBHA carry our promise of quality and world-class amenities. Along with this, our projects reflect our commitment towards protecting the environment by incorporating sustainability measures such as rainwater harvesting, sewage treatment plant among others. We make great efforts by bringing together highly passionate people, processes and technology for continuous improvement. Together with our in-house designers, architects and structural, mechanical, electrical, plumbing and environmental professionals, we create masterpieces that customers can live, work and play in comfort and harmony.

Software Development Block (SDB) 3, Infosys, Pune (Built by SOBHA)

SOBHA CONTRACTUAL

SOBHA expanded its business with a new vertical called Contractual in 2000. This new vertical could offer services (conceptualisation to execution) to myriad corporate entities in matters of design and architecture, civil, mechanical, electrical, plumbing, interiors, landscape, aluminium and glazing. Over the years, the division has developed structures like offices, convention centres, software development blocks, multiplex theatres, hostel facilities, hotels, guest houses, food courts, restaurants, research centres, club houses and factory buildings for many esteemed corporate clients. Some of SOBHA's prestigious clients include Infosys, Taj Group, Dell, HP, Timken, Biocon, Institute of Public Enterprises (IPE), Lulu, Azim Premji Foundation and others. The work undertaken by SOBHA Contractual is executed by a team of experts trained at the company's in-house training facility. This ensures that the products are world-class and delivered as per customers' satisfaction. As of 31st March 2020, SOBHA's ongoing Contractual projects aggregate to 9.44 million square feet under various stages of construction.

SOBHA MANUFACTURING

SOBHA is a self-reliant company with in-house capabilities through its backward integration model. This is the company's USP, which makes it stand out in the Indian real estate sector. This model helps us have total control of the resource management and quality, which is integral to the construction process under a single ownership. Under this backward integration model, there are three manufacturing divisions - Glazing and Metal Works, Interiors and Concrete Products. We also have a very high-end mattress manufacturing unit under the brand name SOBHA Restoplus, which was started in 2007. Each of these divisions use state-of-the-art equipment that have been especially imported from different parts of the world. Besides this, SOBHA ensures that the workforce employed in all these divisions are highly skilled, and therefore, imparts in-house training and certification in technical aspects at SOBHA Academy. This helps them enhance their skill sets further. All our factories are well-equipped to cater to our internal requirements of SOBHA projects as well as other players in the construction industry. Today, each factory has grown to become self-sustaining revenue generating unit for the company.

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CELEBRATING 25 YEARS OF

SELF-RELIANCE

We at SOBHA are celebrating our 25th year of operations at present in India. Founded in August 1995, SOBHA has successfully established itself as the most admired brand in the realty sector in India in a short span of over two decades. The seeds of self-reliance at SOBHA were sown at an early stage of its journey. The story that unfolded thereafter is not only unique but very interesting to know.

The culture of self-reliance and doing things in-house caught up the imagination of early Sobhaites. So much so that all critical functions – be it design, architecture, mechanical, electrical, plumbing and engineering works began to be done within the company.

To appreciate the illustrious story of SOBHA in the past 24 years, what it did and how different it was, it is important to take you to the Builder extraordinaire who founded one of the most unique self-reliant entities in real estate space in India then. Mr. PNC Menon born and raised in a small town in Kerala went to Oman on an invitation by a friend to set up an interior decoration firm in 1976. He worked with dexterity and perseverance and earned his name for producing very high-quality work and continued to get client referrals for bigger jobs. By mid-1980s his **Services and Trade Company** had established its name and was expanding in the Oman market.

By the early nineties, he had successfully proven his mettle in the broader Gulf region. Mr. Menon's name became synonymous with quality and timely delivery. These two life-long virtues, his penchant for quality and timely delivery were to stand in good stead with him later in his journey to India. By 1994, he realized that there were few good construction companies in India which were focused on delivering high-quality products. To fill this gap, he founded SOBHA Ltd. in 1995. He was determined to produce world-class real estate developments on-time for his customers in India. It was evident that Mr. Menon had by then adopted "quality" as an inseparable notion in his professional and personal life. He raised the quality bar very high which was unthinkable 20 years back in realty space in India. And this became the fulcrum of SOBHA's differentiation from others in the field.

THE GENESIS OF SELF- RELIANCE

Old-timers recall how challenging it was for the company to get quality raw materials for construction purpose. There was a severe lack of suitable suppliers and building contractors to build good homes. It was then that Mr. Menon, relentless in his pursuit for quality laid the ground for self-reliance and created a unique backward integrated business model.

By 2000, it was clear that SOBHA Ltd. must do almost everything in-house, from ideation to completion. It was believed that this would give the company

full control over resource management and quality. Three factories were established in Bengaluru in quick succession: SOBHA Interiors, SOBHA Glazing & Metal Works and SOBHA Concrete Products. All these three factories were endowed with the latest machinery and qualified people whose mandate was to produce international quality products which could be used towards making high-quality homes.

If one looks at the Concrete Products Division (CPD) it extends the concept of self-reliance within the company's line of business. Spread over 8 acres, the CPD is home to several automated plants designed to produce world-class products like pavers, blocks and mortars. Today it meets the internal demands of SOBHA and also caters to the demands of other realty players and developers. Recently it has introduced new mortar-based products such as block jointing, plaster, and crack fills besides precast concrete boundary walls, precast RCC drains and covers, precast concrete frames, and crash barriers. All these products help serve the needs of the clients. Like Interiors and Metal Glazing, the CPD is also a self-sufficient revenue-generating entity for the company.

The ethos of the company revolved around quality and *'AtmaNirbharta'*. Mr. Menon's mission was "No short cuts to Quality." A very strong culture and work ethic had been delineated and laid down for all to follow. As always is the case, culture flows from the top. And Mr. Menon never retracted. This was a huge step ahead in real estate then!

The culture of self-reliance and doing things in-house caught up the imagination of early Sobhaites. So much so that all critical functions – be it design, architecture, mechanical, electrical, plumbing and engineering works began to be done within the company. It was a matter of great pride that almost everything from concept to completion was done within the SOBHA fold. The backward integrated business model which had given birth to three main factories and the culture to do things in-house with full control on key supply chain served as a bedrock of self-reliance. It became the key differentiator in the industry. Further, combined with strong work ethics, good governance and positive intention, SOBHA had embarked on its journey to become an institution, which set it apart from all other players in the industry worldwide.

AN ESTABLISHED NAME

The twenty-fifth year in its journey, today SOBHA is a name entrenched in the history of real estate in India with many admirable laurels and worthy recognitions. SOBHA is a well-known name at present in the real estate sector both in India and internationally. With more than 200 awards and recognitions, SOBHA is nothing less than a trendsetter – a leader in its space that believes in providing the best in class products for discerning customers at attractive price points. SOBHA has established a brand that is unparalleled with its focus on world-class product quality, unwavering commitment to customers, sincere hard work and transparency.

THE FOUNDER'S VISION

The reputation that SOBHA enjoys today is all due to the well laid out vision by its founder who had started it as a boutique real estate company based in Bangalore with solid ethos.Today SOBHA has a rich and varied set of products in its portfolio. It builds residential projects including presidential apartments, villas, row houses, super luxury and luxury apartments, develops plots and aspirational homes.

Over the years SOBHA has also come to be known for its impeccable contractual construction for well-known corporate houses - creating offices, convention centres, software development blocks, multiplex theatres, hostel facilities, guest houses, food courts, restaurants, research centres and clubhouses.

During its first decade, SOBHA had moved into a longstanding relationship with Infosys Limited by making remarkable office spaces for it. Over the years it has also been associated with other established international and Indian entities in the corporate world. It has been growing in strength since then.

EXCEPTIONAL EXECUTION

SOBHA's superior execution capability is its core strength. The company currently has ongoing real estate projects aggregating to 39.36 million square feet of developable area and 27.41 million square feet of saleable area, and ongoing contractual projects aggregating to 9.44 million square feet under various stages of construction. As on 31st March 2020, the company has delivered overall 109.74 million square feet of developable area. The company has a real estate presence in 10 cities, viz. Bengaluru, Gurugram, Chennai, Pune, Coimbatore, Thrissur, Kozhikode, Kochi, Gujarat (Gift City) and Mysore. Overall, SOBHA has a footprint in 27 cities in 14 states across India.

A LONG TIME

Delivering world-class products over the past two decades amidst the given constraints is no small achievement for the company. When Mr. Menon came to India, the economy was inward-looking and much small as compared to today. There were no major companies in the real estate sector which was by and large disorganized and managed by individual contractors restricted to select cities. Mr. Menon stepped into such an environment wanting to introduce revolutionary ideas. He wanted to do this because he had the vision to build an institution in the realty space and he knew he could achieve this by setting up a strong bedrock for a professional company which was self-reliant and resilient in both its work and processes.

NOT AN EASY TASK

The past 24 years have not been easy. The real estate sector has witnessed many changes from being fragmented, disorganized to now making efforts to become RERA compliant. The solid foundations that Mr. Menon had laid down at the inception stage were futuristic in nature which made SOBHA compliant in almost all respects. What do customers need? A good quality home delivered on time. A well-intentioned company with the right ethical practices and transparency could make it easily possible. When RERA was launched, SOBHA was already compliant and the switch was easy. Not only customers would benefit from such interventions made by the government, but it would also help organize the realty sector as a whole and bring in transparency, accountability and the much-needed respectability.

Global Education Centre (GEC) 2, Infosys, Mysore (Built by SOBHA)

During its first decade, SOBHA had moved into a longstanding relationship with Infosys Limited by making remarkable office spaces for it. Over the years it has also been associated with other established international and Indian entities in the corporate world. It has been growing in strength since then.

MAJOR CHALLENGES

With Demonetization, RERA and GST, the government tried to streamline the system. Understandably all these changes brought in a set of several challenges in the sector which was not used to an organized way of working. However, thanks to its core strengths of being self-reliant, inherent philosophy of providing the best and always being one step ahead of the changes that were coming, SOBHA showed profound resilience and grit in facing these challenges.

To begin with, starting and expanding a professionally run company in an unorganized sector was not easy. Since everyone was used to old ways, people were not ready for a professionally run company like SOBHA. However, the Company continued its focus on building a strong base and strengthening its backend operations.

SOBHA has also set up a training academy which takes care of the training needs of its employees at all levels. This is what gives the company an edge when it comes to providing international standards in its projects.

In the initial years after customers got used to and accepted its professional ways of doing things, SOBHA moved from strength to strength. It added new verticals like Contracting, Commercial and Manufacturing (with its factories) and diversified in other geographies, thus increasing its footprint in India.

A DEDICATED WORKFORCE

At the same time, SOBHA also realized that if it had to be self-reliant it needed a strong and dedicated workforce which would form its backbone. Today, every Sobhaite is proud of the work that he or she does. This is because SOBHA acknowledges the role that they play in making the company self-reliant and confident enough to face all the challenges that come its way and keep moving ahead. SOBHA recognizes and nurtures talent at all levels of its employees. It provides training, makes sure it gets best in class equipment and provides a congenial environment for its employees to work in so that they feel a sense of pride and belongingness to the company.

SOBHA has also set up a training academy which takes care of the training needs of its employees at all levels. This is what gives the company an edge when it comes to providing international standards in its projects.

THE COUNTRY CHANGED TOO

With the onset of liberalization, the economy opened a bit and like all other sectors, the real estate sector too got some attention. Some foreign investments started flowing in. Soon there was global financial crisis in and around 2008 and once again the real estate sector plunged into crisis. However, during all this SOBHA showed its innate capacities and rock-like belief in its self-reliant business model strengthening its product, people, and process quality.

GETTING READY FOR THE BIGGEST CHALLENGE

At the end of this financial year came the biggest challenge of all: the COVID-19 pandemic. The worldwide epidemic is still spreading, and its real impact will be felt in the next financial year. Like all other sectors of the economy, real estate too will be adversely impacted due to the pandemic. In an already slowing economy, the pandemic COVID-19 has brought unprecedented challenges. We at SOBHA have taken confident and bold steps to mitigate the effect and are getting ready to face the situation. Keeping our innate strengths in mind and our capacity to face challenges backed by our unique '*AtmaNirbhar*' (self-reliant) business model, we are confident to emerge stronger from this situation.

AWARDS 2020

Brands are built over years of perseverance and hard work. When these efforts are recognised and acknowledged, it reaffirms the quality of work we do and the trust of the stakeholders. SOBHA has achieved this and much more through these last 25 years with over 200 plus awards. However, it is important to not get complacent and strive to improve with each step. During the financial year 2019-20, SOBHA has been bestowed with several accolades. Some of these are highlighted below.

STRONG BUSINESS ENTITY

To recognise our outstanding performance in the real estate sector, SOBHA was awarded Dun & Bradstreet Corporate Awards 2019 in the real estate category. The award was based on financial parameters which are included in a proprietary financial model developed by Dun and Bradstreet. Winners were selected on the basis of a composite score which takes into account several quantitative factors.

SOBHA was once again recognised as the Top National Realty Brand across Asset class in India by BrandXReport 2018-19, an annual study conducted by Track2Realty. This is the 5th consecutive year when SOBHA was conferred with the National Brand Leadership of Indian real estate, making it a one-of-its-kind achievement for any company in the sector. In addition to this, SOBHA was recognised as the Top Brand in South India, Top Brand in Residential Space, Top Brand in Super Luxury Segment.

Similarly, SOBHA established its brand leadership among globally travelled Indians. The company received the vote of confidence to become the Top Realty Brand Nationally in the Global Buyer Report 2020, a study conducted recently by Track2Realty. The comprehensive report also recognised SOBHA as the Top Real Estate Brand in South India, Top Choice of HNIs and as one of the top three choices of the NRI community.

Dun & Bradstreet Corporate Award 2019

Further, SOBHA was declared as the 'Developer of the Year (National)' at the 11th Annual Estate Awards 2019 by Franchise India for exceptional performance in the real estate sector. Some of the other top accolades for the FY19-20 included 'One of India's Top Builders 2019' award by Construction World Architect and Builder (CWAB).

QUALITY CONSTRUCTION

The ability to do quality construction is brand SOBHA's strength. The BrandXReport 2018-19 recognised SOBHA for its compact luxury sub-brand SOBHA Dream Series as the Top Brand in Affordable Homes. Further, SOBHA was conferred with the 'Residential Project of the Year (West)' under the non-metro category for its project SOBHA Nesara, Pune at Realty+ Excellence Awards 2019. Supplementing these recognitions were two prestigious awards – 'Best Quality Construction of the Year – Chennai' and 'Best Architecture Plan of the Year'. These awards were given during Real Estate Summit & Awards (RESA) 2019 organised by the Federation of Indian Chambers of Commerce and Industry (FICCI), Tamil Nadu State Council.

An important aspect of quality construction is safety. For this, SOBHA was conferred with the top position in state-level safety awards in the construction category for SOBHA Dream Acres by the National Safety Council. The award acknowledged SOBHA's best safety practices during the year 2019. Out of 2500 plus applications from across Karnataka in 6 different categories, SOBHA was recognised with the top position in construction.

CSR – CARING FOR THE UNDERPRIVILEGED

Showing immense empathy, SOBHA has developed a humane face since its inception. The founder Mr. PNC Menon took upon himself as his personal responsibility to build social capital at the grassroots level.

These efforts have been recognised time and again. During FY 19-20, SOBHA achieved the number 1 position in the Brand Disruption category for its excellent CSR activities for 3rd year in a row in the BrandXReport.

Further, Kerala Management Association (KMA) conferred the CSR award under the Health and Hygiene category. This was the second consecutive year when SOBHA was conferred with the KMA award in this category. The award lauded SOBHA's efforts in providing superior health care facilities for the overall well-being of the underprivileged.

Additionally, SOBHA was conferred with the CREDAI Awards for Real Estate (CARE) 2019 in the category Best CSR Activity by CREDAI Karnataka. The award acknowledged SOBHA's unwavering contribution towards building a sustainable community.

During FY 19-20, SOBHA achieved the number 1 position in the Brand Disruption category for its excellent CSR activities for 3rd year in a row in the BrandXReport.

CHAIRMAN'S MESSAGE

Dear shareholders and friends of SOBHA,

Financial year 2019-20 holds a special significance in the SOBHA journey since it marks our 25th year of operations in India. In this period, we have established SOBHA as a brand with an unparalleled focus on world class product quality, unwavering commitment to customers, sincere hard work and transparency.

Financial year 2019-20 was a difficult year for Indian real estate due to a challenging regulatory and macro-economic environment. This was compounded by the unprecedented impact of the COVID-19 pandemic. Although the overall effect of COVID-19 on the business will become clearer in the next fiscal, we need to take utmost care in steering our organization through this crisis with minimal effect on growth.

As an organization, SOBHA has gone through many such ups and downs in the past 25 years and each time we have emerged much stronger from the crisis. We have been able to do this successfully every time due to our differentiated self-reliant business model that gives us complete control on our supply chain. This unique backward integrated model of SOBHA is also taught as a case study at Harvard university.

In the wake of the COVID-19 pandemic when the Indian government is advising businesses to be self-reliant, SOBHA is well-positioned to emerge unscathed from the crisis. This will need adaptive leadership at all organizational levels with a renewed focus on operational efficiency and cost reduction.

In financial year 2019-20, we achieved a yearly income of ₹ 38.26 billion. Our Real Estate business generated a revenue of ₹ 22.80 billion with our Contracts & Manufacturing business revenue at ₹ 14.74 billion. Our EBITDA stood at ₹ 8.31 billion with a margin of 22%. We were able to achieve this despite a tough macroeconomic environment and the pandemic impact towards the end of the financial year.

In the residential space, we completed 5.86 million square feet of developable area during the financial year. This includes One SOBHA, a commercial mall and office space in Bangalore, with a total developable area of 0.38 million square feet. We also launched new projects with a developable area of 1.42 million square feet. These launches were spread across Pune, Coimbatore and Chennai. Overall, SOBHA has delivered 109.74 million square feet of residential and commercial developments since its inception 25 years ago. Today, the company has a presence in 27 cities across 14 states through its residential and contractual project portfolio.

Taking cue from initiatives like Salesforce implementation from last year, we are centralizing our pan India marketing operations by setting up a Central marketing team. This will bring much needed economies of scale in our customer acquisition process while cutting down on non-productive expenses. We are also investing heavily in technological interventions to provide a seamless experience to customers at all touch points.

Last year we organized our first online home expo, Click2buy. The expo aimed to connect with our stakeholders globally by showcasing behind the scene details and key people who work tirelessly to bring our vision to fruition.

Our performance in the last fiscal is a testimony to the self-reliant model and to SOBHA's strong business fundamentals. We have taken multiple steps to minimize the impact of the ongoing crisis on our company and people. We have been able to achieve substantial improvements in our operational efficiency by reducing costs and revisiting our processes. These efforts led to a reduction in our overall debt during the fourth quarter of last fiscal combined with a marked improvement in cash flows.

The foundation of SOBHA's self-reliant model was laid by our founder Mr. PNC Menon, whose relentless pursuit for quality led to the setting up of in-house architecture, structure and MEP (Mechanical, Engineering and Plumbing) teams. The backward integration model was extended further with factories for Interiors, Glazing & Metal Works, Concrete Products and Mattresses. Unlike most real estate companies in India that outsource their construction activities, we have always focused on nurturing this core competency in-house. We now boast of an unparalleled team of technicians and construction professionals that provides us with a distinct competitive advantage. It allows us to control resource deployment and quality at every step of project execution, right from ideation to project completion.

It was a visionary initiative, taken at a time when it was unthinkable in the sector.

Our focus on world class products, superior execution and on-time delivery with transparency has brought more than 200 accolades over the years. SOBHA continues to be the top national realty brand for the past several years as per the BrandXReport released by Track2Realty, an independent media research group. SOBHA has also been featured as one of the 500 high growth companies in the APAC region (the only real estate company from India) by Financial Times. We received the Developer of the Year (National) Award and one of India's Top Builder Award by CWAB. We also received the CREDAI Care Award 2019 for our CSR initiatives. SOBHA has also been recognized by the KMA CSR award for Health and Hygiene in 2019. These recognitions are extremely humbling, and they encourage us to carry on our path with responsibility, guided by our work ethos.

At SOBHA, we believe that our growth story cannot be complete without an impactful contribution to the society. Through our Sri Kurumba Educational and Charitable Trust, we have adopted three grama panchayats in Palakkad district of Kerala, namely, Vadakkenchery, Kizhakkenchery and Kannambra. Our focus has been on education, health and women empowerment.

Our founder, Mr. PNC Menon, truly believes that education is a big social leveler that can raise the living standards of people in rural India. Through our CSR initiatives, more than 1,100 students from underprivileged section of the society are getting highest standard of education completely free. The SOBHA Icon program for students from local government schools has enabled many students to take up medical and engineering courses in prestigious institutions in India and abroad on scholarships. There are other unique programs like the comprehensive rehabilitation for young mothers (widows), dowry less social weddings and rural women empowerment schemes which are regular features of our CSR program.

All this wouldn't have been possible without the strong support from our committed workforce of professionals. They are the true flag bearers for SOBHA's ethos of quality, passion, reliability, transparency and integrity. As an organization, we are perfectly positioned to chart the next phase in our growth story even amidst the current uncertainty, with an unwavering support from our entire team. I would like to thank all employees of SOBHA and my colleagues on the Board for their valuable guidance and full support.

On behalf of all my colleagues, I would like to thank you for your continued support during the year and look forward to meeting you at the annual shareholder's meeting.

Yours sincerely,

Ravi PNC Menon

Board of Directors as on March 31, 2020

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

Mr. J.C. Sharma – Vice Chairman and Managing Director

Mr. J.C. Sharma is the Vice Chairman and Managing Director of the Company. He holds a degree in Bachelor of Commerce (Honours) from St. Xavier's College, Calcutta. He is a qualified Chartered Accountant and Company Secretary with over 38 years of experience in diversified industries such as automobiles, textiles and steel. He has been associated with SOBHA since June 2001. With 19 years of cumulative experience in the Company, he has been a member of the Board of Directors since the year 2003. Mr. J.C. Sharma is entrusted with the overall responsibility of managing the affairs of the Company especially finance, purchase, legal and land acquisition, administration and also responsible for achieving the targets of the Company. He plays an instrumental role in spearheading the growth mantle of the Company.

Mr. T.P. Seetharam – Whole-time Director

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

Mr. Jagadish Nangineni – Deputy Managing Director

Mr. Jagadish has 17 years of experience in the field of real estate, technology, consulting and has been associated with Sobha since November 2009. As Regional Head – NCR Region, Sobha, he has been involved in all facets of Sobha's business and has established Company's presence in NCR. Prior to working in Sobha, he has worked with A.T. Kearney as a Management Consultant and with Highstreet Capital. Mr. Jagadish holds MBA from the Indian Institute of Management, Calcutta and has done Bachelor of Technology (B.Tech) in Civil Engineering from Indian Institute of Technology, Bombay.

Mr. R.V.S. Rao – Independent Director

Mr. R.V.S. Rao is an Independent Director of the Company. He holds a bachelor's degree in Commerce from the University of Mysore and a bachelor's degree in law from Bangalore University. He is a fellow member of Indian Institute of Banking and Finance. He has over 48 years of experience in the areas of banking and finance. He has served on the Board of Directors of Housing Development Finance Corporation Limited. As a United States Agency for International Development (USAID) Consultant, he was the team leader that reviewed operations and made recommendations for the Housing Finance Company, Ghana, Africa. He also led the consultancy team, which advised the National Development Bank of Sri Lanka in establishing its mortgage finance business. He is an associate of Indian Institute of Bankers and a life member of All India Management Association.

Mr. Anup Shah – Independent Director

Mr. Anup Shah is an Independent Director of the Company. He holds a bachelor's degree in commerce from HR College, Mumbai and a degree in law from Government Law College, Mumbai. He has over 36 years of experience in the field of law, specifically real estate law. Since founding his own firm in 1993, he has advised developers, builders and foreign and domestic investors in structuring real estate transactions, leases, development agreements and joint ventures. He specialises in commercial and property documentation, corporate and commercial litigation, property related issues, land laws and arbitration and alternative dispute resolutions. He is the Founder Partner of Anup S Shah Law Firm in Bangalore.

Mr. Sumeet Jagdish Puri – Independent Director

Mr. Sumeet Jagdish Puri is an Independent Director of the Company. He has worked as Managing Director at Deutsche Bank, Morgan Stanley and Merrill Lynch for over 23 years, in the area of Global Investment Banking and is currently the Managing Director of Samaya Capital Advisors, Hong Kong. He has handled some of the world's largest IPO's. He is an Advisor to Stock Exchange of Hong Kong, Bain Capital, Carlyle Group, Tiger Funds, etc for their capital raising and investments. He was also an Advisor to Piramal Enterprises for Asia's largest mandatory structured transaction, LoneStar Funds for the launch of one of India's largest NBFC platforms, etc. He holds Master of Business Administration (MBA) degree from S.P. Jain Institute of Management & Research, Mumbai and a Bachelor's degree from Sydenham Institute of Management Studies, Research and Entrepreneurship.

Ms. Srivathsala K N – Independent Director

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

Committees of the Board
as on 31st March, 2020

Audit Committee

Mr. R V S Rao (Chairman)

Mr. J C Sharma

Mr. Sumeet Puri

Stakeholders Relationship Committee

Mr. Sumeet Puri (Chairman)

Mr. Ravi Menon

Mr. J C Sharma

Mr. T P Seetharam

Nomination, Remuneration and Governance Committee

Mr. Anup Shah (Chairman)

Mr. R V S Rao

Mr. Sumeet Puri

Mr. Ravi PNC Menon

Risk Management Committee

Mr. Anup Shah (Chairman)

Mr. Ravi PNC Menon

Mr. J C Sharma

Mr. Subhash Mohan Bhat

Corporate Social Responsibility Committee

Mr. Sumeet Puri (Chairman)

Mr. J C Sharma

Mr. Jagadish Nangineni

Share Transfer Committee

Mr. J C Sharma (Chairman)

Mr. T P Seetharam

Mr. Jagadish Nangineni

Corporate Information

Company Secretary and Compliance Officer

Mr. Vighneshwar G Bhat

Chief Financial Officer

Mr. Subhash Mohan Bhat

Statutory Auditors

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

Bankers

Andhra Bank
Axis Bank
Arka Fincap limited
Bank of India
Bajaj Housing Finance Limited
DCB Bank Limited
ICICI Bank
Karur Vysya Bank Limited
PNB Housing Finance Limited
South Indian Bank Limited
Standard Chartered Bank
State Bank of India
Tata Capital Financial Services Limited
RBL Bank
HDFC Bank limited
Lakshmi Vilas Bank Limited
Catholic Syrian Bank
Deutsche Bank
Bank of Baroda
IndusInd Bank
Aditya Birla Finance Limited
Aditya Birla Housing Finance Limited
Karnataka Bank Limited

Registered and Corporate Office

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

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the Twenty Fifth Annual Report on the business and operations of the Company together with the audited results for the financial year ended March 31, 2020.

Financial Highlights **(₹ In million)**

Particulars	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Total Revenue	**38,304.87**	**34,337.78**	**38,256.59**	**35,155.41**
Operating Expenditure	26,488.29	27,142.98	26,386.16	27,687.84
Earnings before Interest, Depreciation and Amortisation	11,816.58	7,194.80	11,870.43	7,467.57
Depreciation and Amortisation	673.52	582.35	722.85	623.17
Finance Cost*	6,732.28	2,293.37	6816.03	2,362.20
Profit Before Tax	**4,410.78**	**4,319.08**	**4,331.55**	**4,482.20**
Tax Expenses				
• Current Tax	444.49	975.20	451.90	987.47
• Deferred Tax Charge / (credit)	1,071.50	478.63	1,062.96	524.80
Profit after Tax	**2,894.79**	**2,865.25**	**2,816.69**	**2,969.93**

* Includes notional interest accrued on advance from customers as per ind AS 115 amounting to ₹ 878 million, ₹ 882 million for the three months ended 31 March, 2020, 31 December, 2019 respectively and ₹ 3,558 million for the year ended 31 March, 2020.

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

BUSINESS AND OPERATIONS

A. Business Overview

The Company is operating in the following two segments:

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

A summary of completed and ongoing projects as on March 31, 2020 has been detailed in the Management Discussion and Analysis Report titled 'Management Report' forming part of the Annual Report.

B. Financial Overview

Standalone

During the Financial Year 2019-20, the Company has on a standalone basis, earned total revenues of ₹ 38,304.87 million as compared to ₹ 34,337.78 million in the previous year, an increase of 11.5% y-o-y. The Profit before Tax during the year was ₹ 4,410.78 million as against ₹ 4,319.08 million in the previous year, increased by 2.12 % and Profit after Tax during the year was ₹ 2,894.79 million as against ₹ 2,865.25 million in the previous year, that is, an increase of 1.03%.

Consolidated

The consolidated revenues of the Company during financial year 2019-20 were ₹ 38,256.59 million, an increase of 8.82% from the previous year. Profit before tax decreased by 3.36 % and profit after tax (after considering minority interest) decreased by 5.16% as compared to financial year 2018-19.

Transfer to Reserves

Your Directors propose to transfer ₹ 289.48 million of the current profits to the General Reserve.

Dividend

The Board of Directors, subject to the approval of the shareholders at the ensuing Annual General Meeting are pleased to recommend a dividend of ₹ 7 per equity share of ₹ 10 each.

C. **Operational Overview**

Completed Projects

During the year under review, the Company executed and handed over 3.98 million square feet real estate projects and 1.88 million square feet of contractual projects resulting in an aggregate development of 5.86 million square feet.

The Company has completed construction of 109.74 million square feet of area since inception

Ongoing Projects

The Company currently has real estate projects aggregating 39.36 million square feet of developable area. It has 9.44 million square feet of ongoing contractual projects which are under various stages of construction.

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

SHARE CAPITAL RELATED MATTERS

A. **Share Capital**

The authorized share capital of the Company is ₹ 2,000,000,000 divided into 150,000,000 equity shares of ₹ 10 each and 5,000,000 preference shares of ₹ 100 each. At the beginning of the year under review, the issued, subscribed and fully paid up capital was ₹ 948,458,530 divided into 94,845,853 equity shares of ₹10 each. There was no change in the issued, subscribed and fully paid up share capital of the Company during the year under review. Sobha Limited is a public limited company and its equity shares are listed on the National Stock Exchange of India Limited and BSE Limited.

B. **Buyback of Equity Shares**

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

C. **Changes in Subsidiaries, Joint Ventures and Associates**

During the year under review, the Company has subscribed to the entire equity share capital of Sobha Construction Products Private Limited thereby making it a wholly owned subsidiary of Sobha Limited.

Also, Sobha Developers (Pune) Limited, a wholly owned subsidiary of the Company, during the year, acquired the shares of Sobha Interiors Private Limited, Kuthavakkam Builders Private Limited and Kuthavakkam Realtors Private Limited making them a wholly owned subsidiaries of Sobha Developers (Pune) Limited. With this acquisition, as on the date of this report, the Company has six direct subsidiaries and five step down subsidiaries.

BOARD OF DIRECTORS AND ITS COMMITTEES

A. **Composition of the Board of Directors**

As on 31st March, 2020, the Board of Directors of the Company comprises of eight Directors of which, four are Non-Executive Independent Directors and four are Executive Directors. The composition of the Board of Directors is in compliance with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and Section 149 of the Companies Act, 2013.

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

Mr. Sumeet Puri and Ms. Srivathsala K N who were appointed during the year as Independent Directors are experts in the field of Finance (Banking, Accounts, Audit) and investments and are able to contribute effectively to the overall performance of the Company.

B. **Changes in Directors and Key Managerial Personnel**

During the year under review, the Company inducted Mr. Seetharam T P as Whole-time Director with effect from April 1, 2019 and Mr. Sumeet Jagdish Puri as Non-Executive, Independent Director and Mr. Jagadish Nangineni as Deputy Managing Director with effect from July 8, 2019. Dr. Punita Kumar Sinha, Non-Executive Independent Director vacated the office of Director effective 6th October, 2019 as she has completed her tenure of a term of 5 years as an Independent Director.

The Board vide Circular Resolution dated 4th January, 2020 appointed Ms. Srivathsala K N as an Additional Director designated as Non-Executive Independent Director of the Company effective 4th January, 2020. The Board recommends to the shareholders the appointment of Ms. Srivathsala K N as Director designated as Non-Executive Independent Director of the Company for a consecutive period of 5 years effective 4th January, 2020.

Except the above, there were no changes in the Company's Key Managerial Personnel.

C. Meetings

During the year under review, the Board of Directors met 6 times on the following dates:

- May 17, 2019
- July 8, 2019
- August 9, 2019
- November 8, 2019
- February 1, 2020
- March 19, 2020

In accordance with the provisions of the Companies Act, 2013, a separate meeting of the Independent Directors of the Company was held on 19th March, 2020.

D. Re-appointment of Directors Retiring by Rotation

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Ravi PNC Menon, Director (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 recommendations of the Nomination, Remuneration and Governance Committee, have recommended the re-appointment of Mr. Ravi PNC Menon, Director retiring by rotation.

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

E. Performance Evaluation

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

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

F. Directors' Responsibility Statement

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

a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;

b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

c) proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the annual accounts have been prepared on a going concern basis;

e) internal financial controls to be followed by the Company have been laid down and such internal financial controls are adequate and were operating effectively; and

f) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDIT RELATED MATTERS

A. Audit Committee

The Audit Committee of the Company was reconstituted at the Board Meeting held on 8th November, 2019 . The composition of the Committee as on 31st March 2020 was:

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

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

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

B. Statutory Auditors

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

The Statutory Auditors expressed an unmodified opinion in the audit reports with respect to audited financial statements for the financial year ended March 31, 2020. There are no qualifications or adverse remarks in the Statutory Auditors' Report which require any explanation from the Board of Directors.

C. Secretarial Audit

Secretarial Audit of the Company for the year ended March 31, 2020 was conducted by Mr. Nagendra D Rao, Practicing Company Secretary. The Secretarial Audit Report issued by Mr. Nagendra D Rao, in accordance with the provisions of Section 204 of the Companies Act, 2013 is provided separately in the Annual Report **(Annexure A)**. There are no qualifications or adverse remarks in the Secretarial Audit Report which require any explanation from the Board of Directors.

D. Cost Audit

The Cost Audit Report for financial year 2018-19 was filed with the Ministry of Corporate Affairs, New Delhi within the due date prescribed under the Companies (Cost Records and Audit) Rules, 2014. There are no qualifications or adverse remarks in the Cost Audit Report which require any explanation from the Board of Directors.

Based on the recommendations of the Audit Committee, the Board of Directors re-appointed M/s. Srinivas and Co, Cost Accountants (Firm Registration No: 000278) as the Cost Auditors of the Company for the financial year 2019-20. In terms of Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors for financial year 2019-20 is subject to ratification by the shareholders of the Company. The Notice convening the Annual General Meeting contains the proposal for ratification of the remuneration payable to the Cost Auditors.

E. Internal Audit and Internal Financial Controls

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

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

POLICY MATTERS

A. Nomination and Remuneration Policy

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

B. The Risk Management Framework

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

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

C. Corporate Social Responsibility Policy

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

The Corporate Social Responsibility Policy, as formulated by the Corporate Social Responsibility Committee and approved by the Board of Directors is available on the Company's website: https://www.sobha.com/pdfsbio/158036284320200130.pdf

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

D. Vigil Mechanism

The Company has established a vigil mechanism to promote ethical behaviour in all its business activities. It has in place a mechanism for employees and Directors to report any genuine grievances, illegal, unethical behaviour, suspected fraud or violation of laws, rules and regulations or conduct to the Vigilance Officer and the Audit Committee of the Board of Directors. The policy also provides for adequate protection to the whistle blower against victimization or discriminatory practices. The policy is available on the Company's website: https://www.sobha.com/pdfsbio/153630159420180907.pdf

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

OTHER MATTERS

A. Debentures

At the beginning of financial year 2019-20 The Company had Non-Convertible Redeemable Debentures amounting to ₹ 1,400,000,000 were outstanding. All the outstanding debentures were redeemed during the year and there were no outstanding debentures as on the closure of the financial year ended 31st March, 2020.

B. Deposits

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

C. Transfer to Investor Education and Protection Fund

In compliance with Section 124 of the Companies Act, 2013, dividends pertaining to financial year 2011-12 which were lying unclaimed with the Company were transferred to the Investor Education and Protection Fund during financial year 2019-20. The details of unclaimed dividends transferred to the Investor Education and Protection Fund have been detailed in the Corporate Governance Report forming part of the Annual Report.

As required under Section 124 of the Companies Act, 2013 and the Rules made thereunder, 1,413 equity shares, in respect of which dividend had not been claimed by the shareholders for seven consecutive years or more, were transferred to the Investor Education and Protection Fund during the year under review. The details of the shares and shareholders are available on the Company's website.

D. Significant or material orders passed by Regulators / Courts

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

E. Human Resources

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

As on March 31, 2020, the Company had an organizational strength of 3,219 employees.

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

F. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

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

G. Awards and Recognitions

During financial year 2019-20, the Company was conferred with various awards and recognitions, the details of which are given in a separate section of the Annual Report.

H. Corporate Governance

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

A certificate from Mr. Nagendra D Rao, Practicing Company Secretary affirming compliance with the various conditions of Corporate Governance in terms of the Listing Regulations is given in **Annexure D** to this report.

I. Code of Conduct

The Company has laid down a code of conduct for the Directors as well as for all senior management of the Company. As prescribed under Regulation 17 of the Listing Regulations, a declaration signed by the Vice Chairman and Managing Director affirming compliance with the code of conduct by the Directors and senior management personnel of the Company for financial year 2019-20 forms part of the Corporate Governance Report.

J. Disclosure on Confirmation with Secretarial Standards

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

K. Management Discussion and Analysis Report

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

L. Extract of Annual Returns

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the annual returns for the financial year ended March 31, 2020 in MGT 9 is attached as **Annexure E** to this report and the same is available under the link https://www.sobha.com/investor-relations-downloads.php

M. Particulars of Loans, Guarantees and Investments

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

N. Related Party Transactions

During the year, the Company did not enter into any contract / arrangement / transaction with a related party which can be considered as material in terms of the policy on related party transactions laid down by the Board of Directors. Related party transactions, if any, pursuant to the Listing Regulations were approved by the Audit Committee from time to time prior to entering into the transactions. The related party transactions undertaken during financial year 2019-20 are detailed in the Notes to Accounts of the Financial Statements.

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

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

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

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

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

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

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

R. Business Responsibility Report

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

S. Additional Information to Shareholders

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

ACKNOWLEDGEMENTS

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

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

Place : Bangalore	**Ravi PNC Menon**	**J C Sharma**
Date : June 27, 2020	**Chairman**	**Vice Chairman and Managing Director**

Annexure A

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.

Management's Responsibility

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

Auditor's Responsibility

1. My responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.

2. I believe that audit evidence and information obtained from the Company's management is adequate and appropriate for me to provide a basis for my opinion.

3. Wherever required, I have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

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

Nagendra D. Rao
Practising Company Secretary
Membership No. FCS – 5553
Certificate of Practice – 7731
UDIN: F005553B000390850
No. 543/A, 7th Main, 3rd Cross,
S.L. Bhyrappa Road, Hanumanthanagar,
Bengaluru – 560 019.

Place : Bengaluru
Date : June 27, 2020

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

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

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of the secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act,1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 [Not Applicable as the company has not raised any Share Capital by Issue of Shares during the financial year under review].

(d) The Securities and Exchange Board of India (Share based employee benefits) Regulations, 2014) [Not Applicable to the Company during the financial year under review];

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients [Not Applicable as the

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

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 [Not Applicable as the Company has not delisted/ propose to delist its equity shares from any stock exchange during the financial year under review];

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 [Not Applicable as the Company has not bought back / propose to buyback any of its securities during the financial year under review]; and

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) The Laws as are applicable specifically to the Company are as under:

a) Real Estate (Regulation & Development) Act, 2016;

b) Transfer of Property Act, 1882;

c) Indian Easements Act, 1882;

d) Registration Act, 1908;

e) The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996;

f) The Land Acquisition Act, 1894;

g) Indian Stamp Act, 1899; and

h) Karnataka Stamp Act, 1957.

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

(i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India and made effective 1st July, 2015).

(ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

(iii) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

The Company has delayed by one day in furnishing prior intimation as required under regulation 29(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, about the board meeting held on March 19, 2020, to the stock exchanges (BSE Limited and National Stock Exchange of India Limited).

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 passed following Special Resolution which are having major bearing on the Company's Affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc.

1. Issue of Non-Convertible Debentures on private placement basis.

Nagendra D. Rao
Practising Company Secretary
Membership No. FCS – 5553
Certificate of Practice – 7731
UDIN: F005553B000390850
No. 543/A, 7th Main, 3rd Cross,
S.L. Bhyrappa Road, Hanumanthanagar,
Bangalore - 560 019.

Place: Bengaluru.
Date : June 27, 2020

Annexure B

EXTRACT FROM NOMINATION AND REMUNERATION POLICY

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

A. Eligibility or Criteria for Appointment:

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

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

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

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

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

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

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

B. Term of Office:

Whole-time Director:

i. The Whole-time Director(s) of the Company shall be appointed for a term not exceeding five years at a time.

ii. The Whole-time Director(s) shall be eligible for re-appointment for further terms not exceeding five years at a time subject to the approval of members of the Company.

iii. No such re-appointment shall be made earlier than one year before the expiry of the current term.

Independent Director(s):

i. An Independent Director shall hold office for a term up to five consecutive years on the Board of Directors of the Company.

ii. An Independent Director shall be eligible for re-appointment for another term up to five consecutive years on passing of a special resolution in this regard by the members of the Company.

iii. No Independent Director shall hold office for more than two consecutive terms. An Independent Director shall be eligible for re-appointment after the expiry of three years of ceasing to be an Independent Director where he/she has served for two consecutive terms.

Key Managerial Personnel and Senior Management:

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 top line and/or bottom line of the Company where such contribution is capable of measurement.

iv. Contribution of Whole-time Director in implementing the strategy set by the Board of Directors of the Company.

v. Knowledge and understanding of current industry and market conditions.

vi. Contribution of Whole-time Director in identifying, understanding and mitigating the risks faced by the Company.

vii. Contribution of Whole-time Director in identifying and exploiting new business opportunities for the Company.

viii. Level of preparedness for the meetings of the Board and Committees.

ix. Attendance at the meetings of the Board and Committees of which such Whole-time Director is a member.

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

A. Remuneration Criteria:

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

a. availability of talented, skilled and experienced professionals.

b. industry standards.

c. profitability of the Company and growth prospects.

B. Payment of Remuneration:

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

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

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

Basic Salary:

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

Accommodation or House Rent Allowance:

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

Performance Incentives:

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

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

Perquisites and Other Allowances:

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

D. Remuneration of Independent Directors:

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

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

E. Limits on Remuneration:

i. The overall remuneration paid by the Company to the Directors including Independent Directors shall not exceed 11% of the net profits of the Company for that financial year.

ii. The remuneration paid by the Company to all its Whole-time Directors shall not exceed 10% of the net profits of the Company for that financial year.

iii. The remuneration paid by the Company to its Independent Directors (excluding sitting fees) shall not exceed 1% of the net profits of the Company for that financial year.

iv. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013. If the remuneration payable exceeds the limits laid down in Schedule V, then the Company shall obtain the approval of the shareholders.

v. Revision of existing remuneration may be recommended by the Committee to the Board which should be within the limits approved by the shareholders.

Annexure C

Annual report on Corporate Social Responsibility (CSR) Activities

1. Brief Outline of CSR Policy

The Board of Directors upon 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 https://www.sobha.com/pdfsbio/158036284320200130.pdf

2. Composition of CSR Committee for the year ended 31st March, 2020

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

1. Mr. Sumeet Puri (Independent Director) - Chairman
2. Mr. J C Sharma - Member
3. Mr. Jagadish Nangineni - Member

3. Average Net Profits

The average profits, i.e. profits before tax of the Company during the three immediately preceding financial years was ₹ 2,977.60 Million.

4. Prescribed CSR Expenditure

The prescribed CSR expenditure was ₹ 59.55 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 2019-20: ₹ 59.55 million

(b) Amount unspent, if any: Not Applicable

(c) Manner in which the amount was spent during the financial year is detailed below:

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 (₹ in mn)	Amount spent on the projects or programms (₹ in mn)	Cumulative Expenditure upto the reporting period (₹ in mn)	Amount Spent: Direct or through impleme-nting agency*
Rural Development	i. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation ii. Promoting education, and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects iii. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups	1. Local 2. Kerala- Vadakkenchery, Kannambra and Kizhakkenchery Panchayats in the district of Palakkad, Kerala	149.60	149.60	149.60	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

	Sd/-	**Sd/-**
Place: Bangalore	**Sumeet Puri**	**J C Sharma**
Date: June 27, 2020	**Chairman, CSR Committee**	**Member, CSR Committee**

Annexure D

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

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

I have examined the compliance of the conditions of Corporate Governance by **Sobha Limited** ('the Company') for the year ended on March 31, 2020, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

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

In my opinion and to the best of my information and according to the explanations given to me, and the representations made by the Directors and the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2020.

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.

Nagendra D. Rao
Practicing Company Secretary
FCS No: 5553 CP No: 7731
UDIN: F005553B000390905
543/A, 7th Main,
3rd Cross, S.L.Byrappa Road,
Hanumanthanagar,
Bengaluru – 560 019

Place : Bengaluru
Date : June 27, 2020

ANNEXURE E

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2020

[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
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 BSE Limited
Name, Address and Contact Details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C 101, 247 Park, L B S Marg, Vikhroli (West) Mumbai - 400 083 Tel: +91 022 4918 6270 Fax: +91 022 4918 6060 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:

SL 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

SL 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)

SL No.	NAME AND ADDRESS OF THE COMPANY	CIN / GLN	HOLDING / SUBSIDIARY/ ASSOCIATE	% SHARE HELD	APPLICABLE SECTION
3	Sobha Tambaram Developers Limited Poly Hose Towers, 5th Floor, SPIC Annexe #88, Mount Road, Guindy, Chennai -600032, Tamil Nadu	U45300TN1999PLC042927	Subsidiary	100	Section 2(87)
4	Sobha Nandambakkam Developers Limited Poly Hose Towers, 5th Floor, SPIC Annexe #88, Mount Road, Guindy, Chennai -600032, Tamil Nadu	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	U36100KA2012PTC064148	Subsidiary	100	Section 2(87)
6	Sobha Construction Products Private Limited SOBHA C/o Sobha Ltd. Sarjapur-Marathalli, Outer Ring Road (ORR) Devarabisanahalli, Bellandur Post Bangalore - 560103	U36999KA2019PTC129428	Subsidiary	100	Section 2(87)
7	Sobha Contracting Private Limited 'Sobha', Sarjapur – Marathahalli Outer Ring Road, Devarabisnahalli, Bellandur Post, Bangalore – 560 103	U70102KA2007PTC042918	Step Down Subsidiary	100	Section 2(87)
8	Kilai Builders Private Limited Poly Hose Towers, 5th Floor, SPIC Annexe #88, Mount Road, Guindy, Chennai - 600032, Tamil Nadu	U45200TN2006PTC061228	Step Down Subsidiary	100	Section 2(87)
9	Sobha Interiors Private Limited Plot No. 9 Jigni Bomasandra Link Road Industrial Area Anekal Taluk Bangalore - 562158	U74994KA1996PTC020647	Step Down Subsidiary	100	Section 2(87)
10	Kuthavakkam Builders Private Limited Poly Hose Towers, 5th Floor, SPIC Annexe #88, Mount Road, Guindy, Chennai TN 600032 IN	U45200TN2006PTC061704	Step Down Subsidiary	100	Section 2(87)
11	Kuthavakkam Realtors Private Limited Poly Hose Towers, 5th Floor, SPIC Annexe #88, Mount Road, Guindy, Chennai TN 600032	U45200TN2006PTC061720	Step Down Subsidiary	100	Section 2(87)

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 April 1, 2019				No. of shares held at the end of the year March 31, 2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
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) (i)	Relative of Promoter	45,000	-	45,000	0.05	45,000	-	45,000	0.05	0.00
Sub Total(A)(1)		**45,000**	**-**	**45,000**	**0.05**	**45,000**	**-**	**45,000**	**0.05**	**0.00**
A 2	**Foreign Promoters**									
(a)	NRIs – Individuals	-	-	-	-	-	-	-	-	-
(b)	Other - Individuals	53,040,718	-	53,040,718	55.92	49,068,903	-	49,068,903	51.73	(4.19)
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Banks/ Financial Institutions	-	-	-	-	-	-	-	-	-
(e)	Any Others (Specify)									
Sub Total(A)(2)		**53,040,718**	**-**	**53,040,718**	**55.92**	**49,068,903**	**-**	**49,068,903**	**51.73**	**(4.19)**
Total Shareholding of Promoter (A)= (A)(1) + (A)(2)		**53,085,718**	**-**	**53,085,718**	**55.97**	**49,113,903**	**-**	**49,113,903**	**51.78**	**(4.19)**
(B)	**Public shareholding**									
1	**Institutions**									
(a)	Mutual Funds	12,299,812	-	12,299,812	12.97	13,063,993	-	13,063,993	13.77	0.80
(b)	Banks/ Financial Institutions	615,719	-	615,719	0.65	593,205	-	593,205	0.63	(0.02)
(c)	Central Government	400	-	400	0.00	400	-	400	0.00	-
(d)	State Government(s)	-	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Insurance Companies	45,315	-	45,315	0.05	1,039,446	-	1,039,446	1.10	1.05
(g)	Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
(h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-

Category of Shareholders		No. of shares held at the beginning of the year April 1, 2019				No. of shares held at the end of the year March 31, 2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(i)	Any Other (specify)									
(i) (i)	Foreign Portfolio Investors (Corporate)	23,342,947	-	23,342,947	24.61	22,163,169	-	22,163,169	23.37	(1.24)
Sub-Total (B)(1)		**36,303,793**	**-**	**36,303,793**	**38.28**	**36,859,813**	**-**	**36,859,813**	**38.86**	**0.59**
2	**Non-institutions**									
(a)	Bodies Corporate									
i.	Indian	1,308,456	-	1,308,456	1.38	2,032,277	-	2,032,277	2.14	0.76
ii.	Overseas	11	-	11	0.00	11	-	11	0.00	-
(b)	Individuals									
i	Individual shareholders holding nominal share capital up to ₹ 1 lakh	3,143,242	43	3,143,285	3.31	4,455,792	43	4,455,835	4.70	1.39
ii	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	397,064	-	397,064	0.42	786,628	-	786,628	0.83	(0.41)
(c)	Any Other (specify)									
i	Independent Directors	4,300	-	4,300	0.00	4,300	-	4,300	0.00	0.00
ii	Clearing Member	177,837	-	177,837	0.19	941,914	-	941,914	0.99	0.80
iii	Trusts	487	-	487	0.00	325	-	325	0.00	0.00
iv	Non Resident Indians (Repatriable)	184,825	-	184,825	0.19	252,714	-	252,714	2.27	2.08
v	Non Resident Indians (Non-Repatriable)	80,044	-	80,044	0.08	190,430	-	190,430	0.20	0.12
vi	Office Bearers	17,001	30	17,031	0.02	15,983	30	16,013	0.02	0.00
vii	Hindu Undivided Family (HUF)	138,329	-	138,329	0.15	184,842	-	184,842	0.19	0.04
viii	IEPF	4,020	-	4,020	0.00	5,433	-	5,433	0.01	0.01
ix	Foreign Nationals	50	-	50	0.00	100	-	100	0.00	0.00
x	NBFC registered with RBI	203	-	203	0.00	915	-	915	0.00	0.00
Sub-Total (B)(2)		**5,455,869**	**73**	**5,455,942**	**5.75**	**8,871,664**	**73**	**8,871,737**	**9.35**	**3.60**
(B)	**Total Public Shareholding(B)= (B)(1) + (B)(2)**	**41,760,062**	**73**	**41,760,135**	**44.03**	**45,731,877**	**73**	**45,731,950**	**48.22**	**4.19**
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A)+(B)+(C)		**9,48,45,780**	**73**	**9,48,45,853**	**100**	**9,48,45,780**	**73**	**94,845,853**	**100.00**	**-**

ii) Shareholding of promoters

SL No.	Shareholder's Name	Shareholding at the Beginning of the year April 1, 2019			Shareholding at the End of the year March 31, 2020			% 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	35,626,420	37.56	0.00	28,726,420	30.29	0.00	(7.27)
2	Mr. P N C Menon	12,061,259	12.71	10.54	12,061,259	12.71	10.54	-
3	Mr. P N C Menon jointly with Sobha Menon	5,289,054	5.58	0.00	5,289,054	5.58	0.00	-
4	Mr. P N Haridas*	45,000	0.05	0.00	45,000	0.05	0.00	-
5	Mr. Ravi PNC Menon*	63,985	0.07	0.00	3,105,400**	3.27	0.00	3.20
Total		**53,085,718**	**55.97**	**10.54**	**49,227,133**	**51.90**	**10.54**	**(4.07)**

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

** Including the shares purchsed on 30th March, 2020 and 31st March, 2020.

iii) Change in promoters shareholding:

Sl. No.	Name of the shareholder	Shareholding at the beginning of the year April 1, 2019		Transaction Date	Increase/ (Decrease) No. of shares	Cumulative shareholding at the end of the year March 31, 2020	
		Number of Shares	% of Total No. of Shares			Number of Shares	% of Total No. of Shares
1	Sobha Menon	35,626,420	37.56	05/04/2019	(2,900,000)		
				21/06/2019	(4,000,000)	28,726,420	30.29
2	Mr. P N C Menon	12,061,259	12.71	-	-	12,061,259	12.71
3	Mr. P N C Menon jointly with Sobha Menon	5,289,054	5.58	-	-	5,289,054	5.58
4	Mr. P N Haridas	45,000	0.05	-	-	45,000	0.05
5	Mr. Ravi PNC Menon	63,985	0.07	02/04/2019	2,900,000		
				28/02/2020	28,185		
				30/03/2020	46,940		
				31/03/2020	66,290	3,105,400*	3.27

* Including the shares purchsed on 30th March, 2020 and 31st March, 2020.

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.	FRANKLIN INDIA FOCUSED EQUITY FUND	7,074,335	7.4588	05 Apr 2019	(15,620)	Market Sale	7,058,715	7.4423
				14 Jun 2019	(8,793)	-do-	7,049,922	7.4330
				21 Jun 2019	(18,554)	-do-	7,031,368	7.4135
				29 Jun 2019	850,000	Mkt Purchase	7,881,368	8.3097
				05 Jul 2019	(139,563)	Market Sale	7,741,805	8.1625
				12 Jul 2019	(162,557)	-do-	7,579,248	7.9911
				19 Jul 2019	(151,919)	-do-	7,427,329	7.8309
				26 Jul 2019	(39,387)	-do-	7,387,942	7.7894
				11 Oct 2019	183,200	Mkt Purchase	7,571,142	7.9826
				15 Nov 2019	78,106	-do-	7,649,248	8.0649
				22 Nov 2019	4,594	-do-	7,653,842	8.0698
				29 Nov 2019	241,848	-do-	7,895,690	8.3248
				06 Dec 2019	240,000	-do-	8,135,690	8.5778
				13 Dec 2019	56,126	-do-	8,191,816	8.6370
				20 Dec 2019	57,167	-do-	8,248,983	8.6973
				27 Dec 2019	29,009	-do-	8,277,992	8.7278
		83,29,248	8.7819	03 Jan 2020	51,256	-do-	8,329,248	8.7819
2.	SCHRODER INTERNATIONAL SELECTION FUND EMERGING ASIA	52,51,260	5.5366	01 April 2019	No Change	Not Applicable	52,51,260	5.5366
		52,51,260	5.5366	31 March 2020				
3.	L&T MUTUAL FUND TRUSTEE LIMITED-L&T EMERGING BUSINESSES FUND	3,510,434	3.7012	24 May 2019	15,294	Mkt Purchase	3,525,728	3.7173
				31 May 2019	348,462	-do-	3,874,190	4.0847
				07 Jun 2019	40,034	-do-	3,914,224	4.1269
				14 Jun 2019	114,728	-do-	4,028,952	4.2479
				21 Jun 2019	61,416	-do-	4,090,368	4.3126
				29 Jun 2019	424,632	-do-	4,515,000	4.7604
				05 Jul 2019	300,700	-do-	4,815,700	5.0774
				12 Jul 2019	45,000	-do-	4,860,700	5.1248
				19 Jul 2019	15,000	-do-	4,875,700	5.1407
				26 Jul 2019	61,335	-do-	4,937,035	5.2053
				02 Aug 2019	11,965	-do-	4,949,000	5.2179
				23 Aug 2019	50,000	-do-	4,999,000	5.2707
				17 Jan 2020	(34,363)	Market Sale	4,964,637	5.2344
				24 Jan 2020	(99,912)	-do-	4,864,725	5.1291
				31 Jan 2020	(100,000)	-do-	4,764,725	5.0237
				07 Feb 2020	(179,231)	-do-	4,585,494	4.8347
				06 Mar 2020	(53,388)	-do-	4,532,106	4.7784
		4,241,646	4.4721	31 Mar 2020	(290,460)	-do-	4,241,646	4.4721
4.	THE NOMURA TRUST AND BANKING CO., LTD AS THE TRUSTEE OF NOMURA INDIA STOCK MOTHER FUND	0	0	29 Jun 2019	1,287,274	Mkt Purchase	1,287,274	1.3572
				02 Aug 2019	40,314	-do-	1,327,588	1.3997
				23 Aug 2019	940,000	-do-	2,267,588	2.3908
				27 Sep 2019	104,832	-do-	2,372,420	2.5013
		2,411,920	2.5430	04 Oct 2019	39,500	-do-	2,411,920	2.5430
5.	ANAMUDI REAL ESTATES LLP	0	0	28 Feb 2020	230,151	Mkt Purchase	230,151	0.2427
				06 Mar 2020	361,376	-do-	591,527	0.6237
				13 Mar 2020	238,147	-do-	829,674	0.8748
		1,022,174	1.0777	20 Mar 2020	192,500	-do-	1,022,174	1.0777

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
6	SCHRODER	1,201,650	1.2670	05 Apr 2019	17,419	Mkt Purchase	1,219,069	1.2853
	INTERNATIONAL			19 Apr 2019	243,660	-do-	1,462,729	1.5422
	SELECTION FUND			21 Jun 2019	(97,020)	Market Sale	1,365,709	1.4399
	INDIAN EQUITY			19 Jul 2019	(92,274)	-do-	1,273,435	1.3426
				26 Jul 2019	(32,172)	-do-	1,241,263	1.3087
				02 Aug 2019	(56,537)	-do-	1,184,726	1.2491
				16 Aug 2019	(69,515)	-do-	1,115,211	1.1758
				23 Aug 2019	(23,831)	-do-	1,091,380	1.1507
				15 Nov 2019	(84,612)	-do-	1,006,768	1.0615
				22 Nov 2019	(32,722)	-do-	974,046	1.0270
		898,977	0.9478	14 Feb 2020	(75,069)	-do-	898,977	0.9478
7	INVESCO	1,213,765	1.2797	14 Jun 2019	(34,500)	Market Sale	1,179,265	1.2433
	PERPETUAL			26 Jul 2019	70,818	Mkt Purchase	1,250,083	1.3180
	GLOBAL SMALLER			30 Aug 2019	46,895	-do-	1,296,978	1.3675
	COMPANIES FUND			13 Dec 2019	68,302	-do-	1,365,280	1.4395
		871,529	0.9189	14 Feb 2020	(493,751)	Market Sale	871,529	0.9189
8.	EMPLOYEES	0	0	29 Jun 2019	767,585	Mkt Purchase	767,585	0.8093
	PROVIDENT			05 Jul 2019	(37,592)	Marker Sale	729,993	0.7697
	FUND BOARD			12 Jul 2019	(55,358)	-do-	674,635	0.7113
	MANAGED BY			19 Jul 2019	(53841)	-do-	620,794	0.6545
	NOMURA ASSET			26 Jul 2019	(50,639)	-do-	570,155	0.6011
	MANAGEMENT			02 Aug 2019	34,446	Mkt Purchase	604,601	0.6375
	MALAYSIA SDN			23 Aug 2019	8,132	-do-	612,733	0.6460
	BHD			20 Sep 2019	1,589	-do-	614,322	0.6477
		681,370	0.7184	27 Sep 2019	67,048	-do-	681,370	0.7184
9.	MIRAE ASSET	0	0	24 May 2019	6,528	Mkt Purchase	6,528	0.0069
	INDIA SECTOR			31 May 2019	11,384	-do-	17,912	0.0189
	LEADER EQUITY			07 Jun 2019	16,962	-do-	34,874	0.0368
	FUND			14 Jun 2019	6	-do-	34,880	0.0368
				21 Jun 2019	43,416	-do-	78,296	0.0826
				29 Jun 2019	260,542	-do-	338,838	0.3573
				09 Aug 2019	46,188	-do-	385,026	0.4059
				18 Oct 2019	23,108	-do-	408,134	0.4303
				25 Oct 2019	22,133	-do-	430,267	0.4536
				01 Nov 2019	60,587	-do-	490,854	0.5175
				08 Nov 2019	16,803	-do-	507,657	0.5352
				06 Dec 2019	39,557	-do-	547,214	0.5770
				13 Dec 2019	4,399	-do-	551,613	0.5816
				07 Feb 2020	(255)	Market Sale	551,358	0.5813
				14 Feb 2020	(130)	Market Sale	551,228	0.5812
				21 Feb 2020	(17,295)	Market Sale	533,933	0.5629
		643,096	0.6780	20 Mar 2020	109,163	Mkt Purchase	643,096	0.6780
10	VANGUARD TOTAL	521,000	0.5493	26 Apr 2019	(13,726)	Market Sale	507,274	0.5348
	INTERNATIONAL			14 Jun 2019	18,927	Mkt Purchase	526,201	0.5548
	STOCK INDEX			21 Jun 2019	8,891	-do-	535,092	0.5642
	FUND			05 Jul 2019	48,409	-do-	583,501	0.6152
				12 Jul 2019	300	-do-	583,801	0.6155
				19 Jul 2019	7,551	-do-	591,352	0.6235
		623,260	0.6571	26 Jul 2019	31,908	-do-	623,260	0.6571

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning and end of the year		Date	Change in shareholding	Reasons for change	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	63,985 31,05,400*	0.07 3.27	01/04/2019 31/03/2020	3.20	bought	3,105,400	3.27
2	Mr. J C Sharma Vice Chairman and Managing Director	40,838 107,177	0.05 0.11	01/04/2019 31/03/2020	0.06	bought	107,177	0.11
3	Mr. R V S Rao Non-Executive Independent Director	15,000 15,000	0.01 0.01	01/04/2019 31/03/2020	No change	Not Applicable	15,000	0.01
4	Mr. Anup Shah # Non-Executive Independent Director	4,300 4,300	0.00 0.00	01/04/2019 31/03/2020	No change	Not Applicable	4,300	0.00
5	Mr. Seetharam T Executive Whole-time Director	- -	- -	01/04/2019 31/03/2020	No change	Not Applicable	- -	- -
6	Mr. Sumeet Puri Non-Executive Independent Director	- -	- -	01/04/2019 31/03/2020	No change	Not Applicable	- -	- -
7	Mr. Jagadish Nangineni Executive Deputy Managing Director	- -	- -	01/04/2019 31/03/2020	No change	Not Applicable	- -	- -
8	Ms. Srivathsala K N Non-Executive Independent Director	- -	- -	01/04/2019 31/03/2020	No change	Not Applicable	- -	- -
9	Mr. Subhash Mohan Bhat Chief Financial Officer	130 130	0.00 0.00	01/04/2019 31/03/2020	No change	Not Applicable	130	0.00
10	Mr. Vighneshwar G Bhat Company Secretary and Compliance officer	- -	- -	01/04/2019 31/03/2020	No change	Not Applicable	- -	- -

* Including the shares purchased on 30th March, 2020 and 31st March, 2020.

Shareholding less than 0.01%

V. 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 April 1, 2019				
(i) Principal Amount	25,480	-	-	25,480
(ii) Interest Accrued but not paid	-	-	-	-
(iii) Interest Accrued but not due	97	-	-	97
Total (i + ii + iii)	25,577	-	-	25,577
Change in Indebtedness during the financial year				
• Addition	26,329	-	-	26,329
• Reduction	21,610	-	-	21,610
Net Change	4,719	-	-	4,719
Indebtedness at the end of the financial year March 31, 2020				
(i) Principal Amount	30,199	-	-	30,199
(ii) Interest Accrued but not paid	-	-	-	-
(iii) Interest Accrued but not due	63	-	-	63
Total (i + ii + iii)	30,262	-	-	30,262

VI. 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. Seetharam T P	Mr. Jagadish Nangineni	
1.	**Gross salary**					
	(a) Salary as per provisions contained in the section 17 (1) of the Income tax Act, 1961	58.86	10.78	7.54	10.03	87.21
	(b) Value of Perquisites under section 17 (2) of the Income Tax Act, 1961	1.55	0.04	0.92	0.03	2.54
	(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	58.75	58.75	-	-	117.50
	- Others	-	-	-	-	-
5.	**Others** – Contribution to Provident Fund	3.78	0.67	0.02	0.02	4.49
	Total (A)	**122.94**	**70.24**	**8.48**	**10.08**	**211.74**
	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. ₹ 336.11 Million				

B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount (₹ in Million)
		Mr. R V S Rao	Mr. Anup Shah	Mr. Sumeet Puri	Ms. Srivathsala K N	Dr. Punita Kumar-Sinha	
1.	Independent Directors						
	• Fee for attending Board / Committee Meetings	0.15	0.19	0.09	0.04	0.04	0.51
	• Commission	1.70	1.70	1.24	0.83	0.87	6.34
	• Others	-	-	-	-	-	-
Total (1)		1.85	1.89	1.33	0.87	0.91	6.85
2.	Other Non – Executive Directors						
	• Fee for attending Board / Committee Meetings	-	-	-	-		-
	• Commission	-	-	-	-		-
	• Others	-	-	-	-		-
Total (2)		**-**	**-**	**-**	**-**		**-**
Total (B) = (1+2)		**1.85**	**1.89**	**1.33**	**0.87**	**0.91**	**6.85**
Total Managerial Remuneration*							**218.59**
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. ₹ 369.72 million. Non-Executive Directors: 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 i.e. ₹ 33.61 million					

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

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount (₹ in Million)
		Mr. Subhash Mohan Bhat Chief Financial Officer	Mr. Vighneshwar G Bhat 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	10.66	3.73	14.39
	(b) Value of Perquisites under section 17 (2) of the Income Tax Act, 1961	-	-	-
	(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**	0.68	0.21	0.89
Total		**11.34**	**3.94**	**15.28**

VII. 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					

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

Place: Bangalore
Date : June 27, 2020

Ravi PNC Menon
Chairman & Director

J C Sharma
Vice Chairman and Managing Director

Annexure F

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

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

A. Conservation of Energy

i. Steps taken or impact on conservation of energy

The Company has adopted the following energy conservation measures:

a. Use of energy efficient lamps, control gears, ballast VFDs highly efficient motors and PV cells.

b. Use of LED Light fixtures in the common areas of residential projects.

c. Use of external street light fixtures with timers.

d. Use of lighting software in the design stage of our projects.

e. Use of motion sensors and occupancy sensors with electronic drivers.

f. Use of best quality wires, cables, switches and low self-power loss breakers wherever essential.

g. Following standard specifications like colour codes, independent neutral and earthing for each circuit to curb energy leakage.

h. Use of low- loss electronic ballast.

i. Selection of high efficiency transformers, DG sets and other equipments.

j. Introduction of auto-correction power factor capacitor panels for common area loads.

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

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

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

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

b. At Sobha corporate office, 90% of power wheeled from solar power plant.

c. Sobha Glazing factory is provided with 225 KW and Sobha Interior factory provided with 750 KW roof top solar power plant in view of utilizing alternate source of energy.

d. 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. Capital investment on energy conservation equipments cannot be quantified.

B. Technology Absorption

i. Efforts made towards technology absorption

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

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

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

ii. Imported Technology

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

iii. Expenditure incurred on Research and Development

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

1. '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 textered 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.

Going forward, provision of electric charging points for upto 15% car parking spaces is proposed in all residential projects.

Expenditure on R&D

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

C. Foreign Exchange Earnings and Outgo

Total expenditure in foreign exchange	:₹ 114.03 Million
Total income in foreign exchange:	Nil

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

Place : Bangalore
Date : June 27, 2020

Ravi PNC Menon
Chairman

J C Sharma
Vice Chairman and Managing Director

Annexure G

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	318.8	7.5	The revenues increased by 11.5%, the Profit before Tax and Profit after Tax have increased by 2.12% and 1.03% respectively on a standalone basis. On a consolidated basis, the revenues were higher by 8.82%, the Profit before Tax decreased by 3.36% and Profit after Tax decreased by 5.16% as compared to the previous financial year 2018-19.
2	Mr. J C Sharma	Vice Chairman & Managing Director	181.7	-1.4	
3	Mr. Jagadish Nangineni	Deputy Managing Director	26.3	NA	
4	Mr. T P Seetharam	Whole Time Director	22.3	5.0	
5	Mr. R V S Rao	Independent Director	4.8	8.8	Not Applicable
6	Mr. Sumeet Jagdish Puri	Independent Director	3.5	NA	
7	Dr. Punita Kumar-Sinha*	Independent Director	2.4	-46.3	
8	Ms. Srivathsala K N	Independent Director	2.3	NA	
9	Mr. Anup Shah	Independent Director	4.9	11.2	
10	Mr. Subhash Mohan Bhat	Chief Financial Officer	29.5	0.43	The revenues increased by 11.5%, the Profit before Tax and Profit after Tax have increased by 2.12% and 1.03% respectively on a standalone basis. On a consolidated basis, the revenues were higher by 8.82%, the Profit before Tax decreased by 3.36% and Profit after Tax decreased by 5.16% as compared to the previous financial year 2018-19.
11	Mr. Vighneshwar G Bhat	Company Secretary & Compliance Officer	10.3	1.84	

* The remuneration paid / payable was for part of the year.

ii. The median remuneration of employees during the financial year was ₹ 384,204 (Rupees Three Lakhs Eighty Four Thousand Two Hundred and Four only).

iii. The percentage increase in the median remuneration of employees in the financial year 2019-20 was -8.14%.

iv. The number of permanent employees on the rolls of Company as on March 31, 2020 was 3,219.

v. The average increase in median remuneration during the financial year 2019-20 was -8.14%. During the same period, the revenues have increased by 11.5%, the Profit before Tax and Profit after Tax have increased by 2.12% and 1.03% respectively on a standalone basis. On a consolidated basis, the revenues were upper by 8.82%, the Profit before Tax decreased by 3.36% and Profit after Tax decreased by 5.16% as compared to the previous financial year 2018-19.

vi. Average percentile increase in the salaries of employees other than the managerial personnel during 2019-20 was -8.14%. The percentile increase in the managerial remuneration during the same period was 8.48%. The percentile decrease 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.

vii. The key parameters for any variable component of remuneration availed by the directors: The Whole-time Directors are entitled to receive a fixed salary comprising of basic salary, allowances and perquisites. They are also eligible for performance incentives up to a specified percentage or amount as the case may be. The break-up of the remuneration is provided in the Corporate Governance Report forming part of the Annual Report.

viii. There was no employee whose remuneration was in excess of the remuneration of the highest paid director during the financial year.

ix. The remuneration is as per the Nomination and Remuneration Policy formulated by the Nomination, Remuneration and Governance Committee and approved by the Board of Directors of the Company.

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

Sl. No	Name	Age	Designation	Nature of Employment (Contractual or otherwise)	Gross Remuneration ₹	Qualification	Experience (Years)	Date of commencement of Employment	Previous Employment held
(A)	**Employed throughout the financial year**								
1	Mr. Ravi PNC Menon	39	Chairman	Permanent Employee	122,941,082	B.S.C.E	16	08.06.2004	-
2	Mr. J.C. Sharma	62	Vice Chairman and Managing Director	Permanent Employee	70,249,288	B.Com (Hons), ACA, ACS	38	01.06.2001	Grasim Industries Limited
3	Mr. Gaurav Bhatia	47	Senior Vice President	Permanent Employee	12,467,599	B.Sc, MMM	14	05.01.2017	Square Yards
4	Mr. Varghese P V	57	Chief Executive Officer	Permanent Employee	11,542,815	B.Sc, B.Tech	30	01.04.2006	Sobha Glazing and Metal Works Private Limited
5	Mr. Subhash Mohan Bhat	49	Chief Financial Officer	Permanent Employee	11,335,205	B. Com., ACA, ACS, ICWA	28	16.02.2015	Schneider Electric IT Business India Private Limited
6	Mr. Ajith Lal PG	52	Executive Vice President	Permanent Employee	12,711,330	B Tech Civil	29	01.19.2004	Gulf Erection Company, UAE

(B) Employed for part of the financial year

None

(C) Employed for whole or part of the financial year

None

Notes

1. Gross Remuneration comprises salary, allowances, Company's contribution to provident fund and taxable value of perquisites.
2. An employee would be qualified to be included in Category (A) or (B) on the following basis:

   For (A) if the aggregate remuneration drawn by him during the year was not less than ₹ 10,200,000 per annum.

   For (B) if the aggregate remuneration drawn by him during the part of the year was not less than ₹ 8,500,000 per month.

   For (C), if the aggregate remuneration drawn by him during the year or part of the year was in excess of the remuneration drawn by the managing director or whole-time director and holds by himself or along with his spouse and dependent children, not less than 2% of the equity shares of the Company.
3. None of the employees mentioned above are relatives of any Director of the Company.
4. All the employees referred above are / were in full-time employment of the Company and there is no other employee who is in receipt of remuneration in terms of the provisions of Section 134 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

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

Place : Bangalore
Date : June 27, 2020

Ravi PNC Menon
Chairman

J C Sharma
Vice Chairman and Managing Director

ANNEXURE H

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number : L45201KA1995PLC018475
2. Name of the Company : Sobha Limited
3. Registered Address : Sobha, Sarjapur – Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore – 560 103.
4. Website : www.sobha.com
5. Email ID : investors@sobha.com
6. Financial Year Reported : 2019-20
7. Sector that the Company is engaged in: The Company is engaged in the business of construction and real estate development, development and management of commercial premises and related activities.
8. List key products/services that the Company manufactures/ provides:
   - i. Construction of Residential and Commercial projects.
   - ii. Execution of Contractual projects (custom–designed turnkey projects).
   - iii. Manufacturing activities related to interiors, glazing and metal works and concrete products.
9. Total number of locations where business activity is undertaken by the Company:
   - i. Number of international locations : Nil
   - ii. Number of national locations : The Company is headquartered in Bangalore having its regional offices in NCR, Chennai, Thrissur, Pune, Coimbatore, Cochin, Calicut, Mysore, and Gujarat.
10. Markets served by the Company : The Company is in the business of Construction of Residential and Commercial projects, execution of Contractual projects in the territory of India and Manufacturing activities related to interiors, glazing and metal works and concrete products.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid Up Capital : ₹ 948,458,530
2. Total Turnover : ₹ 38,304.87 million(On standalone basis)
3. Total profit after taxes : ₹ 2,894.79 million (On standalone basis)
4. Total Spending on Corporate Social Responsibility (CSR): ₹ 149.60 million on a standalone basis.
5. List of activities in which expenditure in 4 above has been incurred :
   - Providing education and vocational training
   - Providing healthcare facilities
   - Looking after the aged and the impoverished
   - Social Empowerment measures

SECTION C: OTHER DETAILS

Sl. No.	Particulars	Remark
1	Does the Company have any subsidiary company/ companies?	Yes, the Company has 6 direct subsidiaries, 5 step down subsidiaries.
2	Do the subsidiary company/companies participate in the BR initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s)	Yes, the subsidiaries earning profits support the BR initiatives of the Company.
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, more than 60%]	No other entities that the Company does business with, participate in its BR initiatives.

SECTION D: BUSINEE RESPONSIBILITY (BR) INFORMATION

1. Details of Director/Directors responsible for BR

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

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

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

b) Details of the BR head:

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

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

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

Sl. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have a policy/policies for the BR principles?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Yes. All the policies are being formulated in consultations with the relevant stakeholders. As per the Statutory Requirements, mandatory policies are made available to the public through the website of the Company.								
3.	Does the policy confirm to any national / international standards? If yes, specify? (50 words)	All the policies are framed in line with the Statutory Requirements and hence, they adhere to the National Voluntary Guidelines (NVGs) issued by the Ministry of Corporate Affairs.								
4.	Has the policy being approved by Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	Wherever necessary, the policies were placed before the Board and requisite approvals were obtained.								

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

5.	Does the company have a specified Committee of the Board/ Director/Official to oversee the implementation of the policy?	Yes.
6.	Indicate the link for the policy to be viewed online?	Internal policies are available for employees only. For other policies please refer to the link: https://www.sobha.com/investor-relations-downloads.php
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Internal stakeholders are made aware of the policies. External stakeholders are communicated to the extent applicable to the stakeholders. The policies are also loaded on the website of the Company for easy access.
8.	Does the Company have in-house structure to implement the policy/policies?	Yes.
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/policies?	Yes, all stakeholders' grievances may be addressed to investors@sobha.com
10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	The policies are reviewed by the Board from time to time. Further, the policies and their compliance are also reviewed internally and whenever necessary, by external agencies periodically.

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

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

3. Governance related to BR

Sl. No.	Particulars	Remark
1	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.	The Board and the Committee assess the performance on a quarterly basis i.e. every 3 months. Further, in line with the requirements of the Companies Act, 2013, the Board has constituted the CSR Committee which formulates the CSR Policy and also approves CSR expenditure to be incurred on CSR activities. The Committee ensures that the expenditure is made for the right cause.

Sl. No.	Particulars	Remark
2	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The Company has published the Sustainability Report. The report can be accessed from the website of the Company at: https://www.sobha.com/pdfsbio/sobha-sustainability-report.pdf The Company publishes its Business Responsibility Report on an annual basis. However, in-house magazine ***Innerve*** is published on a quarterly basis which captures the welfare initiatives undertaken by the Company.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1:

Sl. No.	Particulars	Remark
1	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs /Others?	Yes. The Company has a Code of Conduct to address ethics, bribery and corruption related matters. The code is applicable to all internal and external stakeholders. The code may be accessed form the Company's website at: https://www.sobha.com pdfsbio/153630161520180907.pdf In addition, the Company has a vigil mechanism which monitors the ethical behaviour of the stakeholders and also alerts the top management of the Company to tap the gaps, if any, in the system.
2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	The Company has a dedicated e-mail to which the stakeholders may address their queries. The Secretarial Department caters to the needs of the investors. A summary of the complaints received and resolved during the year is provided in a separate section of the Corporate Governance Report attached to the Director's Report. As at the end of the financial year there was no query pending which needs to be addressed.

Principle 2:

Sl. No.	Particulars	Remark
1	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	Given the nature of our business, the Company can consider the following three 'products': (i) Residential/commercial projects developed by the Company for sale. (ii) Projects undertaken on a contractual basis. (iii) Manufacturing related to interiors, glazing and metal works and concrete products. The Company designs its 'products' in a way that they comply with the mandatorily required standards under the requisite laws. The Company and its contractors make all possible efforts to provide a healthy and safe working environment for workers at construction sites.

Sl. No.	Particulars	Remark
2	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional): i. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain? ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?	Since the products are built in multiple quantities, the details are not quantified unit-wise. Hence, these details are not available.
3	Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs were sourced sustainably? Also provide details thereof, in about 50 words or so.	Yes, the Company has set procedures to select suppliers, contractors and service providers based on their competence and capability to perform and being in compliance with the Company's Code of Conduct which includes health and safety, environment, ethics and integrity and working conditions among others. As a guiding principle, the Company prefers to do business with compliant and sustainable suppliers. The detailed percentage is not quantifiable. Further details are provided in the Sustainability Report, which can be accessed at: https://www.sobha.com/pdfsbio/sobha-sustainability-report.pdf
4	Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	Yes, to the extent possible the goods are procured from local and small producers. The Company maintains an equitable balance for sourcing its raw materials. SOBHA insists that its vendors constantly upgrade the process of manufacturing and thereby enhance their competencies to match the requisite quality.
5	Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as≤ 5%, 5-10%, ≥10%). Also, provide details thereof, in about 50 words or so.	A separate section on this is provided in the Management Report attached to the Director's Report. Additional details can be obtained from the web-link: https://www.sobha.com/pdfsbio/sobha-sustainability-report.pdf

Principle 3:

Sl. No.	Particulars	Remark
1	Please indicate the total number of employees.	As on 31st March 2020, the Company had 3,219 employees.
2	Please indicate the total number of employees hired on temporary/contractual/casual basis.	16 employees are hired on a contract basis.
3	Please indicate the number of permanent women employees.	The Company had 343 permanent women employees as on 31st March 2020.
4	Please indicate the number of permanent employees with disabilities	Nil.
5	Do you have an employee association that is recognized by management?	There is no employee association in the Company.
6	What percentage of your permanent employees are members of this recognised employee association?	Not Applicable.

Sl. No.	Particulars	Remark
7	Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	The Company does not employ child labour, forced labour or involuntary labour. Further, no complaints were received pertaining to sexual harassment during the financial year 2019-20.
8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?	
	• Permanent Employees	2,266 employees (70.30%)
	• Permanent Women Employees	272 employees
	• Casual/Temporary/Contractual Employees	19,694 employees
	• Employees with Disabilities	NIL

Principle 4:

Sl. No.	Particulars	Remark
1.	Has the company mapped its internal and external stakeholders? Yes/No	Yes, the Company has mapped its internal and external stakeholders. The key stakeholders of the Company includes its Customers, Regulatory Authorities including Government, Employees, Vendors, Contractors, Bankers, Investors and Shareholders.
2.	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders	All the stakeholders are equally important for the Company and none of the stakeholders are considered as disadvantaged, vulnerable and marginalized.
3.	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.	Not applicable.

Principle 5:

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

Principle 6:

Sl. No.	Particulars	Remark
1.	Does the policy related to Principle 6 cover only the company or extends to the Group/ Joint Ventures/Suppliers/ Contractors / NGOs/others.	The Company has its own set of principles when it comes to utilising natural and manmade resources. The same principles are being extended to group companies.

Sl. No.	Particulars	Remark
2.	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	Yes, the Company has strategies / initiatives to address global environmental issues. The details may be accessed from: https://www.sobha.com/pdfsbio/sobha-sustainability-report.pdf
3.	Does the company identify and assess potential environmental risks? Y/N	Yes, the Company identifies and assesses potential environmental risks and takes steps as far as possible to minimise the same.
4.	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	Yes, the Sustainability Report addresses the clean development mechanism.
5.	Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	Yes, the policy may be accessed from the website: https://www.sobha.com/pdfsbio/sobha-sustainability-report.pdf
6.	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Yes.
7.	Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	No, there are no show cause / legal notices received which are materially important and are pending to be resolved at the end of the financial year.

Principle 7:

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

Principle 8:

Sl. No.	Particulars	Remark
1.	Does the company has specified programmes /initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.	Yes, such details are given in CSR Report attached to the Director's Report and also in a section in the Management Report.
2.	Are the programmes /projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organization?	The programmes are carried out by the Sri Kurumba Educational and Charitable Trust, a trust associated with the Company.
3.	Have you done any impact assessment of your initiative?	The expenditure made on CSR activities and the impact of such expenditure is periodically monitored by the CSR Committee of the Board.

Sl. No.	Particulars	Remark
4.	What is your company's direct contribution to community development projects Amount in INR and the details of the projects undertaken.	The Company along with its subsidiaries spent ₹ 164,131,866 towards its CSR initiatives during 2019-20. Details of the projects undertaken are: i. Eradicating hunger, poverty and malnutrition, promoting preventive healthcare and sanitation. ii. Promoting education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects. iii. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens; and measures for reducing inequalities faced by socially and economically backward groups. For further details, please refer to the Annual Report on CSR and the CSR Report in the Management Report.
5.	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	Yes. For further details, please refer to the CSR Report, which forms part of the Management Report.

Principal 9:

Sl. No.	Particulars	Remark
1.	What No. of customer complaints/ consumer cases were pending as on the end of financial year.	16 consumer cases were pending at the end of the financial year 2019-20.
2.	Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)	Yes. The advertisements, agreements, application forms and other relevant documents depicts them as per the requirement of local laws.
3.	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	No.
4.	Did your company carry out any consumer survey/ consumer satisfaction trends?	Yes.

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

Place : Bangalore
Date : 27th June 2020

Ravi PNC Menon
Chairman

J C Sharma
Vice Chairman and Managing Director

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY

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

SOBHA is in compliance with the Corporate Governance guidelines as stipulated under the Corporate Governance Policy and various clauses including Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). A report on these is detailed below.

BOARD OF DIRECTORS

The Board, as defined in the Corporate Governance principles of Sobha Limited, has the responsibility of ensuring concord among the shareholders' expectations, the Company's plans and the management's performance. The Board is also responsible for developing and approving the mission of the Company's business, its objectives and goals and the strategy for achieving these.

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

The strength of the Board as on March 31, 2020 was eight Directors. The Board is headed by the Executive Chairman and comprises of eminent personalities with expertise in diverse fields. As on the date of this report, there are eight Directors on the Board. Out of these, one Director represents the promoter group, three are Professional Directors and four are Non-Executive, Independent Directors, including one woman Independent Director. The Company does not have any nominee Director.

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

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

The Directors have made necessary disclosures stating that they do not hold directorships in more than eight listed companies during 2019-20 and do not serve as independent directors in more than seven listed entities. Also, the membership of the committees (Audit Committee and the Stakeholders' Relationship Committee) shall not exceed more than 10 committees and / or are acting as Chairpersons in more than five committees in terms of Regulation 26 of the Listing Regulations.

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

The composition of the Board of Directors as on March 31, 2020 was:

Name	Designation	Category	Date of appointment	Director ships*	Committee chairman -ships**	Committee member -ships**	Directorship in other listed entity and category of directorship
Mr. Ravi PNC Menon	Chairman (Promoter)	Executive	June 08, 2004	15 (1 listed entity)	-	1	–
Mr. J C Sharma	Vice Chairman & Managing Director	Executive	April 01, 2003	16 (1 listed entity)	-	2	–
Mr. R V S Rao	Independent Director	Non-Executive	June 28, 2006	4 (1 listed entity)	1	-	–

Name	Designation	Category	Date of appointment	Director ships*	Committee chairman -ships**	Committee member -ships**	Directorship in other listed entity and category of directorship
Mr. Anup Shah	Independent Director	Non-Executive	June 28, 2006	5 (2 listed entities)	2	-	Puravankara Limited - Non-Executive Independent Director
Mr. T P Seetharam	Whole-time Director	Executive	April 1, 2019	1 listed entity	-	1	–
Mr. Jagadish Nangineni	Deputy Managing Director	Executive	July 8, 2019	1 listed entity	-	-	–
Mr. Sumeet Puri	Independent Director	Non-Executive	July 8, 2019	4 (1 listed entity)	1	1	–
Ms. Srivathsala K N	Independent Director	Non-Executive	January 4, 2020	8 (2 listed entities)	-	2	Pioneer Distilleries Limited – Non-Executive Independent Director

* Includes directorship in both public (listed and unlisted) and private limited companies.
** Includes memberships / chairmanships of only Audit Committee and Stakeholders' Relationship Committee of all listed companies.

Notes:

1. Mr. Jagadish Nangineni was appointed as an Additional Director designated as Deputy Managing Director effective 8th July, 2019. His appointment was approved at the Annual General Meeting held on 9th August, 2019.
2. Mr. Sumeet Puri was appointed as an Additional Director designated as Independent Director effective 8th July, 2019. His appointment was approved at the Annual General Meeting held on 9th August, 2019.
3. Ms. Srivathsala K N was appointed as an Additional Director designated as Non-Executive Independent Director effective 4th January, 2020.
4. Dr. Punita Kumar Sinha ceased to be a Director of the Company effective 6th October, 2019.

Inter-se relationships among Directors

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

Board Meetings

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

The Board meetings are usually held at the Company's Registered and Corporate office in Bangalore.

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

The dates of the Board meetings held during financial year 2019-20 are:

Date of the Meeting	Total Strength of BOD	No. of Directors Present
May 17, 2019	6	6
July 08, 2019	6	5
August 09, 2019	8	8
November 08, 2019	7	7
February 01, 2020	8	8
March 19, 2020	8	6

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

Director	Board Meetings/Annual General Meeting (AGM)						
	May 17, 2019	July 08, 2019	August 09, 2019	November 08, 2019	February 01, 2020	March 19, 2020	AGM August 09, 2019
Mr. Ravi PNC Menon	✓	✓	✓	✓	✓	✓	✓
Mr. J C Sharma	✓	×	✓	✓	✓	✓	✓
Mr. R V S Rao	✓	✓	✓	✓	✓	✓	✓
Mr. Anup S Shah	✓	✓	✓	✓	✓	✓	✓
Mr. T P Seetharam	✓	✓	✓	✓	✓	✓	✓
Dr. Punita Kumar Sinha*	✓	✓	✓	NA	NA	NA	×
Mr. Jagadish Nangineni**	NA	NA	✓	✓	✓	×	✓
Mr. Sumeet Puri**	NA	NA	✓	✓	✓	×	×
Ms. Srivathsala K N***	NA	NA	NA	NA	✓	✓	NA

* Dr. Punita Kumar Sinha ceased to be a Director of the Company w.e.f. 6th October, 2019.

** Mr. Jagadish Nangineni and Mr. Sumeet Puri were appointed w.e.f. 8th July, 2019.

*** Ms. Srivathsala K N was appointed w.e.f. 4th January, 2020.

Agenda for the meetings and information furnished to the Board

The agenda for the meetings is arranged by the Company Secretary in consultation with the Chairman and Vice Chairman and Managing Director. The agenda along with detailed notes and necessary supporting documents are circulated to the Directors within the timelines prescribed by the regulations. The Company provides a separate window for meetings of Independent Directors and also facilitates independent consultations with the Statutory Auditors and Internal Auditors of the Company. The Company also has a well-defined process in place for placing vital and sufficient information before the Board.

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

Information placed before the Board

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

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

Compliances related to Board/Committee meetings

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

Appointment and re-appointment of Directors

During the year under review, Mr. Sumeet Jagdish Puri and Mr. Jagadish Nangineni were appointed as Additional Directors designated as Independent Director and Deputy Managing Director respectively, effective from July 08, 2019. Their appointments were approved by the shareholders at the Annual General Meeting held on August 09, 2019. Dr. Punita Kumar Sinha, Independent Director, upon completion of a term of 5 years, ceased to be Independent Director effective October 06, 2019. Ms. Srivathsala K N was appointed as an Additional Director designated as Independent Director effective January 04, 2020. The current overall composition of the Board constitutes the requisition of the Listing Regulations.

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

Mr. Ravi PNC Menon, Director designated as 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, Director designated as Chairman retiring by rotation.

The proposal of appointing Ms. Srivathsala K N as Independent Director w.e.f. January 4, 2020 is placed before the ensuing Annual General Meeting.

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

Certificate pursuant to Regulation 34(3) and Schedule V, Para C, Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

Resolutions passed by circulation

During financial year 2019-20, the Board passed two circular resolutions:

1. Noting of retirement of Dr. Punita Kumar Sinha, Non-Executive Independent Director of the Company effective October 06, 2019; and
2. Appointment of Ms. Srivathsala K N as Additional Director designated as Non-Executive Independent Director effective January 04, 2020.

Directors' Compensation

The Board of Directors in consultation with the Nomination, Remuneration and Governance Committee, is responsible for the appointment and re-appointment of directors and determining their remuneration subject to approval of the shareholders at the Annual General Meeting. The remuneration for the Board of Directors is approved by the shareholders and disclosed separately in the Notes to Accounts. During the year under review, the Company had four Executive/Whole-time Directors. Remuneration for Whole-time Director(s) consists of a fixed salary and/or performance incentive/commission on the consolidated profits earned by the Company. The Executive Directors of the Company are not entitled to sitting fees for attending Board or Committee Meetings.

Independent Directors' Compensation

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

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

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

Further, a separate meeting of Independent Directors' was held on March 19, 2020. All the Independent Directors' were present, at the meeting except Mr. Sumeet Puri, whose feedback was taken in separate format.

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

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

The following are the details of the remuneration paid/payable to the Directors for financial year 2019-20:

(in ₹)

Name	Salary	Perquisites	Contribution to Provident Fund	Commission /Incentive	Sitting fees	Total
Mr. Ravi PNC Menon	58,861,279	1,545,003	3,780,000	58,754,800	-	122,941,082
Mr. J C Sharma	10,782,888	39,600	672,000	58,754,800	-	70,249,288
Mr. Jagadish Nangineni	10,033,951	32,400	21,600	-	-	10,087,951
Mr. T P Seetharam	7,535,177	923,400	21,600	-	-	8,480,177
Mr. R V S Rao	-	-	-	1,700,000	150,000	1,850,000
Mr. Anup Shah	-	-	-	1,700,000	190,000	1,890,000
Mr. Sumeet Puri	-	-	-	1,244,860	90,000	1,334,860
Ms. Srivathsala K N	-	-	-	826,810	40,000	866,810
Dr. Punita Kumar Sinha	-	-	-	873,260	40,000	913,260

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

Shareholding of Directors

The shareholding of the Directors of the Company as on March 31, 2020 was:

Name of the Director	Category	No. of equity shares	%
Mr. Ravi PNC Menon	Executive / Whole-time Director	31,05,400*	3.27
Mr. J C Sharma	Executive / Whole-time Director	107,177	0.11
Mr. Jagadish Nangineni	Executive / Whole-time Director	-	-
Mr. T P Seetharam	Executive / Whole-time Director	-	-
Mr. R V S Rao	Non- Executive Independent Director	15,000	0.02
Mr. Anup Shah	Non- Executive Independent Director	4,300	0.00
Mr. Sumeet Puri	Non- Executive Independent Director	-	-
Ms. Srivathsala K.N.	Non- Executive Independent Director	-	-
Total		**32,31,877**	**3.40**

* Including the shares purchased by him on 30th March, 2020 and 31st March, 2020.

COMMITTEES OF THE BOARD OF DIRECTORS

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

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

Committees as mandated under Companies Act, 2013 and Listing Regulations

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

Other Committees

Share Transfer Committee

1. Audit Committee

The Audit Committee supports the Board by overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with legal and regulatory requirements. It ensures 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.

As required under Section 177 of the Companies Act, 2013, the Audit Committee should comprise of at least three Directors with Independent Directors forming the majority. As per Regulation 18 of the Listing Regulations, the Committee should comprise of at least three members of which at least two-third should be independent. As on March 31, 2020, the Audit Committee of the Company had three members, out of which, two were Independent Directors.

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

Terms of reference

- Regular review of accounts, accounting policies, financial and risk management policies, disclosures, etc.
- Review of major accounting entries based on exercise of judgement by a management and review of significant adjustments arising out of the audit.
- Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Review of qualifications in the draft audit report and suggesting action points.
- Establishing and reviewing the scope of the independent audit including the observations of the auditors and a review of the quarterly, half-yearly and annual financial statements before submission to the Board.
- The committee shall have post audit discussions with the Independent Auditors to ascertain any areas of concern.

- Establishing the scope and frequency of the internal audit, reviewing the findings of the Internal Auditors and ensuring the adequacy of internal control systems.
- Reviewing and monitoring the auditors' independence and the performance and effectiveness of the audit process.
- To look into reasons for substantial defaults in payments to depositors, debenture holders, shareholders and creditors.
- To look into matters pertaining to the Director's Responsibility Statement with respect to compliance with accounting standards and accounting policies.
- Appointment, remuneration and terms of appointment of Statutory and Internal Auditors and approval of payment to Statutory Auditors for any other services rendered by them.
- Compliance with the stock exchange's legal requirements concerning financial statements to the extent applicable.
- Reviewing the adequacy of the internal audit function, if any, including the structure of the Internal Audit Department, staffing and seniority of the office heading the department, reporting structure and coverage and frequency of internal audits.
- Discussions with Internal Auditors on any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularities or a failure of the internal control systems of a material nature and reporting the matter to the Board.
- Approving the appointment of the Chief Financial Officer after assessing the qualifications, experience and background etc. of the candidate.
- The committee shall look into any related party transactions, i.e. transactions of the Company of a material nature, with promoters or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the Company at large, including approval or any subsequent modifications of such transactions.
- Scrutiny of inter-corporate loans and investments.
- Valuation of the Company's undertakings or assets, wherever necessary.
- Evaluation of internal financial controls and risk management systems.
- Reviewing the functioning of the vigil mechanism.
- Monitoring the end use of funds raised through public offers and related matters.
- Reviewing the utilization of loans and/or advances from/investments by the holding company in the subsidiary exceeding ₹ 100 crore or 10 per cent of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Audit Committee.

Powers of the Audit Committee

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

Review of information by the Audit Committee

- Management discussions and analyses of the financial condition and results of operations.
- Financial statements and the draft audit report, including quarterly/half-yearly financial information.
- Reports relating to compliance with laws and risk management.
- Records of related party transactions and a statement of significant related party transactions submitted by the management.
- Management letters/letters of weaknesses in internal control issued by Statutory/Internal Auditors.
- Internal audit reports related to weaknesses in internal controls.

- The appointment, removal and terms of remuneration of the head of the internal audit function.
- Statement of deviations:
  - Quarterly statements of deviations including the report of the monitoring agency, if applicable, submitted to the stock exchange in terms of Regulation 32(1) of the Listing Regulations.
  - Annual statement of funds used for purposes other than those stated in the offer document/ prospectus / notice in terms of Regulation 32(7) of the Listing Regulations.

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

Meetings

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

The Audit Committee met four times during the financial year 2019-20. There was no gap of more than 120 days between two meetings.

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

Date of the meeting	Total strength of the Committee	No. of members present
May 17, 2019	3	3
August 09, 2019	3	3
November 08, 2019	3	3
February 01, 2020	3	3

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

Name		Category	Audit Committee meetings*			
			May 17, 2019	August 09, 2019	November 08, 2019	February 01, 2020
Mr. R V S Rao	Chairman	Non-Executive Independent	✓	✓	✓	✓
Mr. Anup Shah	Member	Non-Executive Independent	✓	✓	✓	NA
Mr. J C Sharma	Member	Vice Chairman & Managing Director	✓	✓	✓	✓
Mr. Sumeet Puri	Member	Non-Executive Independent	NA	NA	NA	✓

* Audit Committee was re-constituted w.e.f. 8th November, 2019.

Invitees

The Chairman of the Board, Chief Financial Officer, Head of Internal Audit and Statutory Auditors attended all the Audit Committee meetings held during financial year 2019-20 in the capacity of invitees.

2. Stakeholders' Relationship Committee

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

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

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

Terms of reference

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

Meetings

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

The Stakeholders' Relationship Committee met four times during financial year 2019-20:

Date of the meeting	Total strength of the Committee	No. of members present
May 17, 2019	3	3
August 09, 2019	3	3
November 08, 2019	3	3
February 01, 2020	4	4

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

Name	Designation	Category	Stakeholders Relationship Committee meetings*			
			May 17, 2019	August 09, 2019	November 08, 2019	February 01, 2020
Mr. Anup Shah	Chairman of the Committee up to November 8, 2019	Non-Executive Independent	✓	✓	✓	NA
Mr. Sumeet Puri	Chairman of the Committee w.e.f. November 8, 2019	Non-Executive Independent	NA	NA	NA	✓
Mr. Ravi PNC Menon	Member	Executive Chairman	✓	✓	✓	✓
Mr. J C Sharma	Member	Vice Chairman & Managing Director	✓	✓	✓	✓
Mr. T P Seetharam	Member	Executive Director	NA	NA	NA	✓

* Stakeholders' Relationship Committee was re-constituted w.e.f. 8th November, 2019.

Investor grievances and queries

The queries received and resolved to the satisfaction of the investors during financial year 2019-20 are:

Particulars	Balance as on April 01, 2019	Received during the year	Resolved during the year	Balance as on March 31, 2020
SEBI SCORES Website	-	-	-	-
Registrar of Companies	-	-	-	-
Stock Exchange	-	-	-	-
Non-Receipt/ Revalidation of Dividend Warrants	-	2	2	-
Miscellaneous	-	-	-	-
Total	**-**	**2**	**2**	**-**

Note: The Company received 12 requests from shareholders for non-receipt of the physical Annual Report for financial year 2018-19. The Company resolved all the requests within stipulated time period.

3. Nomination, Remuneration and Governance Committee

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

Terms of reference

- To identify, review, assess, recommend and lead the process for appointment of Executive, Non-Executive and Independent Directors to the Board and Committees thereof and to regularly review the structure, size and composition, balance of skills, knowledge and experience of the Board and the Board's committees and make recommendations to the Board or, where appropriate, to the relevant committee with regard to any adjustments that are deemed necessary.
- To formulate criteria for evaluating Independent Directors and the Board of Directors.
- To evaluate the performance of the Chairman and other Members of the Board on an annual basis and to monitor and evaluate the performance and effectiveness of the Board and the Board's committees and the contribution of each Director to the Company. The Committee shall also seek the views of Executive Directors on the performance of Non-Executive Directors.
- Whether to extend or continue the terms of appointment of Independent Directors, on the basis of a report of their performance evaluation.
- To devise a policy on the Board's 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 recommend to the Board, all remuneration, in whatever form, payable to Board Members and Key Managerial Personnel.
- To make recommendations to the Board on the following matters:
  - ➢ Re-appointment of any Executive and Non-Executive Director at the conclusion of his/her specified term of office.
  - ➢ Re-election by members of any Director who is liable to retire by rotation as per the Company's Articles of Association.
  - ➢ Any matters relating to the continuation in office of any Director at any time.
- To formulate a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- To define and articulate the Company's overall Corporate Governance 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 with respect to breaches or suspected breaches of the Company's Code of Conduct.
- To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements and to develop, review and monitor the Code of Conduct and Compliance Manual applicable to the employees and Directors.
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such a committee.

Meetings

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

The Nomination, Remuneration and Governance Committee met twice during financial year 2019-20:

Date of the meeting	Total strength of the Committee	No. of members present
May 17, 2019	3	3
July 08, 2019	3	3

Note: The Committee passed a resolution by circulation with unanimous consent on January 4, 2020 for appointment of Ms. Srivathsala K N, as Additional Director in the capacity of Independent Director.

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

Name		Category	Nomination, Remuneration and Governance Committee Meetings*	
			May 17, 2019	July 08, 2019
Mr. Anup Shah	Chairman	Non-Executive Independent	✓	✓
Mr. R V S Rao	Member	Non-Executive Independent	✓	✓
Mr. Ravi PNC Menon	Member	Executive Chairman	✓	✓
Mr. Sumeet Puri	Member	Non-Executive Independent	NA	NA

* Nomination, Remuneration and Governance Committee was re-constituted w.e.f. 8th November, 2019.

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

The Nomination and Remuneration Policy contains the criteria for evaluating the Board, its committees and directors. The policy is available on the Company's website at https://www.sobha.com/pdfsbio/153630165920180907.pdf and also forms a part of the Directors' Report.

4. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee of the Board of Directors is entrusted with the responsibility of formulating and monitoring the Company's Corporate Social Responsibility Policy. The Corporate Social Responsibility Policy is available on the Company's website at https://www.sobha.com/pdfsbio/158036284320200130.pdf

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

Terms of reference

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

Meetings

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

The Committee met four times during financial year 2019-20:

Date of the meeting	Total strength of Committee	No. of members present
May 17, 2019	3	3
August 09, 2019	3	3
November 08, 2019	3	3
February 01, 2020	3	3

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

Name		Category	Corporate Social Responsibility Committee meetings*			
			May 17, 2019	August 09, 2019	November 08, 2019	February 01, 2020
Mr. Anup Shah	Chairman up to November 08, 2019	Non-Executive Independent	✓	✓	✓	NA
Mr. Sumeet Puri	Chairman w.e.f. November 08, 2019	Non-Executive Independent	NA	NA	NA	✓
Mr. J C Sharma	Member	Vice Chairman & Managing Director	✓	✓	✓	✓
Mr. Ravi PNC Menon	Member	Chairman	✓	✓	✓	NA
Mr. Jagadish Nangineni	Member w.e.f. November 08, 2019	Deputy Managing Director	NA	NA	NA	✓

* Corporate Social Responsibility Committee was re-constituted w.e.f. 8th November, 2019.

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

5. Risk Management Committee

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

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 the management on the categories of risk that the Company faces including but not limited to credit, market, liquidity and operational risks, exposures in each category, significant concentration within those risk categories, the metrics used for monitoring the exposures and the management's views on the acceptable and appropriate levels of these risk exposures.
- Establish policies for the monitoring and evaluation of risk management systems to assess the effectiveness of these systems in minimizing risks that may adversely affect the business of the Company.
- Oversee and monitor the management's documentation of the material risks that the Company faces and update them as events change and risks shift.
- Review reports on any material breach of risk limits and the adequacy of the proposed actions undertaken.
- In consultation with the Audit Committee, review and discuss the following with the management:
  - i. key guidelines and policies governing the Company's significant processes for risk assessment and risk management; and
  - ii. the Company's major risk exposures and the steps that the management has taken to monitor and control such exposures.
- Report the proceedings of the committee to the Board or the Audit Committee of the Board at its regular meetings on all matters which fall within its terms of reference.
- Recommend to the Board or the Audit Committee of the Board, as it deems appropriate, 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 a meeting is any two members present at the meeting.

The committee met once during financial year 2019-20:

Date of the meeting	Total strength of the Committee	No. of members present
May 17, 2019	4	4

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

Name		Category	Risk Management Committee meetings * May 17, 2019
Mr. Anup Shah	Chairman	Non-Executive Independent	✓
Mr. Ravi PNC Menon	Member	Chairman	✓
Mr. J C Sharma	Member	Vice Chairman & Managing Director	✓
Mr. Subhash Mohan Bhat	Member	Chief Financial Officer	✓

* Risk Management Committee meetings was re-constituted w.e.f. 8th November, 2019.

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

Other Committees

Share Transfer Committee

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

Terms of reference

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

Meetings

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

No requests pertaining to transfer, dematerialization, re-materialization, issue of duplicate or split share certificates etc. were received during financial year 2019-20.

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

Composition

As on March 31, 2020, Share Transfer Committee comprises of Mr. J C Sharma, Chairman of the Committee, Mr. T P Seetharam and Mr. Jagdish Nangineni, members of the Committee.

DISCLOSURES

Related Party Transactions

Pursuant to Regulation 23 of the Listing Regulations, the Board of Directors formulated a Policy on Related Party Transactions which can be accessed from the Company's website at https://www.sobha.com/pdfsbio/1573449784201911 11.pdf The Board of Directors reviewed the policy at the Board Meeting held on 8th November, 2019. Disclosures of related party transactions is part of the Notes to Accounts section of the Annual Report.

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

Subsidiary Monitoring Framework

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

- Sobha Developers (Pune) Limited
- Sobha Highrise Ventures Private Limited

- Sobha Assets Private Limited
- Sobha Tambaram Developers Limited
- Sobha Nandambakkam Developers Limited
- Sobha Construction Products Private Limited
- Sobha Contracting Private Limited (step-down subsidiary)
- Kilai Builders Private Limited (step-down subsidiary)
- Sobha Interiors Private Limited (step-down subsidiary)
- Kuthavakkam Builders Private Limited (step-down subsidiary)
- Kuthavakkam Realtors Private Limited (step-down subsidiary)
- Sobha City, a Registered Partnership firm.

In terms of Regulation 16 of the Listing Regulations, the Board of Directors formulated a policy for determining material subsidiaries and the policy is available on the website of the Company at https://www.sobha.com/pdfsbio/157345087920191111.pdf

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

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

- Financial statements, in particular the investments made by the subsidiaries are reviewed by the Audit Committee of the Company.
- Review of annual business plans and budgets.
- Review of budget versus actuals and an analysis of the variance.
- All the minutes of Board meetings of the subsidiaries are placed before the Company's Board regularly.
- A statement of all significant transactions and arrangements entered into by the subsidiaries.

Code of Conduct

In terms of Regulation 17 of the Listing Regulations, the Company has adopted a Code of Conduct for the Board of Directors and Senior Management Personnel of the Company. The code is circulated to all the Directors and senior management personnel and their compliance is affirmed by them for 2019-20. The Code of Conduct adopted by the Company has been posted on its website.

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

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

I confirm that the Company has, in respect of the financial year ended March 31, 2020, 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 : June 27, 2020

J C Sharma
Vice Chairman & Managing Director

Code of Conduct for Prevention of Insider Trading

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

The Board of Directors has formulated a structured digital database for tracking compliance of Insider Trading. The database covered all the designated persons.

Vigil Mechanism

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

All such reports are taken up for consideration at appropriate intervals depending on the gravity of the matter reported so that adequate measures can be initiated in right earnest at appropriate levels. The

Company further confirms that no personnel have been denied access to the Audit Committee.

Familiarization Programmes

The familiarization programmes for Independent Directors are bifurcated into:

I. Initial or Preliminary

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

II. Continual or Ongoing

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

Details of the familiarization programmes imparted to the Independent Directors are given on the Company's website at https://www.sobha.com/pdfsbio/157554786620191205.pdf

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

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

The detailed skills/experience/expertise of the Board of Director are provided elsewhere in this Annual Report.

Compliances

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

The Company has complied with the applicable provisions of the Regulations, Acts, Rules, Notifications and Circulars related to stock exchanges/SEBI/other statutory authorities on all matters related to capital markets. There are no penalties or strictures imposed on the Company by the stock exchanges/SEBI/any other statutory authority relating to the above.

Management Discussion and Analysis Report

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

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

- Human resources
- Outlook

Corporate Governance Compliance Certificate

The Corporate Governance Compliance Certificate for the year ended March 31, 2020 issued by Mr. Nagendra D. Rao, Practicing Company Secretary in terms of the Listing Regulations is annexed to the Directors' Report and forms part of the Annual Report.

Secretarial Audit Report

The Secretarial Audit Report for the year ended March 31, 2020 issued by Mr. Nagendra D. Rao, Practicing Company Secretary in accordance with the provisions of Section 204 of the Companies Act, 2013 forms part of the Annual Report.

CEO / CFO Certificate

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

Remuneration to Statutory Auditors

During financial year 2019-20, the fees paid to the Statutory Auditors of the Company is as follows:

	(₹ million)
Audit fees [includes fees for limited reviews]	9.00
Other services	0.00
Out of pocket expenses	1.36
Total	**10.36**

Disclosure under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013

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

The following is a summary of sexual harassment complaints received and disposed of during financial year 2019-20:

a. number of complaints filed during the financial year: NIL

b. number of complaints disposed of during the financial year: NIL

c. number of complaints pending as on end of the financial year: NIL

Compliance of Non-Mandatory Requirements

Part E of Schedule II of the Listing Regulations contains certain non-mandatory requirements that a company may implement at its discretion. However, disclosures on compliance of mandatory requirements and adoption (and compliance) / non-adoption of the non-mandatory requirements is made in the Corporate Governance Report of the Annual Report. The status of compliance of the non-mandatory requirements are as follows:

A. The Board

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

B. Shareholders' Rights

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

C. Modified opinion(s) in the Audit Report

The audited financial statements of the Company for financial year 2019-20 do not contain any qualifications and the Statutory Auditors Report/Secretarial Audit Report does not contain any adverse remarks. The Audit Reports are unmodified reports.

D. Separate posts of Chairman and CEO

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

E. Reporting by the Internal Auditor

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

COMPANY INFORMATION

Annual General Meeting

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

Financial Year	Date and Time	Venue	Special Resolutions
2018-2019	August 09, 2019 at 3.30 PM	Taj MG Road, Bengaluru, 41/3, Mahatma Gandhi Road, Bengaluru - 560 001	i. Reappointment of Mr. Jagdish Chandra Sharma (DIN: 01191608), as Vice Chairman and Managing Director. ii. Appointment of Mr. Seetharam Thettalil Parameswaran Pillai (DIN: 08391622) as Whole-time Director of the Company. iii. Appointment of Mr. Jagadish Nangineni (DIN: 01871780) as Deputy Managing Director of the Company. iv. Approval of Remuneration of Mr. Ravi PNC Menon (DIN: 02070036), Chairman of the Company. v. Re-appointment of Mr. Ramachandra Venkatasubba Rao (DIN: 00061599) as a Non-Executive Independent Director of the Company. vi. Re-appointment of Mr. Anup Sanmukh Shah (DIN: 00317300) as a Non-Executive Independent Director of the Company. vii. Issue of Non-Convertible Debentures on private placement basis.
2017-2018	August 07, 2018 at 3.30 PM	The Gateway Hotel Residency Road Bangalore, 66, Residency Road, Bangalore – 560 025.	i. Issue of Non-Convertible Debentures on a private placement basis
2016-2017	August 04, 2017 at 4.00 PM	The Gateway Hotel Residency Road Bangalore, 66, Residency Road, Bangalore – 560 025.	Nil

Extraordinary General Meeting

No Extraordinary General Meeting was held during financial years 2017-18, 2018-19 and 2019-20.

Postal Ballot

No ordinary or special resolutions were passed through postal ballot during the year. One of the business proposed to be transacted at the ensuing Annual General Meeting require passing of the special resolution through postal ballot. However, since the Company has provided remote e-voting facility, conducting of Postal Ballot is not required.

MEANS OF COMMUNICATION

Website	Appropriate information relating to the Company and its performance including financial results, press releases pertaining to important developments, performance updates and corporate presentations are regularly posted on the website www.sobha.com. The 'Investors section' provides up-to-date information to shareholders on matters such as the shareholding pattern, outcome of Board and General Meetings, stock performance, unclaimed equity shares, unclaimed dividends and investor presentations.
Financial Results	The quarterly, half-yearly and annual financial results are published in an English newspaper (the Financial Express) and a regional language newspaper (Praja Vani).
NEAPS	Stock exchange intimations are electronically submitted to NSE through the NSE Electronic Application Processing System (NEAPS).
BSE Listing Centre	Stock exchange intimations are electronically submitted to BSE through the BSE Listing Centre.
Annual Report	The Chairman's Message, Directors' Report, the Management Discussion and Analysis Report and the Corporate Governance Report form part of the Company's Annual Report and are available on the website of the Company.
Investor Servicing	The contact details for investor queries are given elsewhere in this Report. The Company has a designated e-mail ID, investors@sobha.com for investor servicing.

Stakeholder Satisfaction Survey	An online survey is available on the website of the Company for addressing the grievances of the stakeholders and for their feedback on the efficacy of investor services.
List of all Credit Ratings obtained by the entity along with revisions, if any, thereto during the relevant financial year	ICRA: A+(Negative) CRISIL: A+(Negative)

Recommendation of Dividend and Dividend Payment Date

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

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

Dividend History

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

Financial year	Rate of dividend (%)	Dividend per equity share of ₹ 10 each
2012-13	70.00	7.00
2013-14	70.00	7.00
2014-15	70.00	7.00
2015-16*	20.00	2.00
2016-17**	25.00	2.50
2017-18	70.00	7.00
2018-19	70.00	7.00

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

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

Other information

Listing and custodial fee	The Company paid annual listing and custodial fees for financial year 2020-21 to BSE Limited, the National Stock Exchange of India Limited, NSDL and CDSL.
Listing on stock exchanges	The equity shares of the Company are listed on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).
Reconciliation of the share capital audit	In terms of Regulation 76 of the SEBI (Depositories and Participants) Regulations, 2018, reconciliation of the Share Capital Audit is conducted every quarter by Mr. Natesh K., Practicing Company Secretary to reconcile the total admitted capital with the National Securities Depository Limited (NSDL), the Central Depository Services (India) Limited (CDSL) and physically with the shareholders and the total issued and listed capital. The report is forwarded to the stock exchanges within the prescribed timeline, where the shares of the Company are listed.
Outstanding GDRs / ADRs / Warrants / Convertible Instruments and their impact on equity	As on March 31, 2020, the Company did not have any outstanding GDRs / ADRs / Warrants / Convertible Instruments.
Plant locations of the divisions	**Interiors Division:** • Plot No.9, KIADB Industrial Area, Jigani-Bommasandra Link Road, Hennagara (Post), Anekal Taluk, Bommasandra, Bangalore – 562105. • Plot No. E-514, RIICO Industrial Area, Chopanki, Tehsil Bhiwadi, District Alwar, Rajasthan – 301019. **Glazing Division:** • Plot No.10, Bommasandra Industrial Area, Bommasandra Jigani Link Road,Jigani Post, Anekal Taluk, Bangalore – 562105. • Plot No. G6, SIPCOT Industrial Park, Irungulam Village, Sriperumbudur Taluk, Kancheepuram District, Chennai – 602105. • Plot No. 127, Phase IV, Sector-56, HSIIDC, Kundli Industrial Area, District Sonepat, Haryana - 131028. **Concrete Products Division:** • Plot No # 329, Bommasandra Jigani Link Road, Industrial Area, Jigani, Anekal Taluk, Bangalore – 560105. • Sector 106, 108 and 109, Babupur Village, Near New Palam Vihar, Gurgaon – 122017. • Survey No: 828 / 829 / 832, Pune - Ahmednagar Road, Sanaswadi Post, Shirur Taluk, Pune – 412208. **SOBHA Restoplus Division** • Plot No: 9, KIADB Industrial Area, Jigani Bommasandra Link Road, Bommasandra, Hennagara Post, Anekal Taluk, Bangalore - 560105.

Stock code details

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

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

Stock price data

	National Stock Exchange of India Limited (NSE)				BSE Limited (BSE)			
	High ₹	Low ₹	Average ₹	Volume No.	High ₹	Low ₹	Average ₹	Volume No.
April-19	524.70	474.40	499.66	3,774,613	524.00	475.50	499.62	3,393,782
May-19	554.00	432.25	488.74	3,488,503	553.55	434.10	488.78	383,209
June-19	586.90	500.35	548.85	76,22,055	585.00	500.00	548.22	56,48,193
July-19	588.00	514.35	556.32	4,887,560	587.95	515.00	555.95	199,189
August-19	554.85	451.45	500.31	4,694,053	560.95	448.55	501.24	681,737
September-19	549.80	485.15	520.70	2,967,018	550.00	485.00	520.72	167,312
October-19	492.50	417.25	443.09	2,516,932	489.20	405.30	443.73	99,480
November-19	470.00	376.70	411.38	5,169,469	468.00	377.00	411.48	375,059
December-19	422.55	386.30	398.25	2,714,999	422.50	388.50	398.19	96,330
January-20	455.70	393.60	430.02	6,404,978	455.00	391.80	430.17	305,238
February-20	464.00	295.00	373.46	5,320,091	463.30	295.00	373.14	779,401
March-20	330.00	120.65	212.75	7,827,252	329.95	117.90	213.20	2,188,395

The share price performance of the Company vis-à-vis broad-based indices during financial year 2019-20 forms part of the Annual Report.

Shareholding pattern

Distribution of shareholding as on March 31, 2020

Range of equity shares held	No. of shareholders	% of total shareholders	Number of shares	% of Issued capital
1 – 500	60,210	97.07	2,981,616	3.14
501 – 1000	945	1.52	707,314	0.75
1001 – 2000	387	0.62	566,942	0.60
2001 – 3000	109	0.18	277,813	0.29
3001 – 4000	57	0.09	202,056	0.21
4001 – 5000	43	0.07	200,400	0.21
5001 – 10000	87	0.14	638,367	0.67
10001 and above	190	0.31	89,271,345	94.13
Total	**62,028**	**100.00**	**94,845,853**	**100.00**

The shareholding pattern of the Company and details of the top-10 shareholders as on March 31, 2020 are detailed in the Annexure to the Director's 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 07, 1995	30	10	10	Cash	Subscribers to memorandum	30	300
February 11, 1998	1,174,729	10	10	Cash	Further allotment	1,174,759	11,747,590
October 16, 1998	1,934,823	10	10	Cash	Further allotment	3,109,582	31,095,820
December 22, 1998	855,000	10	10	Cash	Further allotment	3,964,582	39,645,820
March 25, 1999	3,000,000	10	10	Cash	Further allotment	6,964,582	69,645,820
July 11, 2002	14,175,898	10	10	Cash	Further allotment	21,140,480	211,404,800
June 28, 2006	42,280,960	10	10	-	Bonus issue in the ratio of 2:1	63,421,440	634,214,400
October 28, 2006*	97,245	10	617	Cash	Preferential allotment-pre-IPO placement to Bennett, Coleman & Co. Limited	63,518,685	635,186,850

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

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

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

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

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

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

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

Shares held in physical and dematerialized form

As on March 31, 2020, 99.99 per cent of the Company's shares were held in dematerialized form and the rest in physical form. The following is a break-up of the equity shares held in electronic and physical forms:

Description	No. of shareholders	No. of shares	% of equity
NSDL	36,722	90,856,750	95.79
CDSL	25,299	3,989,030	4.21
Physical	7	73	0.00
Total	**62,028**	**94,845,853**	**100.00**

Additional shareholder information

Unclaimed dividend

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

During financial year 2019-20, the Company was required to transfer to the Investor Education and Protection Fund dividends declared in the Annual General meeting held on June 30, 2012. Accordingly, the Company transferred an amount of ₹ 260,365 (Rupees Two Lakh Sixty Thousand Three Hundred and Sixty Five Only) to the Investor Education and Protection Fund.

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

The following table provides the dates of declaration of dividend 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, 2020 (₹)	Due date for transfer to IEPF Fund
2012-13	July 05, 2013	August 03, 2020	302,463.00	September 02, 2020
2013-14	July 11, 2014	August 09, 2021	266,266.00	September 08, 2021
2014-15	July 15, 2015	August 19, 2022	472,017.00	September 18, 2022
2015-16	August 03, 2016	September 04, 2023	145,614.00	October 03, 2023
2016-17	August 04, 2017	September 06, 2024	179,747.50	October 05, 2024
2017-18	August 07, 2018	September 09, 2025	504,133.00	October 08, 2025
2018-19	August 09, 2019	September 11, 2026	451,430.00	October 10, 2026

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

Unclaimed equity shares

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

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

Financial year	Aggregate no. of shareholders and outstanding equity shares as on April 01, 2019	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, 2020
2019-20	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 e-mail to investors@sobha.com.

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

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

GENERAL SHAREHOLDER INFORMATION

Corporate Identification Number	L45201KA1995PLC018475
Registered and Corporate Office	Sobha Limited, 'SOBHA', Sarjapur–Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore – 560 103
Date and Venue of the Annual General Meeting (AGM)	Date : Friday, August 07, 2020 Time : 3.00 PM Venue : The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated May 5, 2020 and as such, there is no requirement to have venue for the AGM. For details, please refer to the Notice of AGM.
Financial Year	The financial year of the Company starts from 1st April of every year and ends on 31st March of the succeeding year.
Book Closure	The date of book closure is July 25, 2020
Dividend payment date	If approved by the shareholders in the ensuing Annual General Meeting, the dividend will be paid on or before September 05, 2020
Declaration of Financial Results for financial year 2019-20	• For quarter ending June 30, 2019 – August 09, 2019. • For quarter ending September 30, 2019 – November 08, 2019. • For quarter ending December 31, 2019 – February 01, 2019. • For year ending March 31, 2020 – June 27, 2020
Tentative dates for declaration of financial results for 2020-21	• For quarter ending June 30, 2020 – Second week of August 2020. • For quarter ending September 30, 2020 – Second week of November 2020. • For quarter ending December 31, 2020 – Second week of February 2021. • For the year ending March 31, 2021 –Third week of May 2021.

Correspondence details of various authorities

The Securities and Exchange Board of India	Securities and Exchange Board of India SEBI Bhavan, Plot No.C4-A, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400051 Tel: 1800 266 7575 Website: www.sebi.gov.in | www.scores.gov.in
National Stock Exchange of India Limited	National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 Tel: +91 22 2659 8100 - 8114 Website: www.nseindia.com
BSE Limited	The 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	Link Intime India Private Limited C-101,247 Park, L B S Marg, Vikhroli West, Mumbai-400083. Telephone Number:022-49186270 Fax Number:022-49186060 Email: rnt.helpdesk@linkintime.co.in

Share transfer system

Share transfers will be registered and returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects. Share transfers and other communication regarding Share

Certificates and change of address etc., may be addressed to the R&T Agents as mentioned above.

Commodity price risk or foreign exchange risk and hedging activities

The Company had no exposure in commodities and hence the disclosure pursuant to SEBI Circular dated November 15, 2018 is not required to be given. For a detailed discussion on foreign exchange risk and hedging activities, please refer to Management Discussion and Analysis Report.

Nomination

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

(i) For shares held in physical form, members are requested to give the nomination request to Registrar and Share Transfer Agents of the Company.

(ii) For shares held in a dematerialized mode, members are requested to give the nomination request to their respective Depository Participants directly.

E-voting

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company provides remote e-voting facility to the shareholders. The Company has availed the services of National Securities Depository Limited (NSDL) for providing the necessary e-voting platform to members of the Company for the ensuing Annual General Meeting.

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

Website disclosures

Corporate Social Responsibility Policy	https://www.sobha.com/pdfsbio/158036284320200130.pdf
Vigil Mechanism	https://www.sobha.com/pdfsbio/153630159420180907.pdf
Code of Conduct	https://www.sobha.com/pdfsbio/153630161520180907.pdf
Nomination and Remuneration Policy	https://www.sobha.com/pdfsbio/153630165920180907.pdf
Code of Conduct for Prevention of Insider Trading	https://www.sobha.com/pdfsbio/157322075120191108.pdf
Material Subsidiary Policy	https://www.sobha.com/pdfsbio/157345087920191111.pdf
Policy on Related Party Transactions	https://www.sobha.com/pdfsbio/157344978420191111.pdf
Policy on Determination of Materiality of Events and Information	https://www.sobha.com/pdfsbio/153630154920180907.pdf
Policy on Preservation of Documents	https://www.sobha.com/pdfsbio/153630157420180907.pdf
Terms and Conditions of Appointment of Independent Directors	https://www.sobha.com/pdfsbio/153630451520180907.pdf
Composition of Various Committees of the Board of Directors	https://www.sobha.com/pdfsbio/157441644320191122.pdf
Dividend Distribution Policy	https://www.sobha.com/pdfsbio/153630151720180907.pdf

Address for correspondence

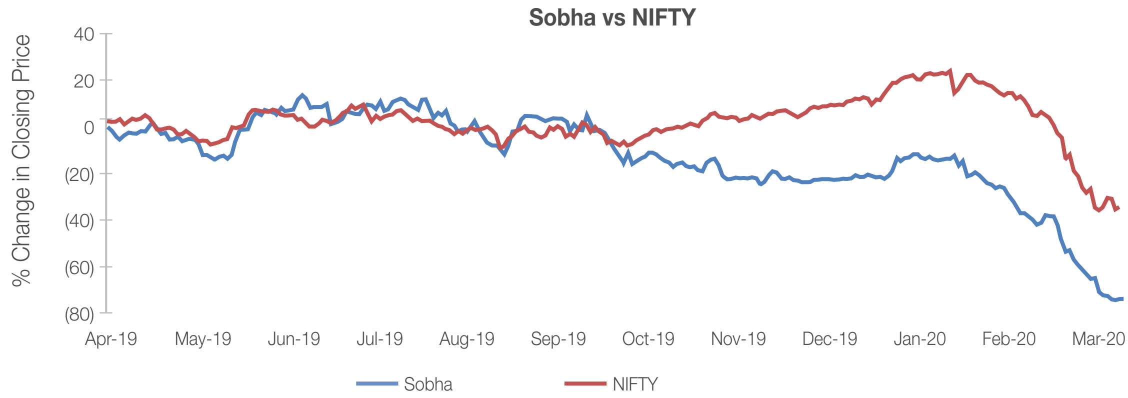
For any queries, please write to:

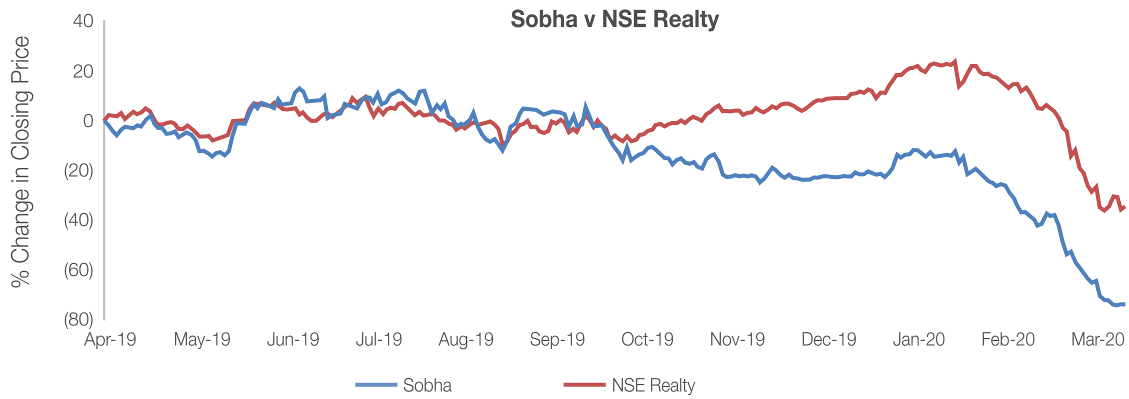
Mr. Vighneshwar G Bhat
Company Secretary & Compliance Officer
Sobha Limited
'SOBHA', Sarjapur – Marathahalli
Outer Ring Road (ORR), Devarabisanahalli,
Bellandur Post, Bangalore – 560 103
Board Line: +91 80 4932 0000 | Extension: 6024
Fax: +91 80 4932 0444
E-mail: vighneshwar.bhat@sobha.com
investors@sobha.com

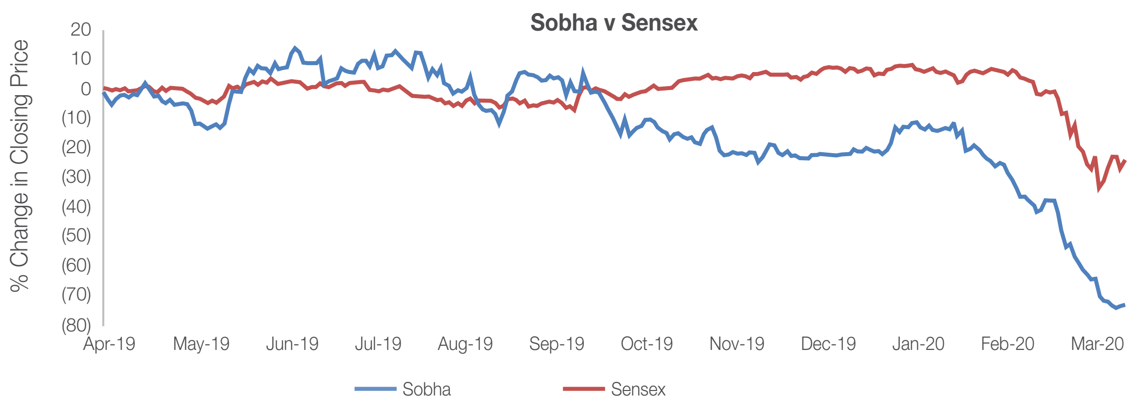
For queries relating to financial statements, please write to:

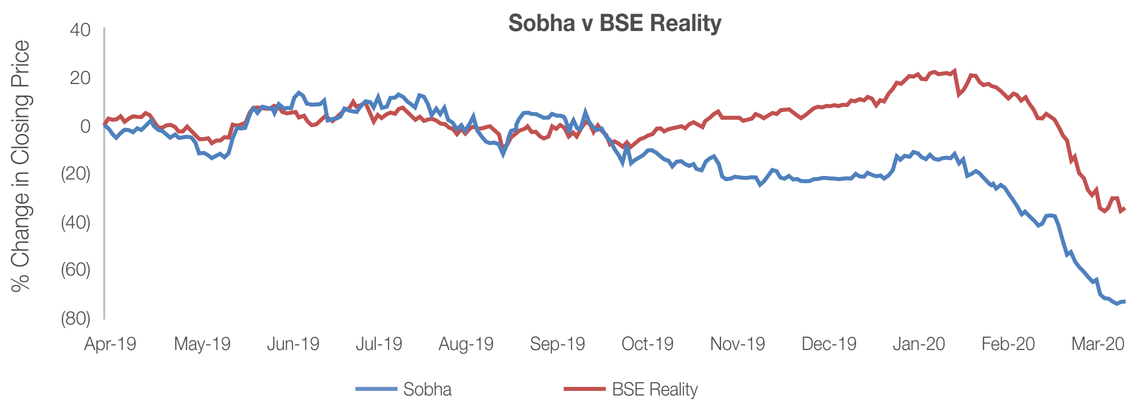
Mr. Subhash Mohan Bhat
Chief Financial Officer
Sobha Limited
'SOBHA', Sarjapur – Marathahalli Outer Ring Road (ORR), Devarabisanahalli,
Bellandur Post, Bangalore – 560 103
Telephone: +91 80 4932 0000 | Extension: 5026
Fax: +91 80 4932 0444
E-mail: subhash.bhat@sobha.com / investors@sobha.com

Share Price Performance

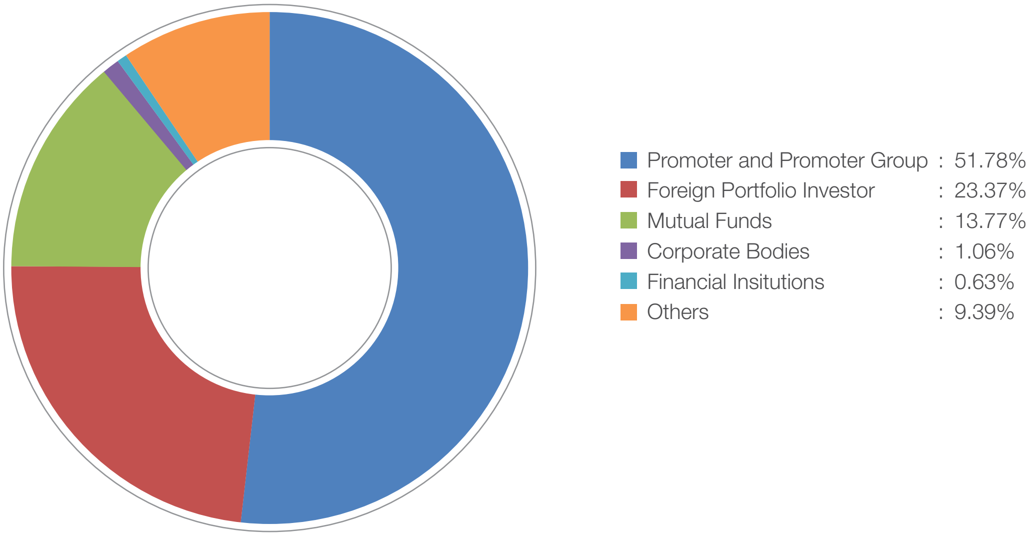








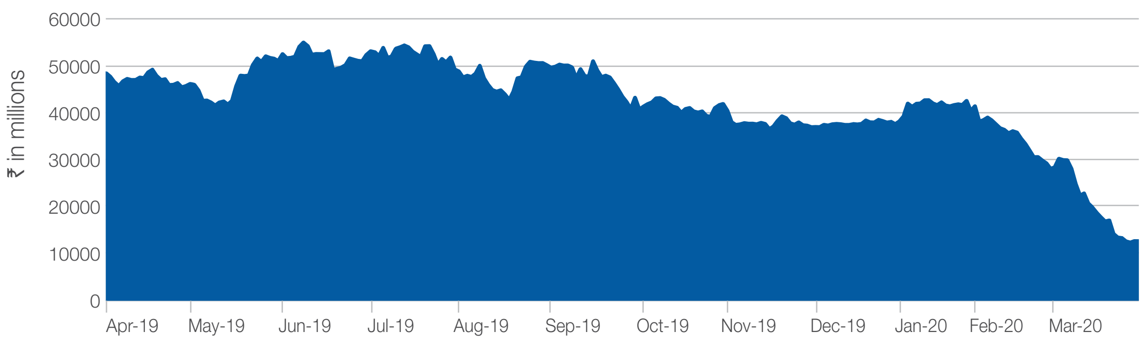
Category wise distribution of shareholders as on March 31, 2020



Shareholding Movements	No. of Shares as on March 31, 2020	No. of Shares as on March 31, 2019	Change in %
Promoter and Promoter Group	49,113,903	53,085,718	(4.19)
Foreign Portfolio Investor	22,163,169	23,342,947	(1.24)
Mutual Funds	13,063,993	12,299,812	0.81
Corporate Bodies	1,010,103	1,308,456	(0.31)
Financial Institutions	593,205	615,719	(0.02)
Others*	8,901,480	4,193,201	4.96
Total	**94,845,853**	**94,845,853**	

* Others include NRI, Trusts, Insurance Companies, Office Bearers, Retail Shareholders etc.

Market Capitalisation



Corporate Responsibility

Annexure - A

Certificate pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

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

In my opinion and to the best of my information and according to the verifications (including DIN status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company, its officers and Management Representation Letter of even date, I hereby certify that none of the Directors who were on the Board of the Company as on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of the Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any other Statutory Authority.

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

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

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

Nagendra D. Rao
Practising Company Secretary
Membership No. FCS – 5553
Certificate of Practice – 7731
UDIN: F005553B000390841
No. 543/A, 7th Main, 3rd Cross,
S.L. Bhyrappa Road, Hanumanthanagar,
Bengaluru - 560 019

Place : Bengaluru
Date : June 27, 2020

Management Report
Markets and Operating Environment

Macroeconomic Overview

Financial year 2019-20 was exciting, challenging and turned volatile towards the end of 4th quarter. While major economies slowed down with US-China trade strains, the Middle East geopolitical turmoil followed by plummeting crude oil prices, the world witnessed a fresh health challenge in the form of COVID-19 virus. This brought the entire world to a grinding halt, sending both demand and supply side shock waves apart from its unprecedented health implications.

Major research houses and analysts are of the opinion that global economies are headed for a significant shift in economic activities resulting in considerable loss to GDP's growth. India being a developing nation is heavily influenced by activities around the globe. A GDP contraction estimate ranging from 5 to 10 per cent during the FY 2020-21 will leave a permanent mark on the performance of an emerging economy like ours.

Fiscal 2021 will determine the endurance and way forward for all the sectors across the globe. Nations are spending about 10 per cent of their GDP for handholding ailing industries and related support infrastructure impacted by demand-supply constraints witnessed due to this unprecedented health hazard. However, gradual opening up of economic activities in a phased manner is expected to show a positive impact and businesses should be able to shoulder and ease the stress on their operational and financial performances.

Sector Overview

In the Union Budget for fiscal year 2020-21, the Finance Minister of India laid down the foundation for increasing consumption while ensuring that the government's investment is deployed to build infrastructure leading to a USD 5 trillion economy by Fiscal 2024-25. Further, the Government of India announced a series of measures for supporting all sections of society with a view to cushioning the impact and threats posed by the COVID-19 pandemic.

Construction, being the second largest employment generator after agriculture, has seen a lot of structural reforms over the last decade. The government has been responding positively to the concerns and demands of the industry. This is evident in the relief measures announced which include those for the sector as well. These have facilitated organized players in the listed space to consolidate and improve their performance parameters in the years to come.

The challenges faced by the real estate sector during these troubled times have been efficiently handled by industry leaders in an appropriate and timely manner. The way forward for the industry is aligning its activities to a changing environment. Use of technology, optimum utilization of available digital tools and platforms and innovation and designing of custom made tools should cater to the changing needs and challenges thrown up by the unforeseen circumstances like what we are witnessing today.

Outlook of our Markets

A. Real Estate

SOBHA, constantly ranked number one in India in the real estate space, has a presence in 10 cities across 6 states. The Company is present in Bangalore, Gurugram (NCR), Chennai, Thrissur, Kochi, Calicut, Coimbatore, Pune, Mysore and GIFT City. While we are present in the major cities in India, we are also exploring new markets pan-India.

The real estate sector in India has faced several challenges and is about to take off to a new horizon in the coming years. In line with expectations, SOBHA delivered a record operational and financial performance during financial year 2019-20. The Company also witnessed a strong performance in its contracts and manufacturing verticals with highest ever cash inflows; operating margins have also improved during the year.

SOBHA's unique backward integrated model, strong brand name and unmatched execution capabilities, help us deliver all our projects on time. The Company currently has on-going real estate projects aggregating 39.36 million square feet of developable area and 27.41 million square feet of saleable area and on-going contractual projects aggregating 9.44 million square feet under various stages of construction.

As on 31st March, 2020, the Company had delivered overall 109.74 million square feet of developable area. Since its inception, the Company has completed real estate projects measuring 58.74 million square feet of developable area and 44.62 million square feet of super built-up area.

During the year, the Company completed construction activities to the extent of 3.98 million square feet of total developable area and 2.74 million square feet of super built-up area.

Bangalore

SOBHA Limited based in Bangalore had the city's sales volume to the tune of 73 per cent (approximate). Bangalore is home to and headquarters of some of the largest IT firms in the world. Being the tech hub and often referred to as the Silicon Valley of the East, Bangalore plays a crucial role in contributing to the state and Centre's GDP. With a lot of professionals moving to cities as part of urban migration and seeking job opportunities in large cities like Bangalore, demand for housing has increased considerably. This has always been a key factor while planning, designing and launching new projects in select pockets of cities like Bangalore. During FY 2019-20, the Company's focus was finishing the work that was near completion.

During the year 2019-20, the Company completed SOBHA Clovelly in Bangalore. Homes at SOBHA Clovelly are meant for a sophisticated and specialized clientele which has experienced the best quality in the world and who dream of the same in their homes. Located in Banashankari, these 137 homes are a perfect blend of nature and design. Situated on 3.23 acres, SOBHA Clovelly has 3-bedroom homes and 4-bedroom duplex penthouses. These unique apartments also have an array of amenities that help the occupants lead a heathy life in a natural way. These include a multifunction hall, a table tennis court, pool table, badminton hall, gymnasium, yoga room, swimming pool and a kids play area. The project's saleable area is 0.53 million square feet.

The Company has completed SOBHA Silicon Oasis Wings 7 & 8 and also 17 Row Houses. Total area developed during FY 2020 under this project was 0.35 million square feet. This project is a unique resort themed residential development offering luxury apartments and row houses in Bangalore.

Our series of offerings in the affordable segment started with the launch of "SOBHA Dream Acres" in Bangalore. The project was launched in FY 2014-15 with a total developable area of 10.65 million square feet. This is one of the largest residential projects meeting the needs and aspirations of home buyers. The project uses a unique pre-cast technology which is capable of producing 20,000 square feet of pre-cast elements a day, which helps us reduce the time spent on construction so we can deliver products ahead of schedule. During FY 2019-20, we completed a total developable area of 1.07 million square feet and 0.88 square feet of saleable area.

Presently, the Company has on-going projects aggregating 17.41 million square feet of total developable area and 12.72 million square feet of super built-up area.

Gurugram - NCR

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

Under SOBHA City, the Company is currently working on 4.31 million square feet of developable area and 3.24 million square feet of super built-up area. Under the International City project the Company is working on 6.81 million square feet of developable area and 3.25 million square feet of super built-up area.

In total, the Company has on-going projects aggregating 11.12 million square feet of total developable area and 6.47 million square feet of super built-up area, which will be developed and delivered in phases.

Chennai

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

During the year, the Company launched SOBHA Blossom, a plotted development on an area spread across 6.96 acres. This is our second plotted development in Chennai with a total developable area of 0.30 million square feet and total saleable are of 0.18 million square feet. These 118 well-laid out plots effectively cater to customers' varying needs. What adds to the pleasure of SOBHA Blossom is that it takes care of world-class amenities and infrastructure while customers can take the time to build their homes as per their preferences and requirements. This project is just 300 metres from the 400 feet outer ring road (ORR).

Presently, the Company has 3 ongoing projects, aggregating 2.14 million square feet of total developable area and 1.48 million square feet of super built-up area.

Calicut

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

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

Kochi

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

Presently, the Company has 2 on-going projects, aggregating 5.02 million square feet of total developable area and 4.10 million square feet of super built-up area.

Thrissur

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

Presently, the Company has 2 on-going projects, SOBHA Lake Edge and SOBHA Silver Estate aggregating 0.60 million square feet of total developable area and 0.42 million square feet of super built-up area.

Coimbatore

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

During FY 2019-20 the Company launched SOBHA Verdure, a row house project with a total developable area of 0.14 million square feet and a total saleable area of 0.10 million square feet. This project is part of the sprawling 132-acre Harishree Gardens in Coimbatore. SOBHA Verdure is our latest offering consisting of 44 exquisite row houses. Nestled in the pristine greenery of the Western Ghats in the picturesque city of Coimbatore, SOBHA Verdure gives an opportunity to live an idyllic life away from the hustle-bustle of the city. SOBHA Verdure is an exemplary project where nature and modern architecture come together harmoniously to provide a healthy, wholesome and sustainable lifestyle for connoisseurs.

Apart from these new launches, the Company has 2 other on-going projects, SOBHA Elan with 0.42 million square feet of developable area and 0.34 million square feet of super built-up area, and SOBHA West Hill with 0.05 million square feet of developable area and 0.03 million square feet of super built-up area.

Pune

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

During 2019-20 the Company launched SOBHA Nesara, ultra-premium 3, 3.5 and 4 BHK residences spread over 3 acres with a total developable area of 0.68 million square feet and a total saleable area of 0.51 million square feet. The project located, near the pristine foothills of NDA Hills, offers wide lush greens and a bounty of birdlife thus providing healthier lifestyle.

Mysore

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

We completed SOBHA Meadows aggregating 0.25 million square feet of total developable area and 0.13 million square feet of saleable area during FY 2019-20. As of March 2020 the Company did not have any on-going projects.

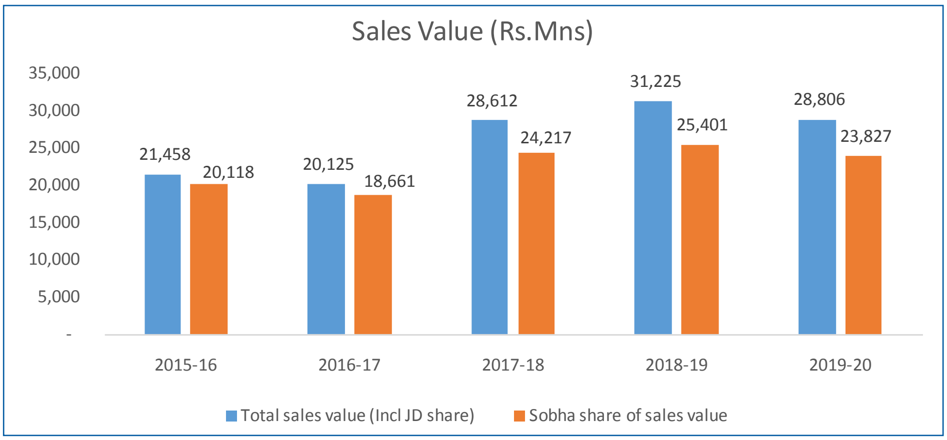
GIFT City Gujarat

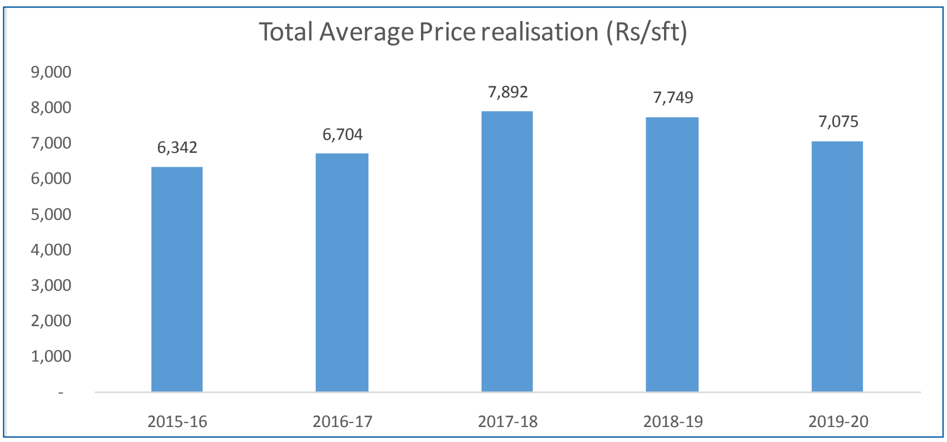
Gujarat International Finance-Tec City (GIFT) – A Global Financial Hub, GIFT City is India's first operational smart city. Founded by Prime Minister Narendra Modi, it is a business district promoted by the Government of Gujarat through a joint venture. The objective behind setting up GIFT City is tapping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

Currently we have one on-going project in the affordable segment - SOBHA Dream Heritage - with a developable area of 0.71 million square feet and a super built-up area of 0.52 million square feet.

SALES PERFORMANCE

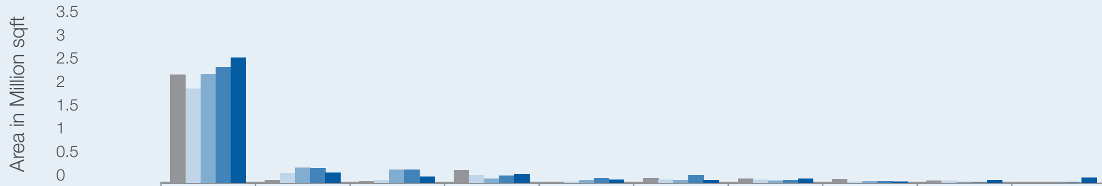
The Company achieved 4.07 million square feet of new sales area which is the highest since its inception. The total value including joint development' share at ₹ 28,806 million at an average price realization of ₹ 7,075 per square feet. SOBHA's share of sales value is at ₹ 23,827 million. Despite a challenging environment, the Company's performance in sales volume was in line with projections.





Management Report

New Sales
(in Millions Square Feet)



	Bangalore	Gurugram	Kochi	Chennai	Coimbatore	Mysore	Trissur	Calicut	Pune	GIFT City
FY 2015-16	2.59	0.07	0.04	0.30	0.02	0.12	0.10	0.09	0.05	-
FY 2016-17	2.26	0.23	0.07	0.18	0.03	0.08	0.08	0.03	0.05	-
FY 2017-18	2.60	0.36	0.32	0.10	0.07	0.07	0.06	0.05	0.003	-
FY 2018-19	2.77	0.35	0.32	0.18	0.11	0.18	0.07	0.04	0.01	0.01
FY 2019-20	3.00	0.24	0.15	0.21	0.07	0.06	0.10	0.03	0.07	0.13

Despite commercial products, SOBHA's prime focus remains on its residential business for generating positive cash flows through speedy delivery and revenue realization and ensuring appropriate investments using the best available opportunities.

B. Commercial

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

As of March 2020, the Company had two commercial malls in this business vertical. The first is the "SOBHA City" Mall in Thrissur. It commenced operations in December 2015 onwards. It has a total developable area of 0.44 million square feet with a total leasable area of 0.34 million square feet. SOBHA initially sold 0.61 million square feet.

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

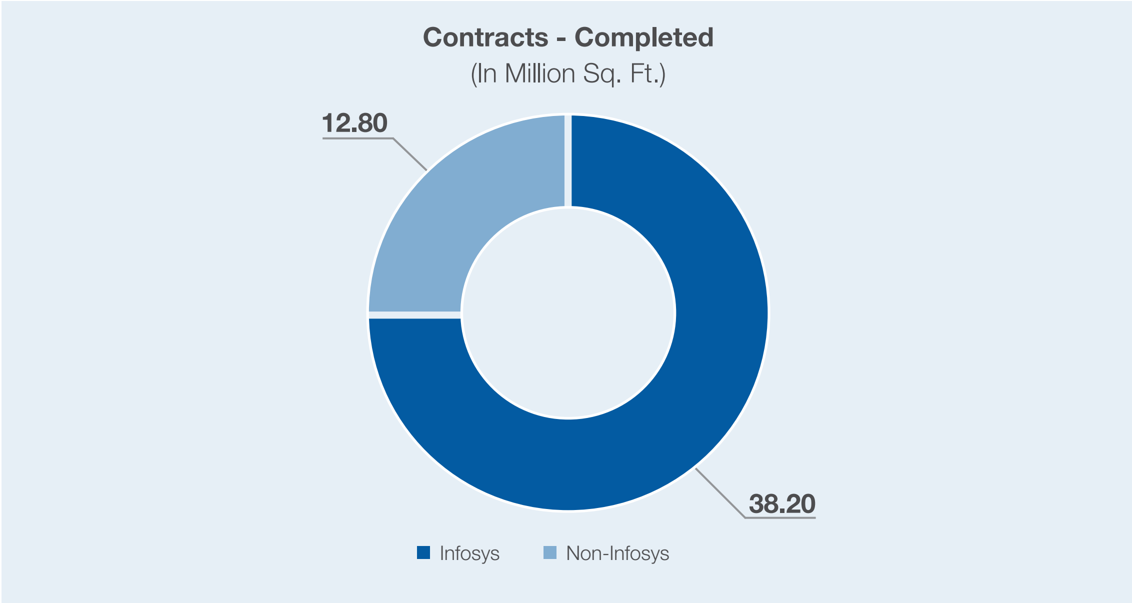
C. Contractual

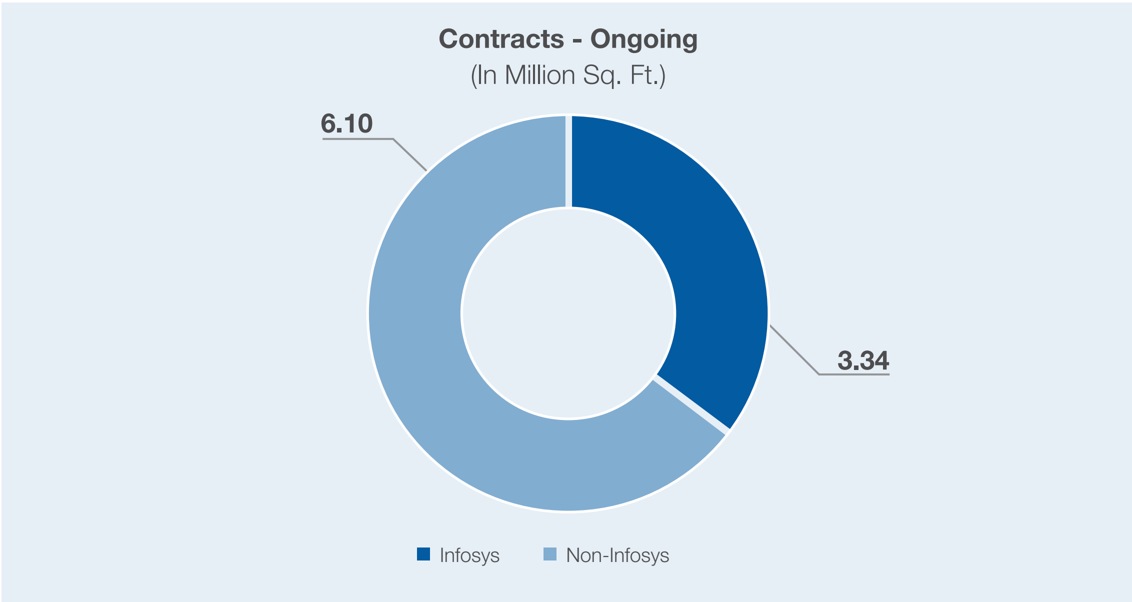
The company achieved highest ever collections during the year. It competed 1.88 million square feet in the Contractual vertical.

Overall, the Company has delivered 51 million square feet of contractual works and has 9.44 million square feet of area under execution in 9 cities across India.

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

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





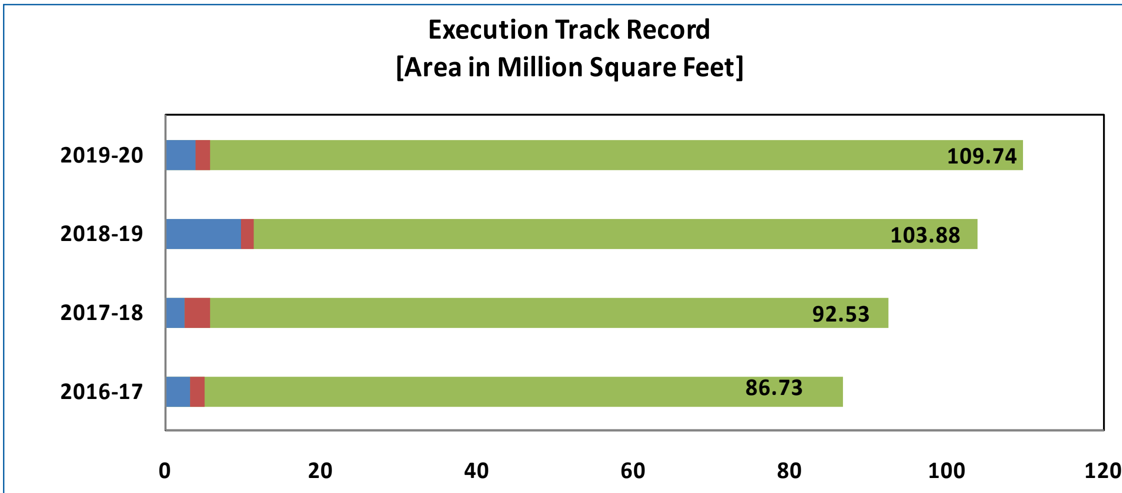
As the Company predominantly operates on a cost plus margin basis, it seeks to expand its contractual operations while preserving its margins.

PROJECTS AND WORK DONE

SOBHA, with its unique backward integration model, quality products, customer satisfaction and timely delivery has set a benchmark in the industry and garnered customer loyalty over the years. Steady performance continued during financial year 2019-20 too when we completed and handed over 5.86 million square feet of developable area.

I. Overall Execution

Overall, SOBHA has completed 109.74 million square feet of area since it started operations in 1995. The Company has steadily launched new real estate projects and executed new contractual projects wherein significant project level investments are being made on a regular basis. These on-going projects are excluded from the purview of overall execution since, on average, a real estate project takes around 3 to 4 years to complete.



	2016-17	2017-18	2018-19	2019-20
Cumulative	86.73	92.53	103.88	109.74
Real Estate	3.21	2.58	9.75	3.98
Contracts	1.88	3.22	1.60	1.88

II. Completed Projects

Financial year 2019-20 witnessed the overall completion of 5.86 million square feet of developable area and 4.61 million square feet of super built-up area both in the Real Estate and Contractual verticals.

a. Real Estate

SOBHA completed 3.98 million square feet of developable area and 2.72 million square feet of super built-up area during 2019-20. As of March 2020, the Company had delivered 1.07 million square feet of developable area in the SOBHA Dream Acres project. The remaining phases of development are in progress and are ahead of schedule. Construction of these projects are carried out using the pre-cast technology.

During the financial year, the Company completed SOBHA Clovelly in Bangalore. Homes at SOBHA Clovelly are meant for its sophisticated and specialized clientele which has experienced the best in the world and who dream of getting the same quality in their home. Located in Banashankari, these 137 homes are a perfect blend of nature and design. Situated on 3.23 acres, Sobha Clovelly has 3-bed homes and 4-bed duplex penthouses. These unique apartments also have an array of amenities that help their occupants lead a heathy life in natural way. They include a multifunction hall, a table tennis court, pool table, badminton hall, gymnasium, yoga room, swimming pool and a kids play area. The project's developable area is 0.53 million square feet.

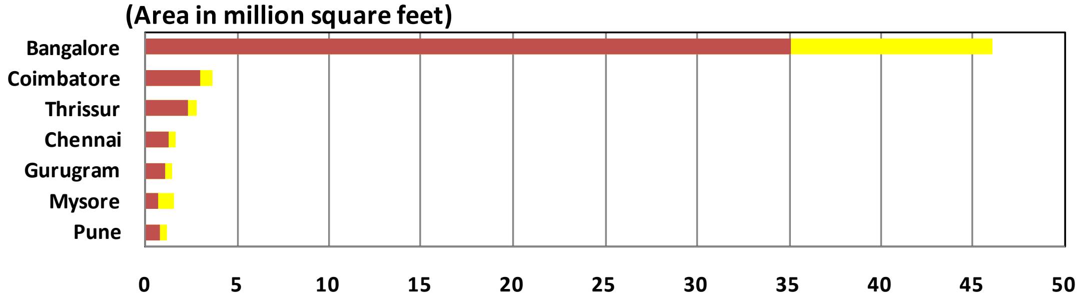
The Company also completed SOBHA Silicon Oasis Wings 7 & 8 and also 17 Row Houses. Total area developed during financial year 2020 under this project was 0.35 million square feet. This project is a unique resort themed residential development offering luxury apartments and row houses in Bangalore.

During the year, we also completed SOBHA Meadows, Mysuru. This plotted development is spread over 5.92 acres of land near the Electronic City in Mysuru. The total developable area of the project is 0.25 million square feet. It is close to IT companies and boasts of easy connectivity to Bengaluru. These premium plots come with well-paved roads, parks, street lighting, underground sleeve provision for televisions, telephones and optic fibre cabling.

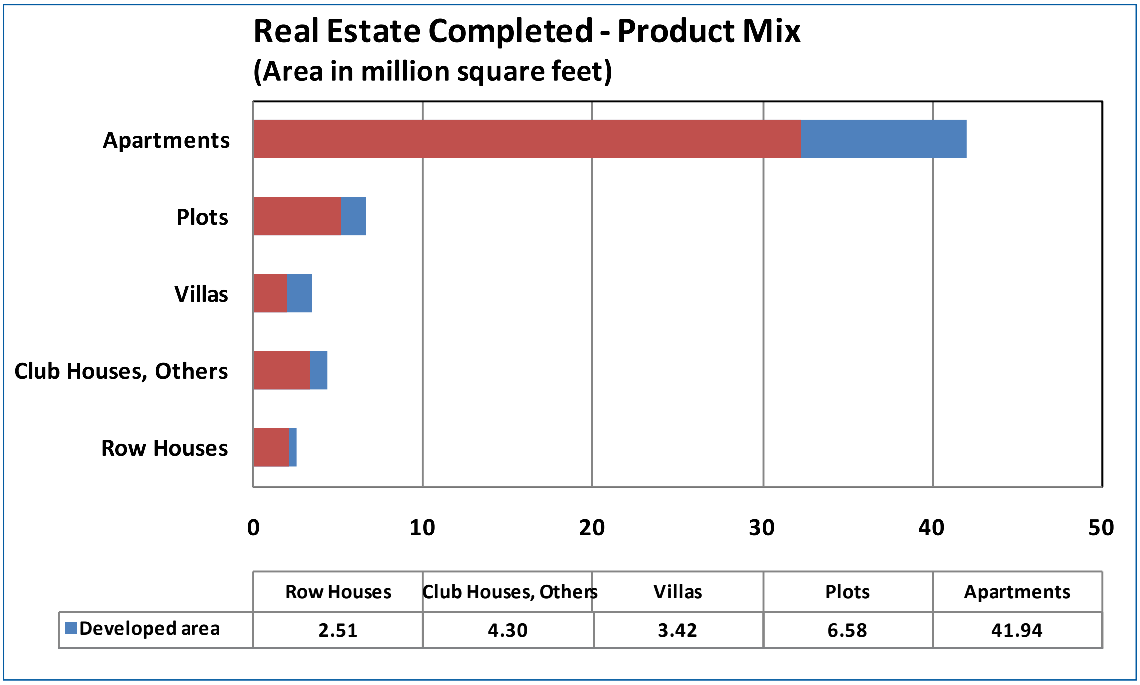
We have also completed One SOBHA, Bangalore, a mix use project with a mall and office rental space. This project has a total developable area of 0.38 million square feet. Located in the heart of Bangalore on St. Marks Road, this commercial development will be a host to the topmost brands from retail, F&B, entertainment and fashion industries. One SOBHA is poised to become Bangalore's next go to destination for shopping and recreation.

Since its inception, the Company has completed real estate projects measuring 58.74 million square feet of developable area and 44.58 million square feet of super built-up area.

Real Estate Completed - Location Wise Breakup
(Area in million square feet)

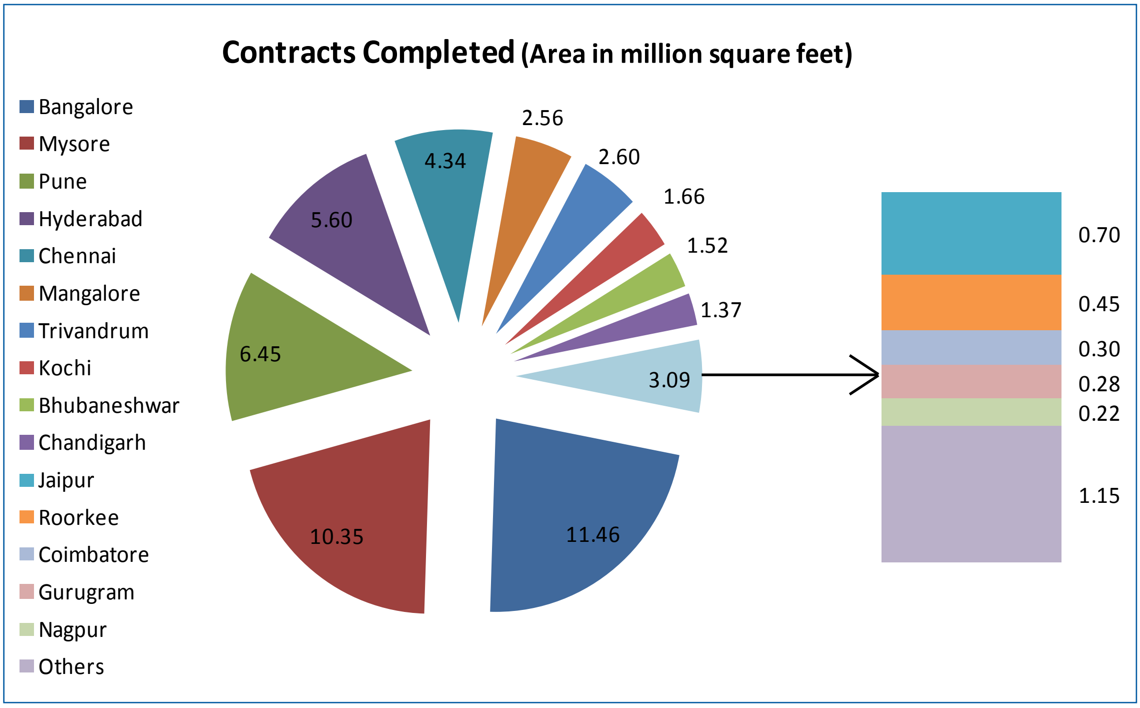


	Pune	Mysore	Gurugram	Chennai	Thrissur	Coimbatore	Bangalore
Developed area	1.20	1.58	1.56	1.68	2.90	3.73	46.09
Super Built-up area	0.88	0.80	1.10	1.31	2.34	3.07	35.12



b. Contractual

During financial year 2019-20, the Company completed 1.88 million square feet spread across 6 cities. Since the start of its operations, SOBHA has completed 51 million square feet of area for various clients in 27 cities across India. The Company has executed over 38.20 million square feet of area for its single and largest client Infosys.



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

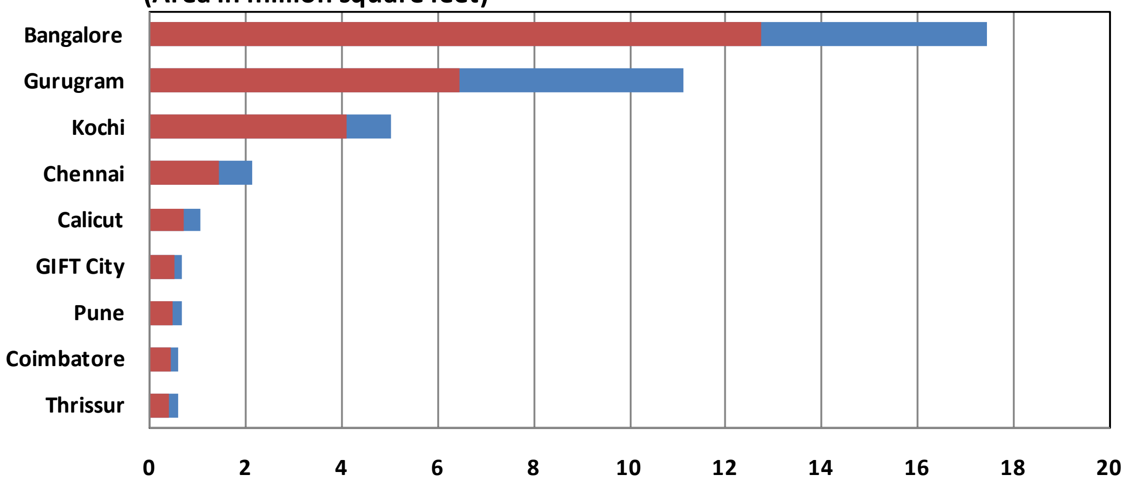
III. On-going Projects

The Company is currently executing 48.80 million square feet of developable area and 36.85 million square feet of super built-up area.

a. Real Estate

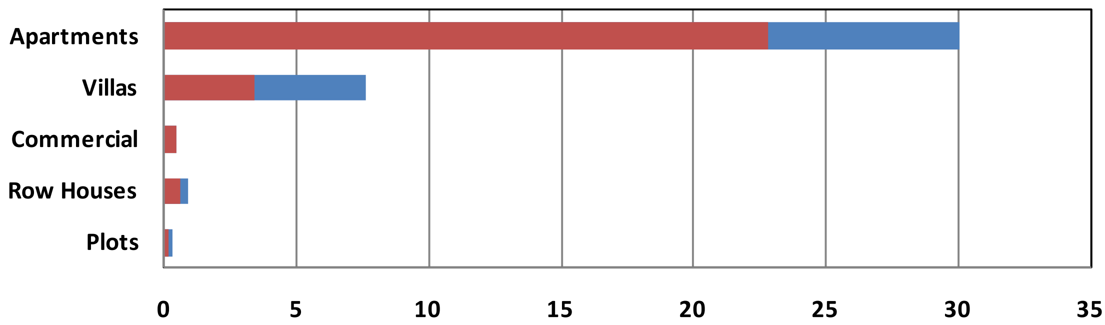
SOBHA currently has on-going real estate projects aggregating 39.36 million square feet of developable area and 27.41 million square feet of super built-up area spread across 9 cities.

Real Estate Ongoing - Location Wise Breakup
(Area in million square feet)



	Thrissur	Coimbatore	Pune	GIFT City	Calicut	Chennai	Kochi	Gurugram	Bangalore
Developed area	0.60	0.61	0.68	0.71	1.07	2.14	5.02	11.12	17.41

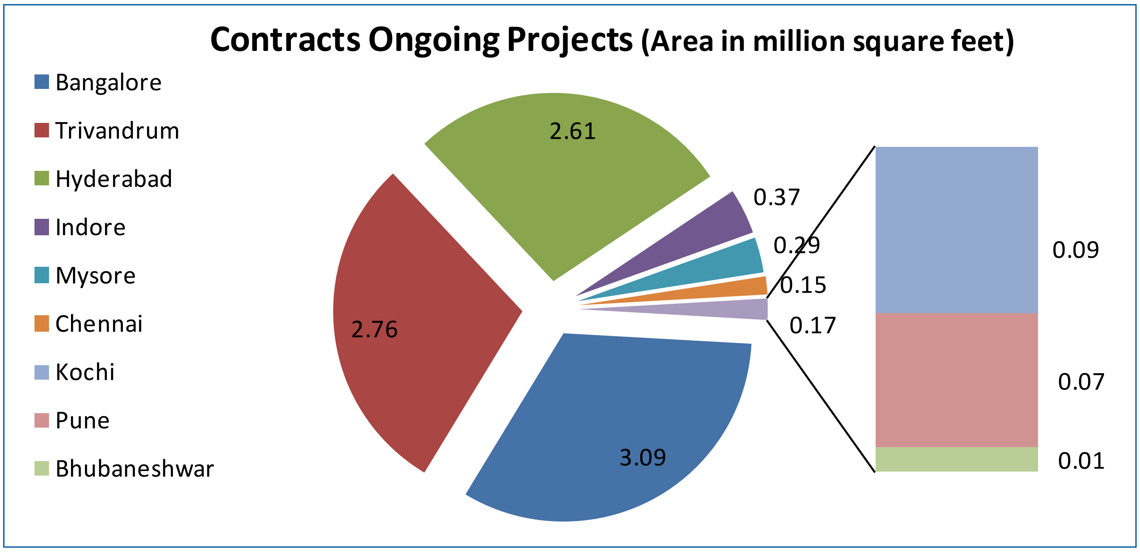
Real Estate Ongoing - Product Mix
(Area in million square feet)



	Plots	Row Houses	Commercial	Villas	Apartments
Developed area	0.30	0.90	0.47	7.64	30.05
Saleable Area	0.18	0.57	0.46	3.40	22.80

b. Contractual

SOBHA has on-going contractual projects aggregating 9.44 million square feet spread across 10 cities.



Environment, Health and Safety

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

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

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

Environment

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

For achieving all this, SOBHA has installed a pre-cast unit for its construction activities. Instead of using the conventional block work or bricks for its construction activities, SOBHA uses pre-cast elements which come with many advantages. They are fast to make, consume less labour, lead to minimal wastage and do not need plastering work. These pre-cast elements use minimum resources while also reducing wastage at the same time.

Energy Saving Measures

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

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

Rainwater Harvesting

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

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

Sewage Treatment Plants

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

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

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

Organic Waste Converters

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

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

Organic waste generated in and around the projects during the construction stages is diverted to nearby piggery farms and the local Municipal Corporation while the inorganic waste is handed over to authorized waste recyclers. All these efforts help SOBHA in restoring eco-sanitation wherever it works.

Water Treatment Plants (WTPs)

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

Laboratory Facility for Water Testing

The Company has a functional chemical laboratory at the SOBHA Academy to analyse water samples for physico-chemical parameters. As part of the Company's continued commitment to ensuring safe and healthy drinking water to labourers, staff and occupants, it set up a microbiological laboratory at SOBHA Academy during 2019-20. This laboratory is managed by qualified personnel and equipped with instruments like Laminar Flow, Biological Incubator, Electron Microscope, Digital Calorimeter and Autoclave which are essential for ascertaining the quality of the water from a microbiological point of view.

Health and Safety

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

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

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

The National Safety Council conferred Sobha with the first position in State level safety awards in construction category for Sobha Dream Acres.

In addition to already existing practices, during 2019-20, the following activities were undertaken for Health and Safety:

- Standardization for edge barricades and fall protection system - Standard Operating Procedures (SOPs) - released and implemented for all projects.
- Methods and checklists improvised to make the activities more appropriate. Till date, 116 EHS checklists/records have been made to control activities and ensure that hazards are controlled using best safety practices.
- Precast plant – the eye anchor design reviewed for WC wall panels to ensure safety while lifting the elements.
- An OHS Committee formed at every project site which has workmen's representatives, contractors and supervisors who discuss and promote a safe work culture.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) takes on a whole new meaning at SOBHA Limited, the only backward integrated real estate company in the country. CSR at SOBHA Group is sincere devotion to the communities that we work in that stems out of genuine concern and drive to provide comprehensive and sustainable social development to rural India. SOBHA does its corporate social responsibility work through the 'Sri Kurumba Educational and Charitable Trust.' The work includes Graamasobha, a unique social developmental initiative in Vadakkenchery, Kizhakkenchery and Kannambra grama panchayats in Palakkad district of Kerala.

For us at SOBHA, our CSR work is a way of thanking the communities that we work in as it is their encouragement which has made us reach the milestone of completing 25 years as the most admired real estate company in the country. Their encouragement gave us the strength to become a truly self-reliant Company in this quarter century.

The Trust has identified nearly 4,525 families (around 17,311 people) from the Below Poverty Line (BPL) group to fulfil the following objectives:

- Identifying and enlisting genuine beneficiary families from the three panchayats using clear-cut norms and terms.
- Generating qualitative and multi-dimensional 'Baseline Reports' on the target families so that specific programmes and activities can be implemented for their benefit.
- Devising target-based, area-specific empowerment programmes and activities for key human development verticals like education, health, employment, housing, sanitation and water.
- Designing an effective mechanism for measuring and monitoring processes and the pace of Trust's the empowerment programmes.

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

- Providing education and vocational training
- Providing healthcare facilities
- Looking after the aged, widows and the impoverished

EDUCATION

THE SOBHA ACADEMY

The SOBHA Academy was started in 2007 to empower and enable the rural poor to break away from the vicious circle of poverty, ignorance, deprivation and exclusion by providing their children high-quality education backed by advanced technology. Targeted specifically at children from the weaker sections, all applications that come to the SOBHA Academy are scrutinized to ensure that only deserving candidates are given access to the free and quality education that the Academy provides. Selection to the Academy is done through an open draw from a list of eligible candidates short-listed after intense research. Selected students undergo a medical fitness test and the final selection of students is done through an open draw. Every year 90 girls are admitted to LKG through a draw. The Academy, which follows the CBSE curriculum, takes care of all academic and related costs like those for fees and books, transportation, food and healthcare. During 2019-20, 1,106 students in the Vadakkenchery, Kizhakkenchery and Kannambra panchayats were on the rolls from LKG to Class 12.

In an attempt to help these children even more, girls in Class 10, 11 and 12 are provided free boarding and lodging and also assisted by tutors to help them in the learning process. This also helps students become self-reliant in their routines.

The residential lives of students are an integral part of the Academy as SOBHA believes that their experiences in the hostel are a significant part of their learning process. SOBHA has the firm belief that what the children learn during their residential lives at the Academy shape their future and help them become an integral part of the communities to which they belong as this life teaches them how to live and learn together.

SOBHA ICON

SOBHA has launched several educational initiatives for the benefit of the children, one of which is 'SOBHA Icon', which aims at creating 'icons for India' by making high-quality learning opportunities available for deserving students of other government schools who have exceptional skills but do not have the opportunities to grow academically.

SOBHA ICON HIGHER SECONDARY COURSE

The SOBHA Icon Higher Secondary Course is a two-year full time on campus, 6-day regular, technology-driven professional college enrolment oriented programme for a batch of 60 students each in Science and Commerce streams. The Humanities stream has been added recently. The programme is conducted at the SOBHA Icon Campus at Moolamcode and is registered with Kerala State Open School for certification. The Trust also provides financial assistance to students from poor families, who obtain seats on merit in engineering and medical courses. All their expenses are covered including tuition fees, uniforms, books and basic accessories.

The programme admits 30 students in each class. Icon is not an affiliated school but functions as a Teaching and Learning Centre within the scope of the Kerala State Council for Open and Lifelong Learning Programme SCOLE. SCOLE, has been registered as an open regular programme with the Kerala Directorate of Higher Secondary Education. Under this programme, students enjoy the same status as other regular school students. Students are given intensive 8-hour teaching-learning sessions, 7 days a week. All facilities and services are free of cost including uniforms, books and food.

SOBHA ICON- HIGH SCHOOL SUPPORT INITIATIVE

This initiative provides learning opportunities to deserving high school students from the Kizhakkenchery Government School. There are 90 students, 30 each in classes 8, 9 and 10 who are provided coaching support in their studies during 7.15 am to 9.15 am and 4.15 to 5.45 pm every day. On holidays, they get full-time support.

SOBHA ICON – UG SUPPORT INITIATIVE

To encourage students to perform better in the Icon Higher Secondary course, the Trust has been extending financial assistance to Icons for pursuing their UG courses since 2015. To ensure students' commitment, the scholarship is now continued to Semester 2 which is linked to a minimum score of 80 per cent or equivalent grades.

It is interesting to note that the Icons got scholarship worth over ₹ 7 crore in the last 5 years from major universities through open competitions.

Most of the students were provided UG scholarships to complete their education. This was done to ensure that they continue their education in good institutions.

As of March 2020, 106 students have become graduates through the SOBHA Icon programme. Their progress is being closely monitored continually to ensure that the initiatives living up to the purpose for which it was set. It is very heartening that there is 100 per cent college enrolment among students who pass out from SOBHA Icon, a rare feat for many institutions. These students have joined courses that appealed them. SOBHA Icon gives the students to choose their areas of study as per their interests.

Ninety per cent beneficiary students belong to OBC and SC families while 75 per cent are girls. To achieve social change, we believe that we need to start with the educational empowerment of this segment and hence, this prioritization for both the families and girl students.

PROVIDING HEALTHCARE FACILITIES

SOBHA Healthcare

Established in 2007 by the Sri Kurumba Educational and Charitable Trust, SOBHA Healthcare is one of SOBHA's flagship CSR activities which provides free and easy access to primary healthcare. It has redefined the limits of primary healthcare institutions anywhere in the country. The target group comprises of BPL families in the adopted panchayats, residents of SOBHA Hermitage, students of SOBHA Academy, project workers and their parents. The facilities include free consultations, diagnosis, tests, treatment and medicines. The centre has also set up outreach counters to reach out to the needy at their doorstep.

The Centre has the following facilities:

1. Cardiac and Pulse Oxymetry.
2. Centralized Oxygen, Suction provision.
3. 3 Channel E.C.G.
4. Digital Ultra Sound Scanning System and ECHO Test.
5. 300 MA X-Ray with computerized Radiology (CR).
6. Laboratory with Automatic Haematology and Bio-chemistry Analyzers.
7. Minor Operation Theatre.
8. Pharmacy.
9. Ophthalmology Department with Automatic Digital Equipments.
10. Dental Department with Ultra Modern Unit with PLANMECA RVG Unit, Intra Oral Camera, Fiber Optic Twin Beam Micro Motors.
11. Physiotherapy Unit with Short Wave Diathermy, Ultra Sound Therapy, Interferential Therapy, Traction Unit (Cervical and Lumbar), TENS, Wax Therapy and Portable TENS.

In total, 12,043 outpatients were treated during 2019-20 under this programme. On an average, 40 patients were treated each day at the centre.

LOOKING AFTER THE AGED AND THE IMPOVERISHED

SOBHA Hermitage

The focus of SOBHA's CSR activities is equally on the aged. 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. To make the residents feel comfortable and have a sense of belonging, cultural and social activities and celebration of birthdays of residents are also organized at the Hermitage.

SOBHA YOUNG MOTHERS REHABILITATION PROGRAMME

A comprehensive rehabilitation package for the young mothers (widows) living in the Hermitage is in operation. Special arrangements are in place for their living, safety, security and welfare at no cost. The widowed mothers and their children live together. All mothers are encouraged to continue their education and many have completed their graduation and others are catching up. All of them are employed at the SOBHA Academy and are paid well. One of the young mothers has got a post-graduation degree and is employed at SOBHA Academy as a qualified teacher. The children are admitted to the prestigious SOBHA Academy free of cost. Support is also provided if the young widows want to re-marry. There are 18 mothers and their 27 children living at the Hermitage. For the mothers whose children have grown up, individual self-contained flats have been constructed which have been allotted to each family. The Trust also provides free of cost vegetables, provisions, fruits, milk and dresses to these families.

SOBHA RURAL WOMEN'S EMPOWERMENT

To empower rural women, 36 widowed mothers and their 65 children from the Vadakkenchery and Kizhakkenchery panchayats are being provided with basic monthly living allowances besides clothing, medical and other personal accessories. Educational expenses of their children are met by the Trust. Those children who are attending government schools are given coaching to help improve their performance.

SOBHA DOWRYLESS SOCIAL WEDDING

Social weddings are a practical response to the serious social problem faced by numerous women whose families are too poor to get them married. The dowryless social wedding programme is a constructive approach in tackling multiple issues of dowry and destitution. So far 647 girls from economically and socially weaker sections of society have been married under the aegis of this programme. The girls and their parents are given pre-marriage counselling and the Trust also does post-marriage monitoring and renders help as needed.

SOBHA COMMUNITY CENTRE

The SOBHA Community Centre is a beautiful and spacious space for the deprived. The SOBHA Community Centre provides a stage for various community development programmes like 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 being provided free meals twice a day at the Centre for more than 10 years now.

Three centralized kitchens are run for school children who are served breakfast, lunch and evening snacks on school days. All the kitchens are operated as per the guidelines laid down by the Food Safety and Standards Authority of India (FSSAI).

SOBHA GOING GREEN

SOBHA's green philosophy of development is widely accepted in the real estate sector and outside. Several green initiatives are underway in its CSR project area. The entire campus was constructed with a minimum carbon footprint and without making many changes to the natural surroundings. Large-scale rain harvesting methods and processes are in place, more than 3,000 herbs and plants have been planted and existing flora and fauna is being preserved to the extent possible. The Trust has also very large waste management plants in place to process the waste generated in the project area. All the CSR project campuses are plastic free, no-smoking and non-alcoholic areas, thus striving to achieve a sustainable lifestyle. Recently, a solar energy plant has also been installed. SOBHA also provides support to other green attempts like maintaining a community pond.

SOBHA ORGANIC FARMING

The Trust has been cultivating rice and organic vegetables for the last three years. During 2019-20, around 3,000 kgs of paddy and 1,500 kgs of organic vegetables were produced.

To promote awareness about organic farming under the guidance of the Agricultural Department, the Trust has selected around 600 parents of students of the SOBHA Academy and SOBHA Icon and given them required support like training, seeds and manure. The Trust encourages them to produce vegetables and if they produce in excess of their requirements, they have the option of selling these to the Trust. The power laundry at SOBHA Hermitage runs on a steam generator using a boiler to conserve electrical energy. A solar energy plant has also been added recently.

Research and Development

During this year, the focus of the Research & Development Department was on process improvement. This is a much needed focus as it contributes to SOBHA's strength and helps it retain its self-reliant nature while providing best in class products to its consumers.

Some of the new initiatives taken during the year are:

1. Portable Experience Centre

The innovative 'Portable Experience Centre' developed by the R&D wing of SOBHA provides its sales team a strong tool for effectively presenting a look and feel experience of the important elements that go into the making of a SOBHA Home during a sales event while launching a SOBHA project.

This is made possible by assembling skilfully engineered sections of panels carrying the elements which are otherwise shown to the prospective buyer only at the Experience Centres at the 'Project Mock-up' locations attached to the Sales & Marketing Offices at project sites.

The components of the Portable Experience Centre are transported in easy to handle packaging with secure encasing to the location of the sales event where they are easily and quickly assembled for display.

2. Tiling Works

Pilot Programme at SOBHA Project Sites on use of Tiling Tools

A few sets of tools have been bought from China for improving the workmanship and enhancing productivity while eliminating rework and thus saving costs. These have been supplied to five SOBHA projects across India and staff members have been provided training on their use.

a. Re-usable Tile Levelling System

With the volume of tiling work going up, there was a need for improving productivity and keeping the desired quality without compromising on the quality due to speed of delivery. Hence, the Re-usable tile Levelling System was bought and checked for suitability in SOBHA's projects. The use of this system enables laying the tiles by minimizing hollowness during tile fixing and bringing down re-work costs.

b. Tile Hole Marker Tool

This tool improves the accuracy in marking holes in tiles to make provisions for services during the tiling activity thus enhancing the quality and productivity.

c. Support for Tile Dado Work

This is a pair of tools which provides 'adjustable support' for a straight edge used in Tile Dado which was earlier being managed by shifting the available concrete blocks.

d. Manual Tile Cutting Machine

This tool improves the quality of cut of the tiles used in flooring while Dado enhances productivity by bringing down the risks of using a power tool.

Study on Alternate Construction Chemicals (used for various activities during a project's execution)

A Study on Alternate Construction Chemicals used in SOBHA projects was done using samples and testing them based on pre-defined parameters, thus providing the Procurement Team (Purchase Department) with a 'ready' matrix of tested alternatives suggested for procurement in case supply of one particular make/ brand of the construction chemical is not available with the vendors, thus preventing the stopping of a related or dependent activity on the project site.

Staggered Connection Detailing of External Precast Elements

This helps in making the external joints water tight so that there is no water ingress thus leading to huge cost reductions on repair work.

Employees

Having a great brand and great people have always been our asset. We can achieve sustainable, profitable growth only when we engage and empower employees to the best they can be. Our constant endeavour is to work towards making an organization that is simple, diverse and agile which will move fast and innovate better.

Our employees are customer-centric as well as future ready and are able to compete in a fast-changing world characterized by digitisation and increased competition.

Our employees are empowered to act like entrepreneurs and business owners.

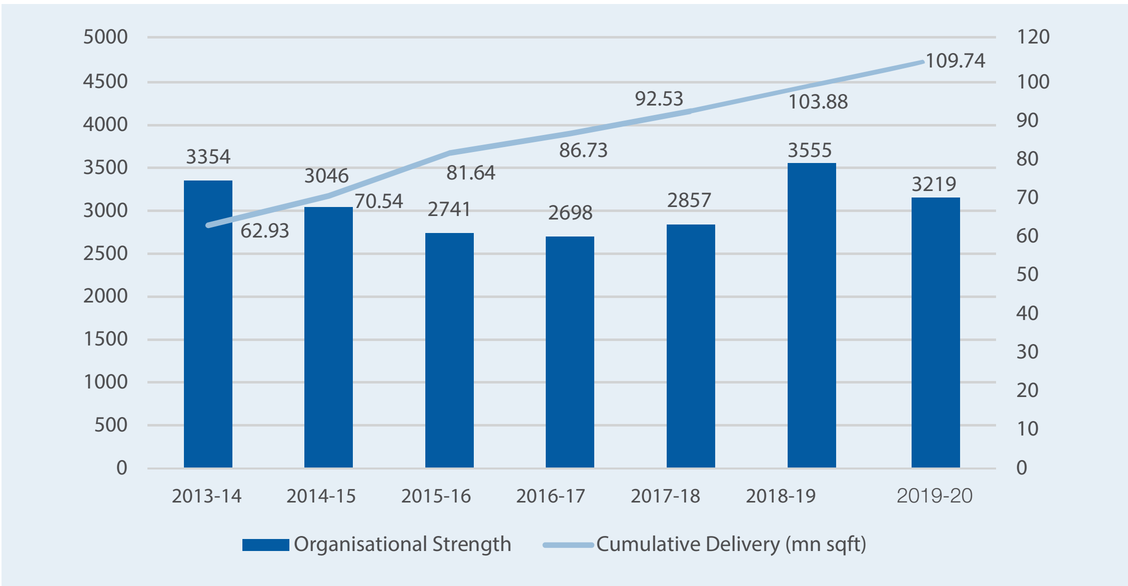
We have been the 'Employer of Choice' in our industry for many years. We have created an environment where our people get significant responsibilities early in their careers. Our management trainee program has been the training ground for many inspiring leaders across the Company.

We consider people as our biggest assets and we have put concerted efforts in talent management practices and in learning and training initiatives to ensure that we consistently develop an inspiring, strong and credible leadership. We ensure that young talent is nurtured and mentored on a regular basis, that rewards and recognition are commensurate with their performance and that employees have an opportunity to develop and grow. We have an organizational structure that is agile and focused on delivering business results. With regular communication and sustained efforts, we ensure that we align our employees with SOBHA's overall objectives. We strongly believe in fostering a culture of trust and mutual respect in all our employees and ensuring that they understand and follow our values and principles.

We have been able to operate efficiently because of the culture of professionalism, creativity, integrity and continuous improvement in all areas and efficient utilization of our resources for sustainable and profitable growth.

SOBHA's organizational strength as on 31st March 2020 was 3,219 employees as against 3,555 as on 31st March 2019.

The following comparative table gives SOBHA's employee strength against cumulative delivery.



Training and Development

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

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

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

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

Technical Training

Technical employees are trained at different levels to help them become the best in class by mastering the latest technological developments in the field. During FY 2019-20, 210 technical training programmes were conducted in which 2,774 employees were trained. These training sessions were held in Bangalore, Thrissur, Chennai, Calicut, NCR, Hyderabad and other locations where SOBHA has projects.

A total of 18 candidates (management trainees/ trainee engineers) were trained for a period of 14 days and three batches of technical inductions were conducted in which 27 engineers were trained.

Behavioural Training

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

During 2019-20, 103 planned behavioural training programmes were conducted for employees at different levels in which 1,092 employees were trained.

In addition, 278 adhoc behavioural and technical training programmes were also conducted during the year which were attended by 3,107 employees at different levels.

Other Training

Other training included 14 training programmes for the sales team, 30 department centric training programmes and 32 post effectiveness evaluation programmes; these were attended by 1,201 employees.

In all, the Training Division conducted 818 training programmes covering 9,844 employees during the year.

Training, a continuous exercise

SOBHA's training wing, SOBHA Academy, conducts training on a regular basis. The Company assesses employee performance to gauge employee skills and provides them requisite training for enhancing their skills.

Employee Communiques

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

Risk Management Report

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

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

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

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

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

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

Risks which are beyond the Company's control include:

Natural and man-made disasters

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

Risk control mechanisms

Insurance coverage is an appropriate way of managing disaster-related risks. Apart from sufficient insurance coverage, SOBHA also takes appropriate measures to ensure that the structural design of its buildings conforms to the applicable construction standards in the various regions that it is operating in.

Risks related to the sector

Sales market risks

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

Reverse economic or market conditions may make influence potential customers to turn cautious and force him/her either to defer or cancel his/her decision to own a home.

Land related risks

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

Ownership and land title risks

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

Macroeconomic risks

Interest rates, inflation and exchange rate risks are amongst the important macroeconomic indicators which are subject to a number of factors which primarily have to do with the government, monetary and tax policies, domestic/international economic and political conditions and other factors beyond a company's control. Changes in interest rates may increase a company's cost of borrowing and impact its profitability. These risk factors will be a driving factor in the development of the real estate sector. Infrastructure status given in the last finance bill to construction industry should be positive development for the Industry/company.

Regulatory risks

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

Legal risks

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

Political risks

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

Risks related to the economy

An economic slowdown and uncertainty in the economic system

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

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

In India, a real estate company's business is dependent on the easy availability of finance. An economic slowdown can result in fund shortages as lenders may want to act safe.

Risks which are within SOBHA's control

Customer risks

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

Contractual business depends solely on orders received from corporate entities for their construction requirements. A substantial portion of the revenue from contractual projects is generated from 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 the Company's business.

Borrowing risks

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

Liquidity risks

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

Credit risks

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

Project implementation risks

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

Input cost risks

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

Supply chain risks

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

Manpower risks

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

Competition risks

The residential real estate sector is highly competitive. Other developers undertaking similar projects within the same regional markets are in direct competition with SOBHA. Due to the fragmented nature of the real estate development business, adequate information about small and medium level competitors' projects may not be available and SOBHA could run the risk of underestimating the supply in the market.

Diversification and investment risks

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

Risk Containment Strategy and Measures taken for Risk Mitigation

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

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

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

Taking calculated risks is a part of all businesses. A business' growth depends on the Company's ability to absorb the risks related to the sector. After a careful evaluation of the risks, SOBHA has been steadily expanding its geographic presence in the real estate domain. This diversification has reduced its dependency on a single market, Bangalore, which at one point accounted for all its sales. Bangalore now contributes only 70 - 75 per cent of its sales.

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

SOBHA has a proven track record in servicing its debt obligations. The gearing levels of the Company have been efficiently managed in previous financial years because of which the gearing ratio has come down.

Every investment avenue is evaluated on the basis of the risks and rewards attached to it.

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

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

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

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

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

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

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

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

Risk interaction

The risks faced by a company are not mutually exclusive.

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

Various risks faced by SOBHA and their likelihood and impact

The Company has a Risk Management Committee for evaluating the risk of each category. The committee assist in identifying and assessing risks so that appropriate mitigation mechanisms can be devised. The Audit Committee reviews and advises the management on all categories of risks that the Company faces, the exposure in each category and on the acceptable and appropriate levels of these exposures. It also monitors the steps taken by the management to control such exposures and ensures that the overall risk exposure is within the Company's risk capacity and risk appetite. The Board of Directors of the Company are also apprised of the risks faced by the Company and timely risk management measures taken for mitigating them.

Operational and Financial Analysis

The challenges faced by the economy in general and construction sector in particular due to the structural reforms, have been efficiently turned into opportunities by the Real Estate sector. The reforms over the past few years have led to unprecedented consolidation in the listed space making way for improved operational performance. However, the fresh challenges unnerved by the pandemic – COVID-19 towards the end of financial year has brought down the economic activities to screeching halt. There are immense opportunities for businesses with strong balance sheet, sufficient liquidity to cover operations, digital presence and high on Brand value backed by customer focus.

With a dismal outlook for FY 2020-21 and economic activities set to pick up pace in a gradual manner, company believes that the businesses which are ahead of the curve in use of technology, measures to save time and cost by following Self-Reliant model of operations are projected to perform better. These businesses will have a considerable contribution to make towards the total output of the economy.

Overall, the Company witnessed a healthy growth for the year, which reflects its ability to withstand adversity and continue to excel. This is backed by strong brand presence, delivering international quality products on agreed time lines and creating customer delight. Our operational performance, financial performance and cash flows have been the best ever.

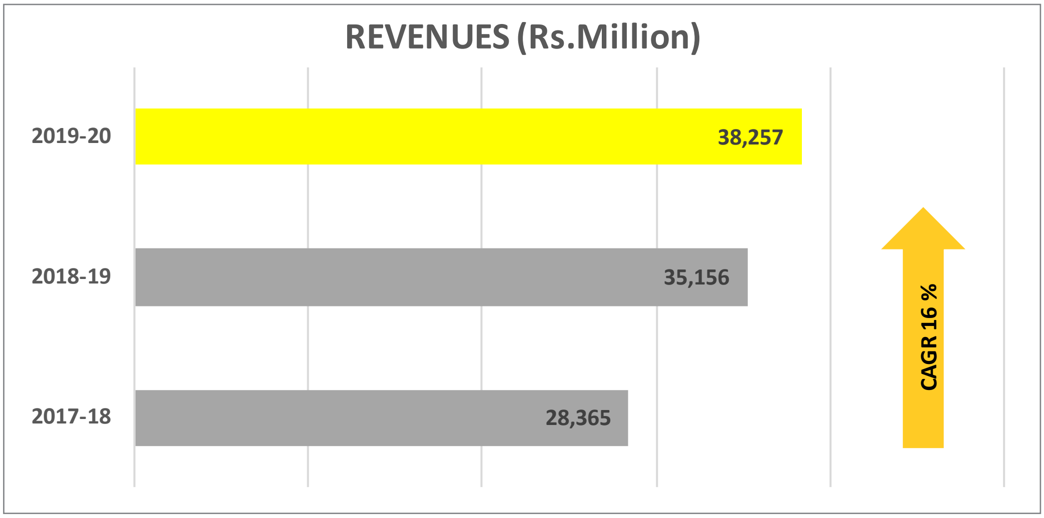
In this backdrop, we present our financial and operational performance for the year 2019-20.

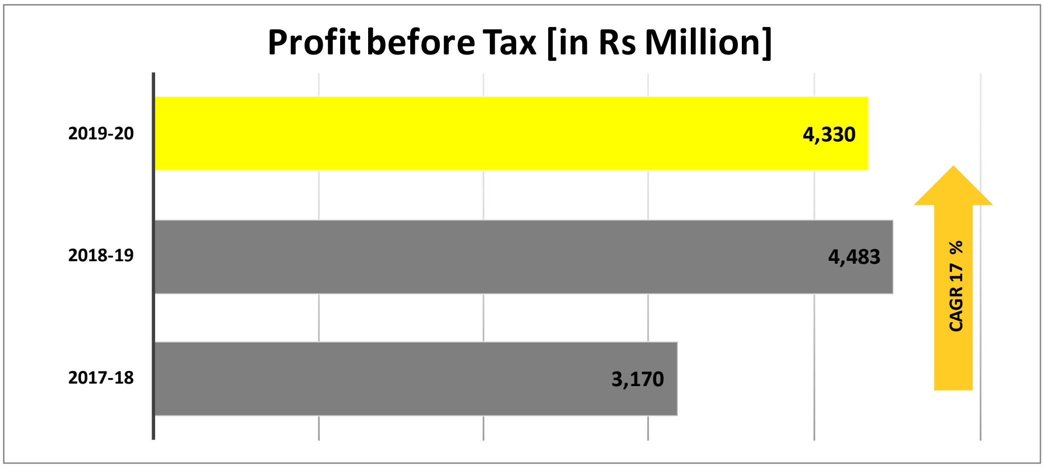
Following are the key financial takeaways for fiscal year 2019 – 2020:

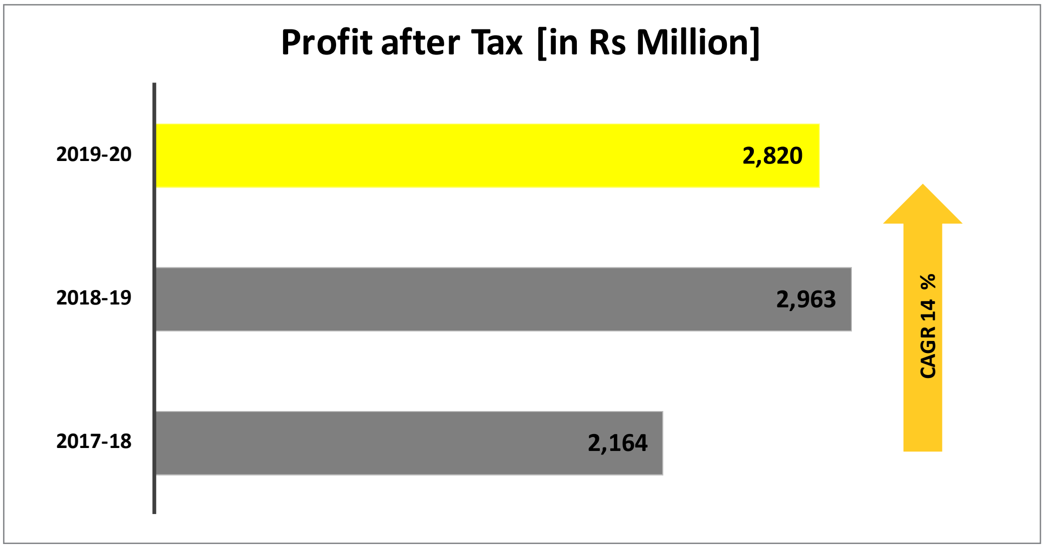
- Registered a turnover of ₹ 38,257 million.
- ₹ 22,801 million of revenues from real estate operations.
- ₹ 14,738 million of revenues from contracts and manufacturing operations and ₹ 718 million of revenue from Other Income.
- PBT of ₹ 4,330 million.
- PAT of ₹ 2,820 million.
- Collections of ₹ 36,471 million.
- Net operational cash flows stands at ₹ 2,694 million.
- Total sales value of ₹ 28,806 million and Sobha Share of ₹ 23,827 million.
- Total Average Price realization is at ₹ 7,075 per square feet.
- Debt Equity ratio as on March 31, 2020 is 1.24.

On operational parameters, the Company has:

- Developed 109.74 million Square Feet of Total Area since inception.
- Execution of 48.80 million Square Feet of Total Area in progress.
- Executed total 38.20 million Square Feet for our single largest contractual customer Infosys.
- Execution presence of Real Estate and Contractual projects in 27 Cities covering 14 States in India.
- Completed total developable area of 5.86 million Square feet in the Real Estate and Contracts domain in 2019-20.


REVENUES (Rs.Million)
2019-20
38,257
2018-19
35,156
2017-18
28,365
CAGR 16 %


Profit before Tax [in Rs Million]
2019-20
4,330
2018-19
4,483
2017-18
3,170
CAGR 17 %


Profit after Tax [in Rs Million]
2019-20
2,820
2018-19
2,963
2017-18
2,164
CAGR 14 %

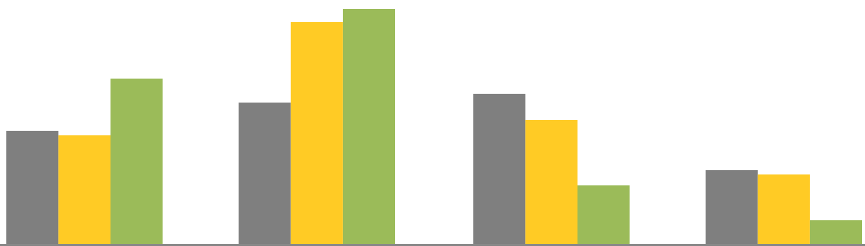
New Sales

SOBHA has witnessed highest ever sales performance during the year 2019-20 in volume terms. This performance is driven by company's best practices and strong brand presence. In spite of the attack of COVID-19 disrupting the functioning of the world during the last quarter of the financial year, Company was able to post good results backed by its unmatched quality standards, product mix offering and a solid track record of delivering the project on-time.

During the financial year, the Company registered new sales SBA of 4.07 Million Square Feet, total valued at ₹ 28,806 million at an average price realization of ₹ 7,075 Per Square Feet.

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

Sales Value in terms of Price Band [in Rs Million]



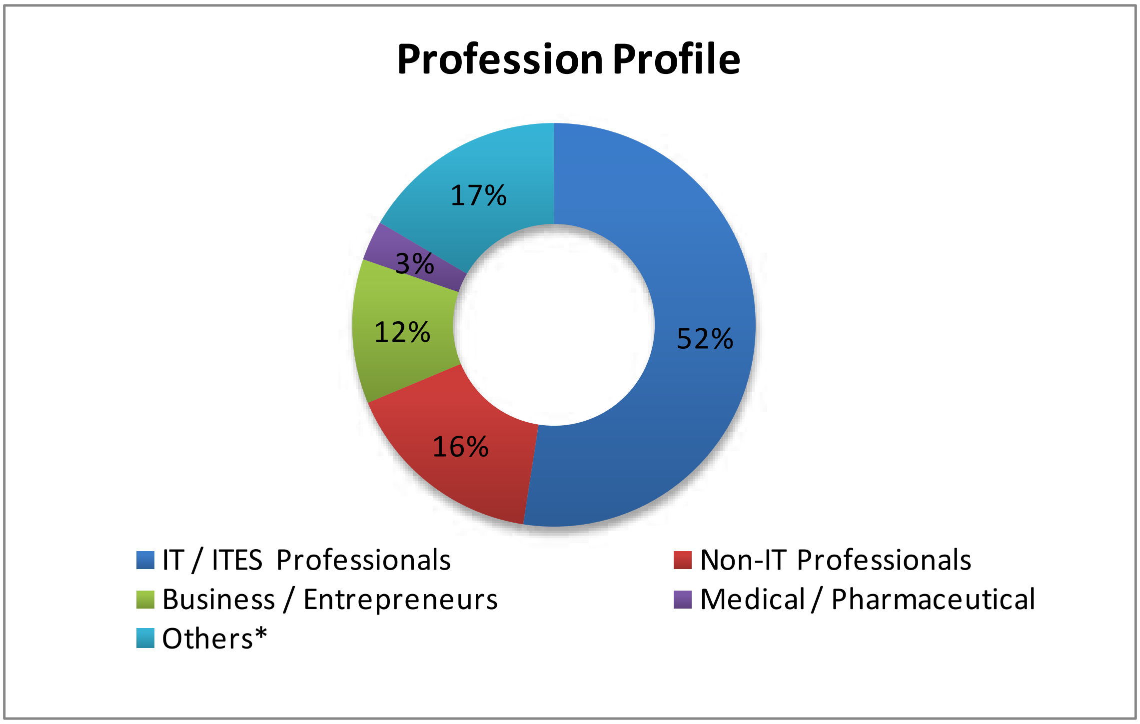
	< 10 Million	10 to 20 Million	20 to 30 Million	Above 30 Million
2017-18	6,733	8,444	8,968	4,467
2018-19	6,549	13,205	7,364	4,107
2019-20	9,896	13,984	3,489	1,437

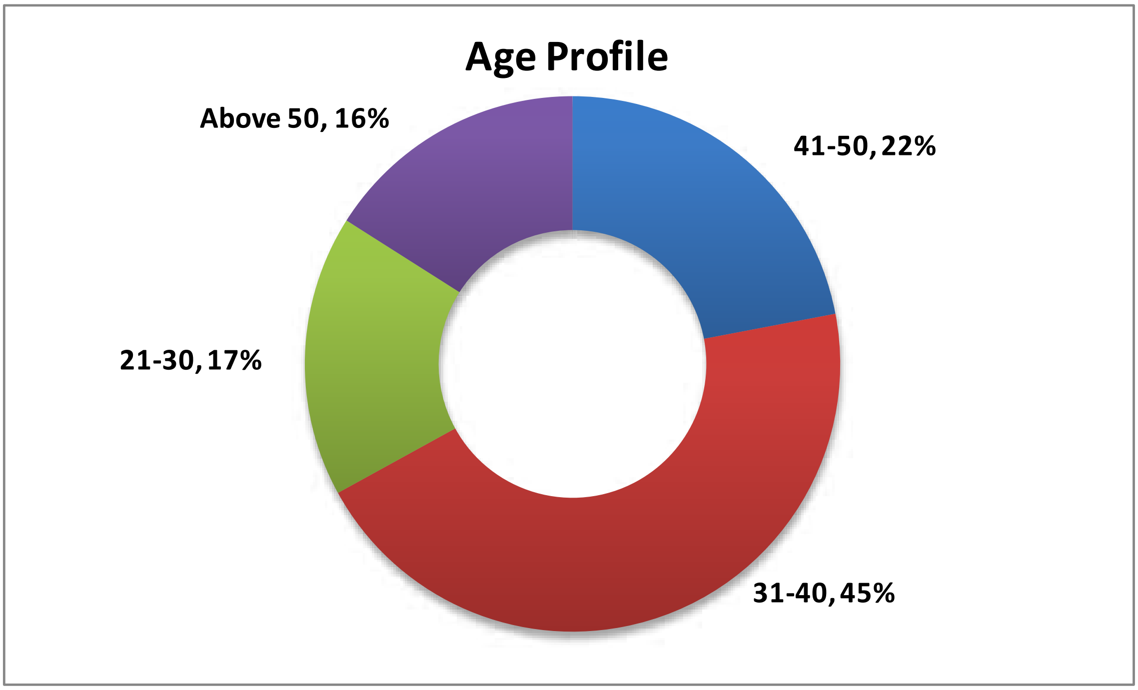
Area Sold in terms of Price Band [in Million Square Feet]

	< 10 Million	10 to 20 Million	20 to 30 Million	Above 30 Million
2017-18	1.16	1.15	0.91	0.41
2018-19	1.18	1.75	0.72	0.38
2019-20	1.68	1.88	0.36	0.15

Our Customers:

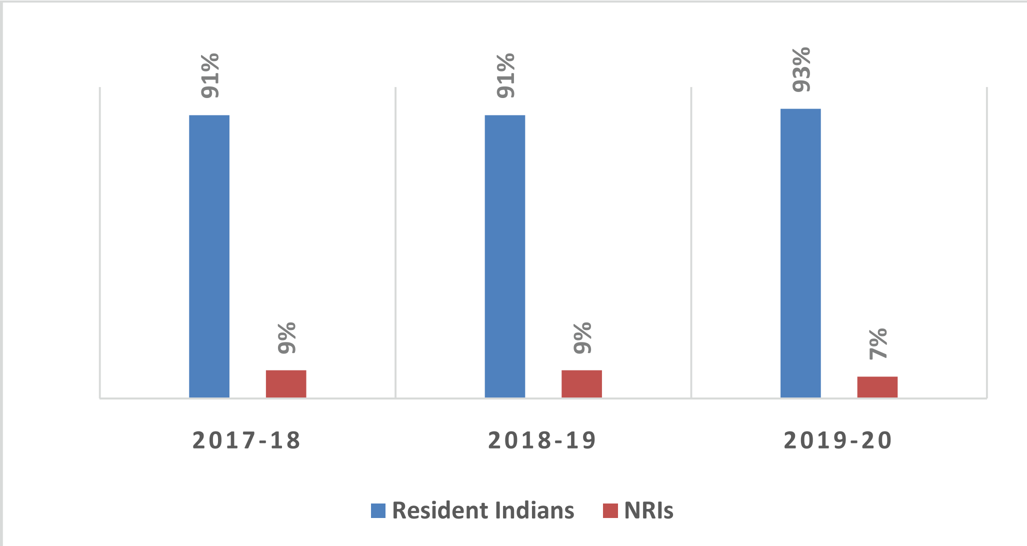
The product-mix offered by the Company has been well accepted by our customers. The Company, on an ongoing basis, does analysis of its customer base and the said analysis reveals that the customer profile has a healthy mix, comprising IT/ITES Professionals, Non-IT Professionals, Entrepreneurs & Professionals. About 72% of our customers fall under salaried category, which includes 52% from IT / ITES and 16% from Non-IT industries. In addition to this, 12% of customers are from Business and Entrepreneur category.





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

Comperative position of the customer base is provided below:



Real Estate

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

Following is the performance of the Real Estate vertical:

₹ in Million

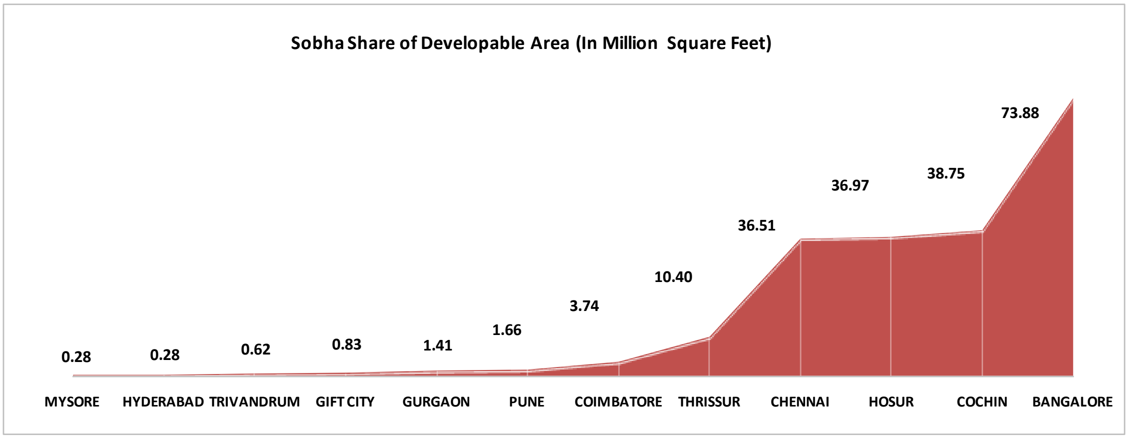
Particulars	2019-20	2018-19	2017-18
Revenue	22,801	22,653	20,006
Share of Revenue (%)	59.59	64.43	70.53

The CAGR in the revenue for the Real Estate vertical from last two years is 7%.

Land Portfolio

Land Portfolio is the distinguishing asset for a real estate company. The ability to acquire appropriate land parcels at strategic places and at competitive prices or to enter into Joint Developments for future launches help maximise profits for the Company. The Company, along with group/associate companies, has a land portfolio comprising of 2,502 Acres wherein the Company holds an economic interest in 2,412 Acres. The majority of the land portfolio has already been paid for. An amount of ₹ 1,424 million is payable as a part of its commitments to acquire the economic interest. The overall cost per square feet of the land portfolio is ₹ 265.

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



Project Launches

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

- SOBHA Nesara Pune, ultra-premium project measuring total saleable area of 0.51 million sq ft.
- SOBHA Verdure Coimbatore, a row house project measuring total saleable area of 0.10 mn sq ft.
- SOBHA Blossom Chennai, measuring total saleable area of 0.18 mn sq ft.
- SOBHA Sterling Infinia, measuring total saleable area of 0.23 mn sq ft.

Contracting

The year 2019-20 was one of the record year performance for the contracting and manufacturing divisions. This division has clocked highest ever collections during 2019-20. Revenue from this vertical is contributing around 27% to the Company's topline. The contracts vertical has been executing orders ranging from civil structures, finishes, MEP works, metal and glazing works and interior furnishings for various reputed clients. With 9.44 Million Square Feet of contractual orders under progress and un billed contractual orders of approximately ₹ 22.13 billion pending to be executed as at March 31, 2020. The contractual operations will continue to be a source of steady revenue.

Following is the performance of the Contracts vertical:

₹ in Million

	2019-20	2018-19	2017-18
Revenue	10,181	8,331	4,536
Share of Revenue (%)	26.61	23.69	15.99

The CAGR in revenues from contracts vertical over the past 3 years is 50%.

Manufacturing

SOBHA is the only real estate company in India to integrate Self-Reliant model of operations. Company has the capabilities, skills and resources to deliver a project from conceptualisation to completion backed by this unique strength. Company is known for use of quality products and services required for the construction and development of a project and to meet our desired quality & agreed delivery schedule. Construction materials manufactured In-House also help us to ensure that the products are superior in quality and the Company has reduced dependence on external suppliers. Company is ahead of the curve, with Government of India pushing for Self-Reliant and Self-Sustained models of business and practices. The Company believes, this model has been one of the important factors for our successful execution track record without compromising on quality.

Our Self-Reliant model comprises Glazing and Metal Works, Interiors and Furnishing Works and Concrete Works, which supplements our core business of real estate and contracting. Each of these manufacturing divisions is a profit centre by itself and is efficiently and professionally managed.

Glazing and Metal Works Division

The Company owns one of the largest Glazing and Metal factories in India. The facility is spread across 7.3 acres of land with a 2,322 sq. m. (25,000 sq. ft.) state-of-the-art manufacturing unit, with future expansion capability up to 11,148 sq. m. (120,000 sq. ft.) space facility. The factory is equipped with advanced machineries like CNC profile cutting machine, TIG welding machines, ACP routing machine, Milling machines etc. Apart from Bangalore unit, the Company has established Glazing and Metal Works Divisions in Chennai and Sonepat. The Products manufactured in the said facilities include aluminum doors, windows, structural glazing, MS and SS metal fabrications, aluminum composite panel, SS cladding, architectural metal works and pre-engineered buildings.

Interiors Division

The interior and furnishing division of the Company is one of the largest wood working /joinery facilities in India. The division has two highly mechanized factories with total floor area of 2,55,000 Sft. located at Bommasandra, Bangalore. The division is equipped with imported machineries from Spain, Italy, and Germany. The Company has Interiors Division in Alwar also. The product range includes large scale corporate and residential interiors, solid wood veneer paneled doors and MDF paneled doors, customized joinery works like paneling, partitions, tables, loose furniture like chairs, sofas, cots and modular kitchens etc.

Concrete Products Division

The Company has a fully automated concrete product division which uses remote controlling systems. The manufacturing facility in Bangalore spread over 32,000 sq. m. (8 acres) manufactures concrete products of international quality. The unit has the imported technologies from Germany (Masa Plant) and England. In addition, the Company has opened concrete products divisions in Gurgaon and Pune also. The units are manufacturing ready-to-use products, including concrete blocks, pavers, kerb stones, water drainage channels, paving slabs, and related landscape. The facility has a production capacity of 28,000 nos of Blocks/ day or 20 mn nos of Landscaping products.

Following is the performance of the Manufacturing Vertical:

₹ in Million

Sales	2019-20	2018-19	2017-18
Glazing and Metal Works Division	2,194	1,575	1,964
Interiors Division	1,871	1,429	1,012
Concrete Products Division	486	434	352
Total	4,551	3,438	3,328
Share of Revenue (%)	11.92%	9.78%	11.73%

The CAGR in revenues from manufacturing vertical over the past 3 years is 13%.

Cash Flows

The cash flow summary for the financial year 2019-2020 under direct cash flow method is as follows:

₹ in Million

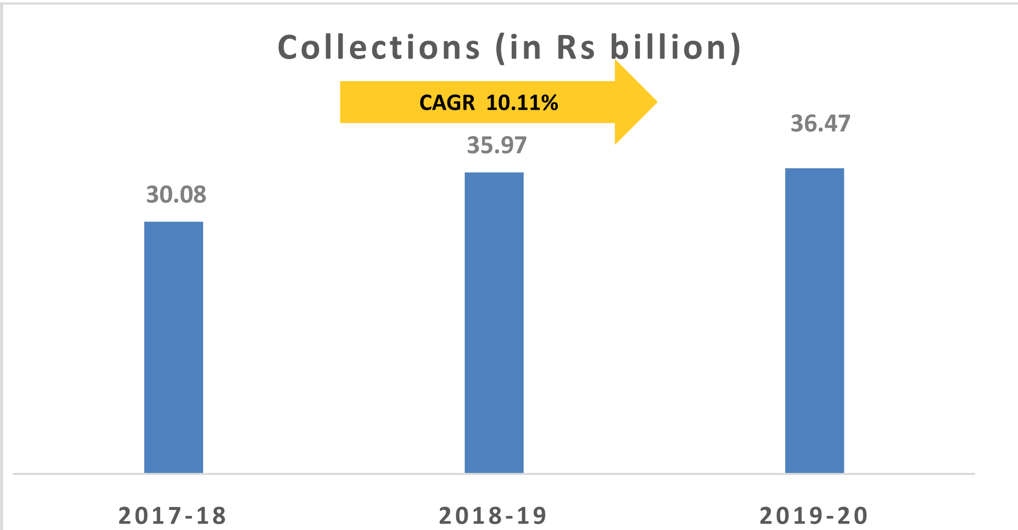
Particulars	2019-20
Operational Cash inflow	36,471
Operational Cash outflow	33,777
Net Operational Cash inflow	2,694
Financial Out Flow (Interest and Taxes)	3,792
Net Operational Cash inflow after Financial outflow	-1,098

The Company has collected ₹ 36,471 million during the year from real estate, contractual and manufacturing activities. This is highest ever collections of the company. After expending on construction expenses for real estate, contractual, manufacturing activities, overheads, etc. the net operating cash inflows were ₹ 2,694 million.

Out of the above, the Company has utilised ₹ 3,398 million towards payment of interest and ₹ 393 million for income taxes.

The Company has spent ₹ 2,641 million towards land payments during the year. In addition to this, the Company incurred ₹ 1,157 million towards capex expenditure, ₹ 197 million towards CSR contribution / donations and ₹ 800 million for dividend (including dividend tax)

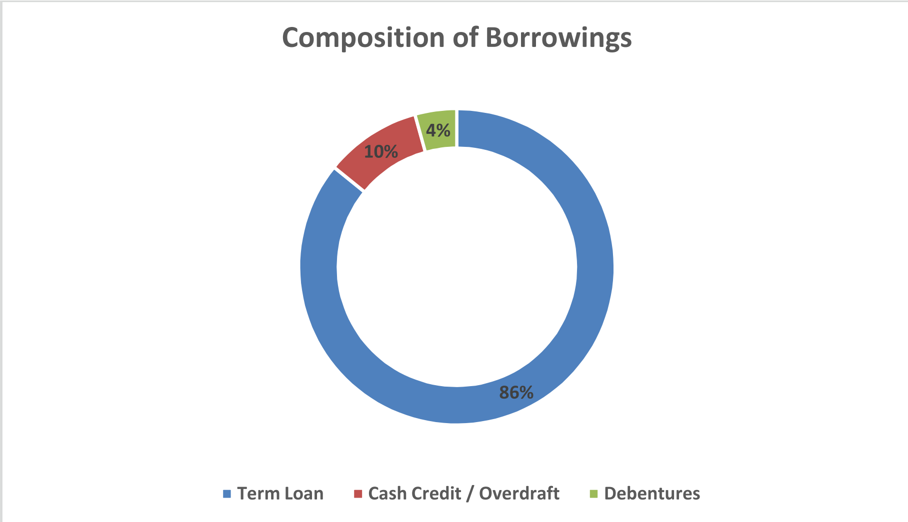
The Cash Flow Statement prepared as per the Indirect Method forms part of the Financial Statements.

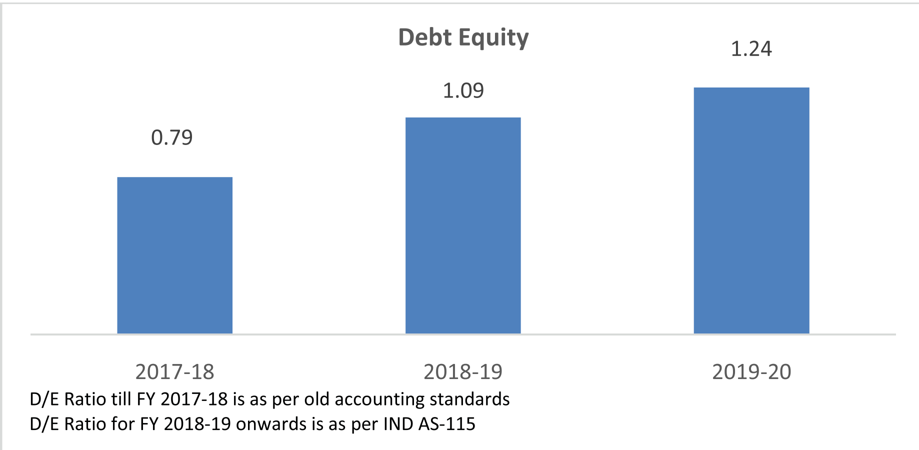


Debt

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.

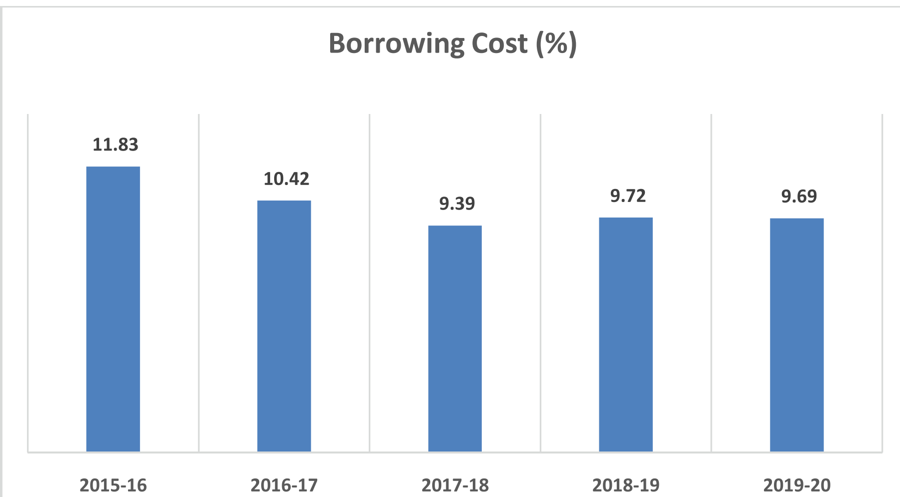
As on March 31, 2020, the net debt of the Company was ₹ 30,232 million as compared to ₹ 24,337 million in the previous year. The increase in debt is primarily on account of pursuing investment opportunities. However, we were able to reduce the net debt by ₹ 0.71 billion during Q4-20. The debt-equity ratio stood at 1.24 at the close of the financial year.





Borrowing Cost:

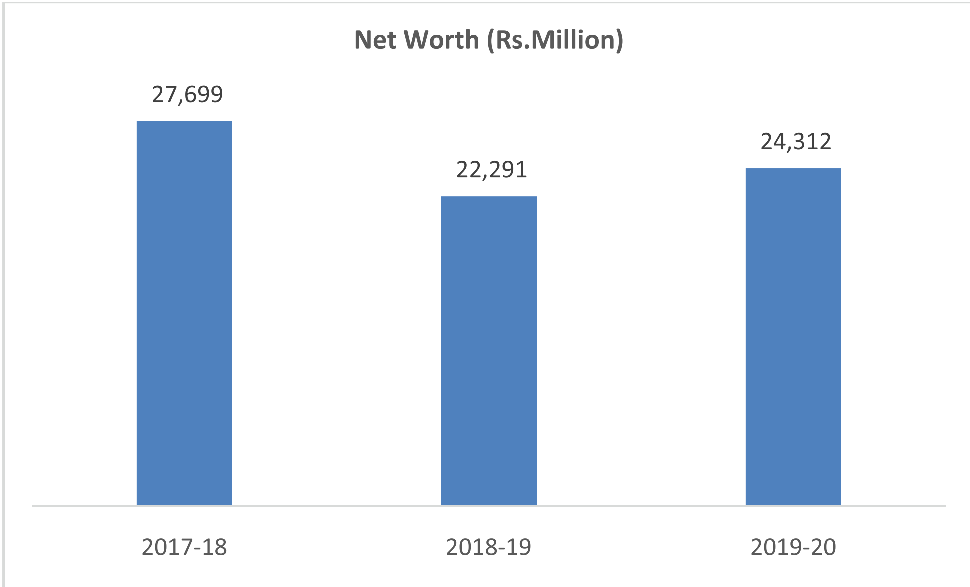
As of March 2020, the average borrowing cost stood at 9.69%.



During the year, the borrowings of the Company have been rated by ICRA was A+ (Negative).

Net Worth

The net worth of the Company as on March 31, 2020 was ₹ 24,312 million.



Fixed Assets

During the financial year 2019-20, the gross addition to Fixed Assets was ₹ 2,391 million. This is about 50 % addition year on year on account of investment in scaffolding items and additions to Plant and Machinery.

Current Assets

During the financial year 2019-20, the Current Assets increased by ₹ 1,071 million as compared to the previous year. This is mainly on account of increase in inventories by ₹ 1,872 million.

Current Liabilities

During the financial year 2019-20, the Current Liabilities reduced by ₹ 2,021 million. This is on account of decrease in outstanding dues from creditors and other current liabilities.

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 dividend distribution policy of the Company is available on the website of the Company.

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

Chief Executive Officer and Chief Financial Officer Certificate

[As per Regulation 17 and Part B of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

We certify that:

A. We have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2020 and that to the best of our knowledge and belief:

   (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit committee

   (1) significant changes in internal control over financial reporting during the financial year ended March 31, 2020;

   (2) significant changes in accounting policies during the financial year ended March 31, 2020 and that the same have been disclosed in the notes to the financial statements; and

   (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Bangalore	Subhash Mohan Bhat	J C Sharma
Date: May 6, 2020	Chief Financial Officer	Vice Chairman and Managing Director

Financial Statements
Standalone

INDEPENDENT AUDITOR'S REPORT

To the Members of Sobha Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Sobha Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current year. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A. Revenue recognition - refer note 2.2 (a)(ii)(a) to the standalone financial statements

Key Audit Matter	How the matter was addressed in our audit
Measurement of revenue recorded from sale of residential units Revenues from sale of residential units represents the largest portion of the total revenues of the Company. Revenue is recognised upon transfer of control of residential units to customers for an amount which reflects the consideration the Company expects to receive in exchange for those units. The point of revenue recognition is normally on handover of the unit to the customer on completion of the project, post which the contract becomes non-cancellable by the parties. The Company records revenue at a point	Our audit procedures on revenue recognition included the following: • Evaluation of the Company's accounting policies for revenue recognition on sale of residential units are in line with the applicable accounting standards and their application to customer contracts including consistent application;

Financial Statements
Standalone

Key Audit Matters (continued)

A. Revenue recognition (continued) - refer note 2.2 (a) (ii)(a) to the standalone financial statements

in time upon transfer of control of residential units to the customers. Considering the volume of the Company's projects, spread across different regions within the country and the competitive business environment, there is a risk of revenue being overstated (for example, through premature revenue recognition i.e. recording revenue prior to handover of unit to the customers) or understated (for example, through improperly shifting revenues to a later period) in order to present consistent financial results. Since revenue recognition has direct impact on the Company's profitability, there is a possibility of the Company being biased, hence this is considered as a key audit matter.	• Evaluation of the design and implementation and testing the operating effectiveness of key controls around approvals of contracts, milestone billing, handover letters and controls over collection from customers; • For samples selected, verifying the underlying documents – handover letter, sale agreement signed by the customer and the collections; • Cut-off procedures for recording of revenue in the relevant reporting period; • Site visits during the year for selected projects to understand the scope, nature, status and progress of the projects; and • Considered the adequacy of the disclosures in note 2.2(a)(ii)(a) to the standalone financial statements in respect of recognising revenue for residential units.

B. Revenue recognition - refer note 3(b)(i) to the standalone financial statements

Key Audit Matter	How the matter was addressed in our audit
Measurement of revenue on contractual projects recorded over time which is dependent on the estimates of the costs to complete Revenue recognition from contractual projects represents a significant portion of the total revenues of the Company. Revenue recognition from contractual projects involves significant estimates related to measurement of costs to complete the projects. Revenue from projects is recorded based on Company's assessment of the work completed, costs incurred and accrued and the estimate of the balance costs to complete. Due to the inherent nature of the projects and significant judgment involved in the estimate of costs to complete, there is risk of overstatement or understatement of revenue, hence this is considered as a key audit matter.	Our audit procedures on revenue recognition included the following: • Evaluation of Company's accounting policies for revenue recognition on contractual projects are in line with the applicable accounting standards and their application to customer contracts including consistent application; • For samples selected during the year, verifying the underlying documents – contracts with customers, invoices raised and collections from the customers; • Comparing the costs to complete workings with the budgeted costs and analysis of the variances, if any; • Sighting approvals for changes in budgeted costs with the rationale for the changes; and • Assessment of costs incurred on projects, which is used by the Company to determine the percentage of completion. • Considered the adequacy of the disclosures in note 3(b)(i) to the standalone financial statements in respect of judgements taken to recognise revenue for contractual projects.

INDEPENDENT AUDITORS' REPORT (continued)

Key Audit Matters (continued)

A. Revenue recognition (continued) - refer note 2.2 (a) (ii)(a) to the standalone financial statements

Key Audit Matter	How the matter was addressed in our audit
	• Considered the adequacy of the disclosures in note 41 to the standalone financial statements in respect revenue recognised and cost incurred till date, profit / loss recognised till date, amount received as advance from customers, work-in-progress, value of inventories and amount of retentions due from customers.

C. Revenue recognition - refer note 2.2 (a)(iii) to the standalone financial statements

Key Audit Matter	How the matter was addressed in our audit
Measurement of revenue recorded from sale of products Revenue is recognised upon transfer of control of products manufactured by the Company to customers for an amount which reflects the consideration the Company expects to receive in exchange for those products. The point of revenue recognition is normally upon transfer of control to the customer on delivery of product. Considering the competitive business environment, there is a risk of revenue being overstated (for example, through premature revenue recognition i.e. recording revenue prior to transfer of control to the customers) or understated (for example, through improperly shifting revenues to a later period) in order to present consistent financial results. Since revenue recognition has direct impact on the Company's profitability, there is a possibility of the Company being biased, hence this is considered as a key audit matter.	Our audit procedures on revenue recognition included the following: • Evaluation of Company's accounting policies for revenue recognition on sale of products manufactured, are in line with the applicable accounting standards; • Evaluation of the design and implementation and testing the operating effectiveness of key controls around approvals of sale order received, invoice raised, intimation of delivery of product and controls over collection from customers; • For samples selected, verifying the underlying documents – sale order, invoice raised, good received note authorised by the customer and the collections; and • Cut-off procedures for recording of revenue in the relevant reporting period.

D. Inventories - refer note 3 (b)(iii) to the standalone financial statements

Key Audit Matter	How the matter was addressed in our audit
Assessment of net realisable value (NRV) of inventories Inventories on construction of residential units comprising ongoing and completed projects, initiated but unlaunched projects and land stock, represents a significant portion of the Company's total assets.	Our audit procedures to assess the net realisable value (NRV) of inventories included the following: • Enquiry with the Company's personnel to understand the basis of computation and justification for the estimated recoverable amounts of the unsold units ("the NRV assessment");

Key Audit Matters (continued)

C. Land advances (continued) - refer note 3(b)(iii) to the standalone financial statements

Key Audit Matter	How the matter was addressed in our audit
The Company recognises profit on the sale of each unit residential unit with reference to the overall profit margin depending upon the total cost incurred on the project. A project comprises multiple units, the construction of which is carried out over a number of year. The recognition of profit for sale of a unit, is therefore dependent on the estimate of future selling prices and construction costs. Further, estimation uncertainty and exposure to cyclicality exists within long- term projects. Forecasts of future sales are dependent on market conditions, which can be difficult to predict and be influenced by political and economic factors. Considering the significance of the amount of carrying value of inventories and the involvement of significant estimation and judgement in assessment of NRV, this is considered as a key audit matter.	• Assessing the Company's valuation methodology for the key estimates, data inputs and assumptions adopted in the valuation. This involved comparing expected average selling prices with published data such as recently transacted prices for similar properties located in nearby vicinity of each project and the sales budget maintained by the Company; • While analyzing the expected average selling price, we have performed a sensitivity analysis on the selling price and compared this to the budgeted cost; • For our samples, obtained the fair valuation reports of such land parcels for assessing the valuation methodology, key estimates and assumptions adopted in the valuation; and • Verifying the NRV assessment and comparing the estimated construction costs to complete each development with the Company's updated budgets;

E. Land Advances - refer note 3 (b)(iii) to the standalone financial statements

Key Audit Matter	How the matter was addressed in our audit
Assessment of recoverability of land advances Land advance represents a significant portion of the Company's total assets. Land advance represents the amount paid towards procurement of land parcels to be used in the future for construction of residential projects. These advances are carried at cost less impairment losses. These land advances will be converted into land parcels as per the terms of the underlying contracts under which these land advances have been given. The carrying value of advances are tested for recoverability by the Company by comparing the valuation of land parcels in the same area for which land advances have been given. Considering the quantum of the amount of carrying value of land advances to total assets of the Company and significant estimates and judgements involved in assessing recoverability of land advances, this has been considered as a key audit matter	Our audit procedures to assess the recoverability of land advances included the following: • Enquiry with the Company's personnel on the process of providing land advances and test of key controls over such land advances paid during the year; • Enquiry with the Company's personnel also covered obtaining reasons on the long-standing land advances and understanding Company's plan for conversion of the land advances to land stock; • For our samples, verified the underlying agreements or Memorandum of understanding in possession of the Company, based on which land advances were given, to assess the Company's rights over the land parcels in subject;

Key Audit Matter	How the matter was addressed in our audit
	• For our samples, obtained the fair valuation reports of such land parcels for assessing the valuation methodology, key estimates and assumptions adopted in the valuation.; and • For our samples, verified the published guidelines values for the area in which these land parcels are situated

F. Investment in subsidiaries - refer note 2.2(h) to the standalone financial statements

Key Audit Matter	How the matter was addressed in our audit
Assessment of impairment of investment in subsidiaries The carrying amount of the investments in subsidiaries held at cost less impairment represents a significant portion of the Company's total assets. The Company has investments in subsidiaries and a joint venture. These investments are carried at cost less any diminution in value of such investments. The investments are analyzed for impairment at each reporting date by comparing the carrying value of investments in the Company's books with the net assets of the relevant subsidiaries' and joint venture's balance sheet. Further, the Company assesses the projected cash flows of the real estate projects in these underlying entities. This involve significant estimates and judgment, due to the inherent uncertainty involved in forecasting future cash flows. There is significant judgment in estimating the timing of the cash flows and the relevant discount rate. Considering the impairment assessment involves significant assumptions and judgement, this is considered as a key audit matter.	Our audit procedures to assess recoverability included the following: • Comparing the carrying amount of investments in the Company's books, with the net asset balance in the relevant audited / unaudited balance sheet of subsidiaries' and joint venture. This is to identify if their net assets (being an approximation of their minimum recoverable amount) were in excess of their carrying amount; • For the investments where the carrying amount exceeded the Company's share in net asset value, we compared the carrying amount of the investment with the projected cash flows and profitability. This is based on approved business plans of the subsidiaries and joint venture; and • Considering the adequacy of disclosures in respect of the investment in subsidiaries and joint venture.

G. Inquiry from regulator - refer note 39 to the standalone financial statements

Key Audit Matter	How the matter was addressed in our audit
Assessment of certain transactions entered into by the Company on which queries have been received from SEBI During the current and previous year, the Company has received enquiries from Securities and Exchange Board of India (SEBI) about certain transactions entered into by the Company in earlier years.	Our audit procedures on the transactions include the following: • Inquired with the senior management of the Company to understand the nature of the transactions in question, business rationale of entering into these transactions, status of the recoverability of outstanding receivables and accuracy of recording of any payables recorded as at the balance date;

Auditor's Responsibilities for the Audit of the Standalone Financial Statements (continued)

Key Audit Matter	How the matter was addressed in our audit
Based on the responses provided by the Company, SEBI has continued to follow up and sought substantiation of Company's responses with reference to the contracts, documents, correspondences etc. from the Company, under the provisions of Section 11 of the SEBI Act, 1992. The enquiries are directed to ascertain if there has been undue favour towards any individual in these specific business transactions carried out by the Company. Further, the Company has aged receivables and other asset balances outstanding from these transactions and SEBI has sought responses on efforts taken by the Company to recover these amounts due. Considering the significance of the matter, i.e. enquiries from SEBI and involvement of significant judgements and estimates by the Company on the realizability of these balances, this has been considered as a key audit matter.	• Tested the underlying documents, i.e., contracts entered into with customers and landowner's, correspondence with the customers to recover the outstanding balance and customer confirmations available with the Company on these transactions; • Evaluated and challenged the Company's assessment of recoverability of the balances outstanding as at the balance sheet date; • Obtained independent confirmation from the third parties on some of these transactions; • Based on our understanding from the discussions with the management, communicated updates on these transactions periodically to those charged with governance; • Obtained management note on the business rationale for these transactions; and • Considered the adequacy of the disclosure in the standalone financial statements.

Information Other than the Standalone Financial Statements and Auditors' Report thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditor's report

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Report on Other Legal and Regulatory Requirements (continued)

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but, is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
   e) On the basis of the written representations received from the directors as on 27 June 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its standalone financial statements - Refer Note 39 and 40 to the standalone financial statements;
   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
   iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership number: 065155
UDIN: 20065155AAAADK3455

Bangalore
27 June 2020

Annexure A to the Independent Auditors' Report on the standalone financial statements of Sobha Limited ('the Company')

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2020, we report the following:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and investment property under construction.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of 3 years, except scaffolding items. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified during the year. No material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

(ii) The Company's inventory includes construction work-in-progress. The requirements under paragraph 3(ii) of the Order are not applicable for construction work-in-progress. The other inventory comprising of raw material and finished goods has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between physical stock and the book records were not material.

(iii) The Company has granted unsecured loans to two companies covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act").

(a) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the rate of interest and other terms and conditions of unsecured loans granted by the Company to companies covered in the register required to be maintained under Section 189 of the Act are not, prima facie, prejudicial to the interest of the Company.

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, the unsecured loans granted to the companies and the interest thereon are repayable on demand or repayable as per contractual terms of the respective agreements. The borrowers have been regular in payment of principal and interest as demanded or as per contractual terms, as applicable.

(c) There are no overdue amounts of more than 90 days in respect of the unsecured loans granted to companies and limited liability partnerships by the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act, with respect to investments made and guarantees given. Further, there are no loans and security given in respect of which provisions of Sections 185 and 186 of the Act are applicable.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.

Annexure A to the Independent Auditors' Report on the standalone financial statements (continued)

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of the construction industry and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees state insurance, income-tax, goods and service tax, duty of customs, cess and any other material statutory dues have generally been regularly deposited with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales-tax, service-tax, duty of excise and value added tax during the year.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income-tax, goods and service tax, duty of customs, cess and any other material statutory dues were in arrears, as at 31 March 2020, for a period of more than six months from the date they became payable. As explained to us, the Company did not have any dues on account of sales-tax, service-tax, duty of excise and value added tax during the year.

(b) According to the information and explanations given to us, there are no dues of income-tax or duty of customs or sales tax or service-tax or duty of excise or value added tax which have not been deposited by the Company on account of disputes except for the following:

Nature of statue	Nature of dues	Amount (Rs in million) *	Period to which amount relates	Forum where dispute is pending
Andhra Pradesh Sales Tax Act	Basis of charge of sales tax	2.05	2002-05	High Court of Andhra Pradesh
Karnataka Sales Tax Act	Basis of charge of sales tax	127.27	2007-08	High Court of Karnataka
Karnataka Sales Tax Act	Basis of charge of sales tax	25.60	2008-09	High Court of Karnataka
Karnataka Sales Tax Act	Basis of charge of sales tax	27.62	2009-10	High Court of Karnataka
Karnataka Sales Tax Act	Basis of charge of sales tax	67.71	2010-11	High Court of Karnataka
Karnataka Sales Tax Act	Basis of charge of sales tax	43.97	2011-12	High Court of Karnataka
Karnataka Sales Tax Act	Basis of charge of sales tax	64.63	2013-14	High Court of Karnataka
Karnataka Sales Tax Act	Basis of charge of sales tax	43.52	2014-15	High Court of Karnataka
Karnataka Sales Tax Act	Basis of charge of sales tax	11.71	2012-13	High Court of Karnataka
Kerala Sales Tax Act	Basis of charge of sales tax	26.06	2013-14	District Commissioner - (Appeals) Thiruvananthapuram
Kerala Sales Tax Act	Basis of charge of sales tax	2.51	2010-11	District Commissioner - (Appeals) Thiruvananthapuram
Kerala Sales Tax Act	Basis of charge of sales tax	20.97	2012-13	Sales Tax Appellate Tribunal, Thiruvananthapuram
Haryana Sales Tax Act	Basis of charge of sales tax	1.28	2011-12	Commissioner Appeal, Gurugram
Haryana Sales Tax Act	Basis of charge of sales tax	45.01	2015-16	Commissioner Appeal, Gurugram

Annexure A to the Independent Auditors' Report on the standalone financial statements (continued)

Nature of statue	Nature of dues	Amount (Rs in million) *	Period to which amount relates	Forum where dispute is pending
Maharashtra Value Added Tax Act	Basis of charge of sales tax	5.87	2008-09	Joint Commissioner of Sales Tax appeal, Pune
Maharashtra Value Added Tax Act	Basis of charge of sales tax	6.22	2010-11	Joint Commissioner of Sales Tax appeal, Pune
Maharashtra Value Added Tax Act	Basis of charge of sales tax	1.43	2010-11	Joint Commissioner of Sales Tax appeal, Pune
Maharashtra Value Added Tax Act	Basis of charge of sales tax	0.34	2008-09	Joint Commissioner of Sales Tax appeal, Pune
Maharashtra Value Added Tax Act	Basis of charge of sales tax	0.38	2011-12	Commissioner of Central Tax, Pune
Maharashtra Value Added Tax Act	Basis of charge of sales tax	0.51	2014-15	Sales Tax Appellate Tribunal, Maharashtra
Maharashtra Value Added Tax Act	Basis of charge of sales tax	0.85	2011-12	Sales Tax Appellate Tribunal, Maharashtra
Kolkata Value Added Tax Act	Basis of charge of sales tax	1	2009-10	West Bengal Commercial Taxes appellate, Kolkata
Finance Act, 1994 (service tax provisions)	Service tax demand	368.06	2006-13	Central Excise and Service Tax Appellate Tribunal, Bangalore
Finance Act, 1994 (service tax provisions)	Service tax demand	91.47	2008-16	Commissioner of Central Tax, GST Commissioner, Bangalore
Excise duty	Excise duty demand	6.00	2013-15	Central Excise and Service Tax Appellate Tribunal, Bangalore
Customs Act, 1962	Differential tax treatment	1.27	2010-11	Central Excise and Service Tax Appellate Tribunal, Bangalore
Income tax Act	Disallowance	54.19	2006-07	High Court of Karnataka
Income tax Act	Disallowance	97.77	2007-08	High Court of Karnataka
Income tax Act	Disallowance	23.07	2006-14	Income Tax Appellate Tribunal, Bangalore

*Net of Rs 503.65 million in total paid under protest

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions and banks and debenture holders during the year. The Company did not have any outstanding loans or borrowings from government during the year.

(ix) According to the information and explanations given to us and based on examination of the records of the Company, the term loans obtained during the year were applied for the purpose for which they were obtained. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.

(x) According to the information and explanations given to us, no fraud on the Company by its officers and employees or fraud by the Company has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us and based on examination of the records of the Company, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of all transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

Annexure A to the Independent Auditors' Report on the standalone financial statements of Sobha Limited ('the Company') (continued)

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him.

(xvi) According to the information and explanation given to us and in our opinion the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership number: 065155
UDIN: 20065155AAAADK3455

Bangalore
27 June 2020

Annexure B to the Independent Auditors' Report on the standalone financial statements of Sobha Limited ('the Company') for the year ended 31 March 2020

Report on the Internal Financial Controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

(Referred to in paragraph (A) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to standalone financial statements of Sobha Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company’s internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership number: 065155
UDIN: 20065155AAAADK3455

Bangalore
27 June 2020

Sobha Limited

Standalone balance sheet

in ₹ million

Particulars	Note	As at 31 March 2020	As at 31 March 2019
Assets			
Non-current assets			
Property, plant and equipment	4	2,841.75	2,831.46
Investment property under construction	5	2,323.14	1,900.37
Intangible assets	6	0.38	0.70
Right of use assets	7	128.19	-
Financial assets			
Investments	9	3,674.05	4,162.90
Trade receivables	10	141.02	83.98
Other non-current financial assets	11	249.28	173.86
Other non-current assets	12	5,283.17	5,106.59
Deferred tax asset (net)	21	-	970.19
		14,640.98	**15,230.05**
Current assets			
Inventories	8	64,235.06	62,743.74
Financial assets			
Trade receivables	10	3,521.91	3,125.26
Cash and cash equivalents	13	597.48	1,604.91
Bank balance other than cash and cash equivalents	14	207.02	125.83
Other current financial assets	11	8,486.99	5,301.27
Other current assets	12	13,742.05	17,340.42
		90,790.51	**90,241.43**
Total assets		**105,431.49**	**105,471.48**
Equity and liabilities			
Equity			
Equity share capital	15	948.46	948.46
Other equity	16	21,924.31	19,825.30
Total equity		**22,872.77**	**20,773.76**
Non-current liabilities			
Financial liabilities			
Borrowings	18	1,575.38	48.13
Lease liabilities	18	60.64	-
Provisions	20	144.67	121.01
Deferred tax liabilities (net)	21	264.02	-
		2,044.71	**169.14**
Current liabilities			
Financial liabilities			
Borrowings	18	28,345.05	23,701.11
Lease liabilities	18	73.56	-
Trade payables			
Total outstanding dues of micro enterprises and small enterprises; and	22	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	22	9,596.51	11,239.43
Other current financial liabilities	19	4,287.08	5,993.22
Other current liabilities	23	37,791.39	42,889.63
Liabilities for current tax (net)	21	269.03	555.02
Provisions	20	151.39	150.17
		80,514.01	**84,528.58**
Total liabilities		**82,558.72**	**84,697.72**
Total equity and liabilities		**105,431.49**	**105,471.48**
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No.: 065155

Place : Bengaluru, India
Date : 27 June 2020

for and on behalf of the Board of Directors of **Sobha Limited**

Ravi PNC Menon
Chairman
DIN: 02070036

J.C. Sharma
Vice Chairman and Managing Director
DIN: 01191608

Subhash Bhat
Chief Financial Officer

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Place : Bengaluru, India
Date : 27 June 2020

Sobha Limited
Standalone statement of profit and loss

in ₹ million

Particulars	Note	For the year ended 31 March 2020	For the year ended 31 March 2019
Income			
Revenue from operations	24	37,558.40	33,587.63
Finance income	26	446.70	414.83
Other income	25	299.77	335.32
Total income		**38,304.87**	**34,337.78**
Expenses			
Land purchase cost		4,257.15	464.46
Cost of raw materials and components consumed	27	3,001.53	2,755.69
Purchase of project materials		7,296.54	10,856.44
(Increase)/ decrease in inventories	28	(3,164.09)	(2,621.11)
Subcontractor and other charges		8,832.71	8,841.03
Employee benefits expense	29	2,464.19	2,358.59
Finance costs	33	6,732.28	2,293.37
Depreciation and amortization expense	30	673.52	582.35
Other expenses	31	3,800.26	4,487.88
Total expenses		**33,894.09**	**30,018.70**
Profit before tax		**4,410.78**	**4,319.08**
Tax expenses			
Current tax	21	444.49	975.20
Deferred tax charge	21	1,071.50	478.63
Income tax expense		**1,515.99**	**1,453.83**
Profit for the year		**2,894.79**	**2,865.25**
Other comprehensive income			
Item that will not be reclassified to profit or loss in subsequent periods:			
Re-measurement losses on defined benefit plan	36	4.61	(7.54)
Other comprehensive income for the year, net of tax		**4.61**	**(7.54)**
Total comprehensive income for the year		**2,899.40**	**2,857.71**
Earnings per equity share [nominal value of ₹ 10 (31 March 2019 - ₹ 10)]			
Basic and diluted (amount in ₹)	37	30.52	30.23
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No.: 065155

Place: Bengaluru, India
Date : 27 June 2020

for and on behalf of the Board of Directors of **Sobha Limited**

Ravi PNC Menon
Chairman
DIN: 02070036

J.C. Sharma
Vice Chairman and Managing Director
DIN: 01191608

Subhash Bhat
Chief Financial Officer

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Place: Bengaluru, India
Date : 27 June 2020

Sobha Limited
Standalone statement of changes in equity

a. Equity share capital

Particulars	Number of shares in million	Amount in ₹ million
Equity shares of ₹ 10 each issued, subscribed and fully paid		
Balance as at 1 April 2018	**94.84**	**948.46**
Balance as at 31 March 2019	**94.84**	**948.46**
Balance as at 1 April 2019	**94.84**	**948.46**
Balance as at 31 March 2020	**94.84**	**948.46**

b. Other equity

in ₹ million

Particulars	Attributable to owners of the Company						Total
	Reserves and Surplus					Items of OCI	
	Capital redemption reserve	Securities premium account	Debenture redemption reserve	General reserve	Retained earnings	Other items of OCI	
As at 1 April 2018	**119.47**	**9,328.92**	**479.67**	**2,956.56**	**12,342.75**	**(4.91)**	**25,222.46**
Profit for the year	-	-	-	-	2,865.25	-	2,865.25
On account of adoption of Ind AS 115	-	-	-	-	(7,454.48)	-	(7,454.48)
Other comprehensive income (net of tax)	-	-	-	-	-	(7.54)	(7.54)
Total comprehensive income	**119.47**	**9,328.92**	**479.67**	**2,956.56**	**7,753.52**	**(12.45)**	**20,625.69**
Transfer to other reserves							
Debenture redemption reserve	-	-	108.05	-	(108.05)	-	-
Debentures redeemed during the year	-	-	(287.50)	287.50	-	-	-
General reserve	-	-	-	286.53	(286.53)	-	-
Total transfer to other reserves	**-**	**-**	**(179.45)**	**574.03**	**(394.58)**	**-**	**-**
Transaction with owners, recorded directly in equity							
Distribution to owners							
Dividend (including dividend distribution tax) (refer note 17)	-	-	-	-	(800.39)	-	(800.39)
Total distribution to owners	**-**	**-**	**-**	**-**	**(800.39)**	**-**	**(800.39)**
As at 31 March 2019	**119.47**	**9,328.92**	**300.22**	**3,530.59**	**6,558.55**	**(12.45)**	**19,825.30**

Sobha Limited
Standalone statement of changes in equity

in ₹ million

Particulars	Attributable to owners of the Company						Total
	Reserves and Surplus					Items of OCI	
	Capital redemption reserve	Securities premium account	Debenture redemption reserve	General reserve	Retained earnings	Other items of OCI	
As at 1 April 2019	**119.47**	**9,328.92**	**300.22**	**3,530.59**	**6,558.55**	**(12.45)**	**19,825.30**
Profit for the year	-	-	-	-	2,894.79	-	2,894.79
Other comprehensive income (net of tax)	-	-	-	-	-	4.61	4.61
Total comprehensive income	**119.47**	**9,328.92**	**300.22**	**3,530.59**	**9,453.34**	**(7.84)**	**22,724.70**
Transfer to other reserves							
Debenture redemption reserve	-	-	49.82	-	(49.82)	-	-
Debentures redeemed during the year	-	-	(350.04)	350.04	-	-	-
General reserve	-	-	-	289.48	(289.48)	-	-
Total transfer to other reserves	**-**	**-**	**(300.22)**	**639.52**	**(339.30)**	**-**	**-**
Transaction with owners, recorded directly in equity							
Distribution to owners							
Dividend (including dividend distribution tax) refer note 17	-	-	-	-	(800.39)	-	(800.39)
Total distribution to owners	**-**	**-**	**-**	**-**	**(800.39)**	**-**	**(800.39)**
As at 31 March 2020	**119.47**	**9,328.92**	**-**	**4,170.11**	**8,313.65**	**(7.84)**	**21,924.31**
Summary of significant accounting policies	2.2						

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No.: 065155

Place: Bengaluru, India
Date : 27 June 2020

for and on behalf of the Board of Directors of **Sobha Limited**

Ravi PNC Menon
Chairman
DIN: 02070036

J.C. Sharma
Vice Chairman and Managing Director
DIN: 01191608

Subhash Bhat
Chief Financial Officer

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Place: Bengaluru, India
Date : 27 June 2020

Sobha Limited
Standalone statement of cash flows

in ₹ million

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Cash flows from operating activities		
Profit before tax	**4,410.78**	**4,319.08**
Adjustments to reconcile profit before tax to net cash flows from operating activities		
Depreciation and amortization expense	673.52	582.35
Gain on sale of property, plant and equipment	(4.41)	(7.31)
Finance income (including fair value change in financial instruments)	(446.70)	(414.83)
Finance costs (including fair value change in financial instruments)	6,513.00	2,079.57
Allowance for credit loss	239.33	25.51
Share of (profit)/ loss from investment in partnership firm	(16.84)	8.81
Working capital adjustments:		
(Increase)/ decrease in trade receivables	(647.55)	(56.10)
Increase in inventories	(3,022.53)	(4,036.45)
(Increase)/ decrease in other financial assets	(2,641.65)	2,670.12
(Increase)/ decrease in other assets	3,255.92	(760.82)
Increase/(decrease) in trade payables and other financial liabilities	(1,723.21)	4,684.69
Increase/(decrease) in provisions	24.88	(35.15)
Increase/(decrease) in other non-financial liabilities	(5,098.34)	(5,962.83)
Cash generated from operating activities	**1,516.20**	**3,096.64**
Income tax paid (net of refund)	(1,029.43)	(781.99)
Net cash flows from/ (used in) operating activities (A)	**486.77**	**2,314.65**
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,129.62)	(1,059.46)
Proceeds from sale of property, plant and equipment	4.93	12.31
Investment in subsidiary	(10.00)	-
Loan to subsidiaries	(176.68)	-
Proceeds from / (Contributed) from partnership current account	482.01	(191.65)
(Investments in)/ redemption of bank deposits	(127.19)	123.35
Interest received	446.70	414.83
Net cash flows used in investing activities (B)	**(509.85)**	**(700.62)**

Sobha Limited
Standalone statement of cash flows

in ₹ million

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Cash flows from financing activities		
Repayment of long-term borrowings	(1,624.98)	(1,374.99)
Proceeds from short-term borrowings	24,689.22	20,313.85
Repayment of short-term borrowings	(19,985.24)	(16,182.52)
Lease payments	(50.06)	-
Finance cost paid	(3,213.08)	(2,770.47)
Dividends paid on equity shares	(663.74)	(663.41)
Tax on dividend paid	(136.47)	(136.47)
Net cash flows used in financing activities (C)	**(984.35)**	**(814.01)**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(1,007.43)	800.02
Cash and cash equivalents at the beginning of the year (refer note 13)	1,604.91	804.89
Cash and cash equivalents at the end of the year (refer note 13)	**597.48**	**1,604.91**

Summary of significant accounting policies 2.2

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No.: 065155

Place: Bengaluru, India
Date : 27 June 2020

for and on behalf of the Board of Directors of **Sobha Limited**

Ravi PNC Menon
Chairman
DIN: 02070036

J.C. Sharma
Vice Chairman and Managing Director
DIN: 01191608

Subhash Bhat
Chief Financial Officer

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Place: Bengaluru, India
Date : 27 June 2020

1 Corporate information

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

The Company is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The registered office is located at Bangalore. The Company's shares and debentures are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

The standalone financial statements are approved for issue by the Company's Board of Directors on 27 June 2020.

2 Significant accounting policies

2.1 Basis of preparation

These financial statements are separate financial statements prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provision of the Act.

The standalone financial statements have been prepared on the historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

The standalone financial statements are presented in ₹ and all values are rounded to the nearest millions, except when otherwise indicated.

2.2 Summary of significant accounting policies

a) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue includes excise duty, since the recovery of excise duty flows to the Company on its own account. However, sales tax/ value added tax (VAT)/Goods and Services Tax(GST) is not received by the Company on its own account. These taxes are collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

i. Recognition of revenue from contractual projects

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

ii. Recognition of revenue from real estate projects

a. Recognition of revenue from property development

Revenue is recognized upon transfer of control of residential units to customers, in an amount that reflects the consideration the Company expects to receive in exchange for those residential units. The Company shall determine the performance obligations associated with the contract with customers at contract inception and also determine whether they satisfy the performance obligation over time or at a point in time. In case of residential units, the Company satisfies the performance obligation and recognises revenue at a point in time i.e., upon handover of the residential units.

To estimate the transaction price in a contract, the Company adjusts the promised amount of consideration for the time value of money if that contract contains a significant financing component. The Company when adjusting the promised amount of consideration for a significant financing component is to recognise revenue at an amount that reflects the cash selling price of the transferred residential unit.

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

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

iii. Recognition of revenue from manufacturing division

Revenue from sale of materials is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which coincides with dispatch of goods to the customers. Service income is recognised on the basis of completion of a physical proportion of the contract work/ based upon the contracts/ agreements entered into by the Company with its customers.

iv. Dividend income

Revenue is recognised when the shareholders' or unit holders' right to receive payment is established, which is generally when shareholder approve the dividend.

v. Share in profits of partnership firm investments

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

vi. Interest income

Interest income, including income arising from other financial instruments, is recognised using the effective interest rate method.

b) Property, plant and equipment

Property, plant and equipment are stated at their cost of acquisition/construction, net of accumulated depreciation and impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

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

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the property, plant and equipment is derecognised.

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

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets, comprising of software and intellectual property rights are amortized on a straight line basis over a period of 3 years, which is estimated to be the useful life of the asset and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

d) Depreciation on property, plant and equipment

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

Particulars	Useful lives estimated by the management (in years)
Property, plant and equipment	
Factory buildings	30
Buildings - other than factory buildings	60
Buildings - temporary structure	3
Plant and machinery	
i. General plant and machinery	15
ii. Plant and machinery - Civil construction	12
iii. Plant and machinery - Electrical installations	10
Furniture and fixtures	10
Motor vehicles	8
Computers	
i. Computer equipment	3
ii. Servers and network equipment	6
Office equipment	5

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

e) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that any non-financial asset may be impaired. If any indication exists, or when annual impairment testing for a non-financial asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss.

f) Impairment of financial assets

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

g) Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

h) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

<u>**Classification and subsequent measurement**</u>

On initial recognition, financial asset is classified as measured at:

- amortised cost
- fair value through other comprehensive income (FVTOCI)
- debt investment
- fair value through other comprehensive income (FVTOCI)
- equity investment
- fair value through profit or loss (FVTPL)

Financial assets at amortised cost

A 'financial asset' is measured at the amortised cost if both the following conditions are met and is not designated as FVTPL:

a) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

Debt investment at Fair value through Other comprehensive income (FVTOCI)

A 'Debt investment' is classified as at the FVTOCI if both of the following criteria are met and is not designated as FVTPL:

a) the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt investment included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

Financial assets at Fair Value Through Profit or Loss (FVTPL)

FVTPL is a residual category for financial assets. Any financial assets, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. financial assets included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss. In addition, the Company may elect to designate a financial asset, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any financial asset as at FVTPL.

Equity investments in subsidiaries and joint ventures

The Company has availed the option available in Ind AS 27 separate financial statements to carry its investment in subsidiaries and joint ventures at cost. Impairment recognized, if any, is reduced from the carrying value.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Classification, subsequent measurement and gains and losses

The financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading or it is as derivative or deginated as such on initial recognition. Financial liabilities measured as FVTPL are measured at fair value and net gains or losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

i) Borrowing costs

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

j) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

k) Employee benefits

i. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

ii. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income (OCI) . The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the company recognises related restructuring costs.

  Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

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

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

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

l) Provisions

A provision is recognized when an enterprise has a present obligation (legal or constructive) as result of past event and it is probable that an outflow of embodying economic benefits of resources will be required to settle a reliably assessable obligation. Provisions are determined based on best estimate required to settle each obligation at each balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

m) 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.

n) Earnings per share

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

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

o) Income taxes

Income tax expense comprises of current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

Current income tax

Current income tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred income tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

The Company has elected to exercise the option permitted under section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised Provision for Income Tax for the year ended 31 March 2020 and re-measured its Deferred Tax Asset basis the rate prescribed in the said section.

p) Foreign currency transactions

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

q) Inventories

Related to contractual and real estate activity

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

i. Work-in-progress - Contractual: Cost of work yet to be certified/ billed, as it pertains to contract costs that relate to future activity on the contract, are recognised as contract work-in-progress provided it is probable that they will be recovered. Contractual work-in-progress is valued at lower of cost and net realisable value.

ii. Work-in-progress - Real estate projects (including land inventory): Represents cost incurred in respect of unsold area of the real estate development projects or cost incurred on projects where the revenue is yet to be recognised. Real estate work-in-progress is valued at lower of cost and net realisable value.

iii. Finished goods - Flats: Valued at lower of cost and net realisable value.

iv. Finished goods - Plots: Valued at lower of cost and net realisable value.

v. Building materials purchased, not identified with any specific project are valued at lower of cost and net realisable value. Cost is determined based on a weighted average basis.

vi. Land inventory: Valued at lower of cost and net realisable value.

Related to manufacturing activity

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

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

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

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.

Land/ development rights received under joint development arrangements is measured at the fair value of the estimated construction service rendered to the land owner and the same is accounted on launch of the project. Further, non-refundable deposit amount paid by the Company under joint development arrangements is recognised as land advance under other assets and on the launch of the project, the non-refundable amount is transferred as land cost to work-in-progress.

s) Leases

Where the Company is lessee

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

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

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

t) Cash dividend to equity holders of the Company

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

3 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgements, estimates and assumptions that affect the reported balances of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) Judgements

In the process of applying the accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

i) Classification of property

The Company determines whether a property is classified as investment property or inventory property:

Investment property comprises land and buildings (principally offices, commercial warehouse and retail property) that are not occupied substantially for use by, or in the operations of, the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business.

Inventory property comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Company develops and intends to sell before or on completion of construction.

b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i) Revenue recognition, contract costs and valuation of unbilled revenue

The Company uses the percentage-of-completion method for recognition of revenue, accounting for unbilled revenue and contract cost thereon for its contractual projects. The percentage of completion is measured by reference to the stage of the projects and contracts determined based on the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Significant assumptions are required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost and the recoverability of the contracts. These estimates are based on events existing at the end of each reporting date.

ii) Accounting for advance from customer considering the time value of money

When determining whether a contract includes a significant financing component, the Company considers the period between performance and payment for that performance. For contracts where revenue is recognised at a point in time, the period considered is that between transfer of control of the good and the payment. Therefore, if payment for a property is made before the date on which control is transferred, an assessment is required of whether the contract includes a significant financing component, especially if the period is greater than twelve months.

Advanced payments from the customer lead to higher amount of revenue being recognised than the contract price because the Company accepts a lower amount in return for financing. As the entity recognises the interest expense related to the financing component, the corresponding amount is recorded as a contract liability/revenue.

iii) Estimation of net realisable value for inventory property (including land advance)

Inventory property is stated at the lower of cost and net realisable value (NRV).

NRV for completed inventory property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Company, based on comparable transactions identified by the Company for properties in the same geographical market serving the same real estate segment.

NRV in respect of inventory property under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and an estimate of the time value of money to the date of completion.

With respect to land advance given, the net recoverable value is based on the present value of future cash flows, which depends on the estimate of, among other things, the likelihood that a project will be completed, the expected date of completion, the discount rate used and the estimation of sale prices and construction costs.

Sobha Limited

Notes to the standalone financial statements for the year ended 31 March 2020

4 Property, plant and equipment

in ₹ million

Particulars	Freehold land	Factory buildings	Other buildings	Plant and machinery	Scaffolding items	Furniture and fixtures	Vehicles	Computers	Office equipment	Total
Cost										
As at 1 April 2018	**81.90**	**641.60**	**1,132.57**	**1,281.09**	**902.01**	**36.09**	**9.59**	**70.24**	**14.25**	**4,169.34**
Additions during the year	-	1.64	48.62	146.28	370.51	4.59	0.36	45.64	9.17	626.81
Deletions during the year	-	-	-	(34.25)	(6.36)	(0.53)	-	(5.48)	(0.45)	(47.08)
As at 31 March 2019	**81.90**	**643.24**	**1,181.19**	**1,393.12**	**1,266.16**	**40.15**	**9.95**	**110.40**	**22.97**	**4,749.07**
Additions during the year	-	16.14	17.99	259.12	312.81	1.06	0.37	14.91	5.44	627.84
Deletions during the year	-	-	-	(3.86)	(6.24)	-	(1.72)	(9.32)	(0.46)	(21.60)
As at 31 March 2020	**81.90**	**659.38**	**1,199.18**	**1,648.38**	**1,572.73**	**41.21**	**8.60**	**115.99**	**27.95**	**5,355.32**
Accumulated depreciation										
As at 1 April 2018	**-**	**178.30**	**171.83**	**404.38**	**544.68**	**18.78**	**5.88**	**44.37**	**9.84**	**1,378.06**
Charge for the year	-	105.94	64.33	188.62	185.62	4.13	0.92	28.82	3.27	581.65
Deletions during the year	-	-	-	(29.29)	(6.34)	(0.53)	-	(5.48)	(0.45)	(42.09)
As at 31 March 2019	**-**	**284.24**	**236.16**	**563.71**	**723.96**	**22.38**	**6.80**	**67.71**	**12.66**	**1,917.62**
Charge for the year	-	107.01	74.25	205.82	187.39	3.76	0.76	31.55	6.49	617.03
Deletions during the year	-	-	-	(3.51)	(6.23)	-	(1.65)	(9.25)	(0.44)	(21.08)
As at 31 March 2020	**-**	**391.25**	**310.41**	**766.02**	**905.12**	**26.14**	**5.91**	**90.01**	**18.71**	**2,513.57**
Carrying amount										
As at 31 March 2020	**81.90**	**268.13**	**888.77**	**882.36**	**667.61**	**15.07**	**2.69**	**25.98**	**9.24**	**2,841.75**
As at 31 March 2019	**81.90**	**359.00**	**945.03**	**829.41**	**542.20**	**17.77**	**3.15**	**42.69**	**10.31**	**2,831.46**

Note:

a) **Capitalised borrowing costs**

The amount of borrowing costs capitalised during the year ended 31 March 2020 was ₹ 224.23 million (31 March 2019 - ₹ 77.66 million). The rate used to determine the amount of borrowing costs eligible for capitalisation was 9.97% (31 March 2019 - 9.77%), which is the effective interest rate of the specific borrowing.

b) **Property, plant and equipment**

Property, plant and equipment with a carrying amount of ₹ 1,046.44 million (31 March 2019 - ₹ 1,412.79 million) are subject to a first charge to secure the Company's loans.

5 Investment property under construction

in ₹ million

Particulars	Investment property under construction
Balance as at 1 April 2018	**1,344.93**
Additions during the year	555.44
Balance as at 31 March 2019	**1,900.37**
Additions during the year	422.77
Balance as at 31 March 2020	**2,323.14**

"Note:

a) The Company has taken a land on lease and is constructing a commercial complex on lease land. The cost of construction of ₹ 2,323.14 million (31 March 2019 - ₹ 1900.37 million) includes capitalised borrowing cost of ₹ 618.81 million (31 March 2019 - ₹ 394.57 million).

b) Investment property under construction with a carrying amount of ₹ 2,323.14 million (31 March 2019 - ₹ Nil) are subject to a first charge to secure the Company's loans."

6 Intangible assets

in ₹ million

Particulars	Software	Intellectual property rights	Total
Cost			
Balance as at 1 April 2018	**15.01**	**0.05**	**15.06**
Additions during the year	0.22	-	0.22
Balance as at 31 March 2019	**15.23**	**0.05**	**15.28**
Additions during the year	0.10	-	0.10
Balance as at 31 March 2020	**15.33**	**0.05**	**15.38**
Amortization and impairment			
Balance as at 1 April 2018	**13.83**	**0.05**	**13.88**
Charge for the year	0.70	-	0.70
Balance as at 31 March 2019	**14.53**	**0.05**	**14.58**
Charge for the year	0.42	-	0.42
Balance as at 31 March 2020	**14.95**	**0.05**	**15.00**
Carrying amount			
Balance as at 31 March 2020	**0.38**	**-**	**0.38**
Balance as at 31 March 2019	**0.70**	**-**	**0.70**

7 Right of use assets

in ₹ million

Particulars	Vehicles	Plant and machinery	Total
Cost			
Balance as at 1 April 2018	**-**	**-**	**-**
Additions during the year	-	-	-
Balance as at 31 March 2019	**-**	**-**	**-**
Additions during the year	93.53	90.73	184.26
Balance as at 31 March 2020	**93.53**	**90.73**	**184.26**
Accumulated depreciation			
Balance as at 1 April 2018	**-**	**-**	**-**
Charge for the year	-	-	-
Balance as at 31 March 2019	**-**	**-**	**-**

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in ₹ million

Particulars	Vehicles	Plant and machinery	Total
Charge for the year	33.73	22.34	56.07
Balance as at 31 March 2020	**33.73**	**22.34**	**56.07**
Carrying amount			
Balance as at 31 March 2020	**59.80**	**68.39**	**128.19**
Balance as at 31 March 2019	**-**	**-**	**-**

"On transition to Ind AS 116 with effect from 1 April 2019, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at 1 April 2019. Accordingly, a right-of-use asset of ₹ 128.19 million and a corresponding lease liability of ₹ 134.20 million was recognised. The cumulative effect on transition in retained earnings, net of taxes amounted to ₹ 4.49 million (including the deferred tax impact of ₹ 1.51 million). The principal portion of the lease payments have been disclosed under cash flows from financing activities. The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flows from operating activities. Applicable incremental borrowing rates have been applied to lease liabilities recognised in the standalone balance sheet at the date of initial application. The weighted average incremental borrowing rate of 10% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at 31 March 2019 compared to the lease liability as accounted as at 1 April 2019 is primarily attributable to the impact of discounting the future lease payments during the non-cancellable lease term to the present value thereof, including the present value of lease payments during the cancellable period (to the extent of lease term determined under Ind AS 116) and exclusion of leases for which the Company has chosen to apply the practical expedients available.

During the year ended 31 March 2020, the Company incurred expenses amounting to ₹ 64.53 million on short-term leases and leases of low-value assets. For the year ended 31 March 2020, the total cash outflows for leases, including short-term leases and low-value assets amounted to ₹ 50.06 million. Lease contracts entered into by the Company primarily pertains to buildings taken on lease to conduct its business in the ordinary course."

The following table presents the various components of lease costs: **in ₹ million**

	Year ended 31 March 2020
Depreciation	**56.07**
Interest on lease liabilities	**14.48**
	70.55

8 Inventories (valued at lower of cost and net realizable value)

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Raw materials and components	648.56	584.03
Building materials	91.59	78.35
Land stock *	10,391.08	8,346.47
Work-in-progress *	40,816.00	50,084.02
Finished goods - Flats *	12,232.21	3,604.71
Finished goods - Others *	55.62	46.16
	64,235.06	**62,743.74**

* Carrying amount of inventories pledged as securities against borrowings as at 31 March 2020 - ₹ 40,447.03 million (31 March 2019 - ₹ 12,151.92 million)

9 Investments

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current investments:		
Investments carried at cost		
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity shares		
Investment in subsidiaries		
199,999 (31 March 2019 - 199,999) Class A equity shares of ₹ 10 each fully paid-up in Sobha Highrise Ventures Private Limited	2.00	2.00
10,200,000 (31 March 2019 - 10,200,000) Class C equity shares of ₹ 33.90 each fully paid-up in Sobha Highrise Ventures Private Limited	345.78	345.78
2,500,000 (31 March 2019 - 2,500,000) Class D equity shares of ₹ 10 each fully paid-up in Sobha Highrise Ventures Private Limited	25.00	25.00
526,320 (31 March 2019 - 526,320) equity shares of ₹ 1 each fully paid-up in Sobha Developers (Pune) Limited	986.41	986.41
50,000 (31 March 2019 - 50,000) equity shares of ₹ 10 each fully paid-up in Sobha Nandambakkam Developers Limited	13.74	13.74
50,002 (31 March 2019 - 50,002) equity shares of ₹ 10 each fully paid-up in Sobha Tambaram Developers Limited	2.24	2.24
10,000 (31 March 2019 - 10,000) equity shares of ₹ 10 each fully paid-up in Sobha Assets Private Limited	0.10	0.10
1000,000 (31 March 2019 - NIL) equity shares of ₹ 10 each fully paid-up in Sobha Construction Products Private Limited	10.00	-
Unquoted preference instruments (in the nature of equity)		
Investment in subsidiary		
7,700,000 (31 March 2019 - 7,700,000) compulsorily convertible preference shares of ₹ 10 each fully paid-up in Sobha Highrise Ventures Private Limited	77.00	77.00
Investment in the capital of partnership firm (Subsidiary)		
99% (31 March 2019 - 99%) share in the profits of partnership firm:		
Sobha City - Capital account	399.99	399.99
Sobha City - Current account	541.19	1,054.40
Consideration paid for additional share in capital and profit of the partnership firm	128.00	128.00
Investment in the capital of partnership firm (Joint Venture)		
50% (31 March 2019 - 50%) share in the profits of partnership firm:		
Kondhwa Projects LLP - Capital account	1,142.52	1,128.16
Total investments carried at cost	**3,673.97**	**4,162.82**
Investments carried at fair value through profit and loss		
Unquoted equity securities		
Investments at amortized cost		
Government and trust securities (unquoted)		
National savings certificates	0.08	0.08
Total investments carried at amortised cost	**0.08**	**0.08**
Total investments	**3,674.05**	**4,162.90**
Aggregate amount of unquoted investments	**3,674.05**	**4,162.90**

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Details of investments in partnership firms

Investment in Sobha City

Name of Partner	Share of partner in profits (%)	
	31 March 2020	31 March 2019
Sobha Limited	99	99
Sobha Developers (Pune) Limited	1	1
Total capital of the firm (₹ million)	**400.00**	**400.00**

Investment in Kondhwa Projects LLP

Name of Partner	Share of partner in profits (%)	
	31 March 2020	31 March 2019
Sobha Limited	50	50
Total capital of the firm (₹ million)	**1,142.52**	**1,128.16**

10 Trade receivables

in ₹ million

Particulars	Current		Non-current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Trade receivables				
Unsecured, considered good	3,521.91	3,125.26	141.02	83.98
Unsecured, considered doubtful	342.19	233.55	192.21	98.46
	3,864.10	3,358.81	333.23	182.44
Less: Allowances for credit loss	(342.19)	(233.55)	(192.21)	(98.46)
	3,521.91	3,125.26	141.02	83.98
Net trade receivables	**3,521.91**	**3,125.26**	**141.02**	**83.98**

11 Other financial assets

in ₹ million

Particulars	Current		Non-current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good				
Refundable deposit towards joint development agreement	6,052.36	5,160.55	-	-
Security deposits	129.66	140.72	187.13	157.71
Loans to related parties (refer note 34)	176.68	-	-	-
Others	2,128.29	-	-	-
Non-current bank balances	-	-	62.15	16.15
	8,486.99	**5,301.27**	**249.28**	**173.86**

12 Other assets

in ₹ million

Particulars	Current		Non-current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good				
Capital advances	-	-	281.95	8.98
Land advances (refer note 34)*	9,282.31	13,568.66	4,857.45	4,862.55
Advances recoverable in kind (refer note 34)**	903.75	1,915.64	-	77.87
Prepaid expenses	224.67	184.28	143.77	157.19
Balances with statutory/ government authorities	1,270.61	1,275.03	-	-
Contract assets (refer note 42)	2,060.71	396.81	-	-
	13,742.05	**17,340.42**	**5,283.17**	**5,106.59**

* Advances for land though unsecured, are considered good as the advances have been given based on arrangements/ memorandum of understanding executed by the Company and the Company/ seller/ intermediary is in the course of obtaining clear and marketable title, free from all encumbrances, including for certain properties under litigation.

** **Advances recoverable in cash or kind due by Directors or other officers or companies in which Directors are interested**

in ₹ million

Particulars	Current		Non-current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Advances recoverable in cash or kind				
Dues from Sobha Projects & Trade Private Limited, in which the Company's director is a director and a member	13.17	7.77	-	-
Dues from Sobha Assets Private Limited, in which the Company's director is a director	-	-	84.24	82.84

13 Cash and cash equivalents

in ₹ million

Particulars	Current	
	As at 31 March 2020	As at 31 March 2019
Cash on hand	7.91	9.81
Cheques/ drafts on hand	52.66	102.47
Balances with banks:		
– On current accounts	536.91	1,492.63
	597.48	**1,604.91**

14 Bank balance other than cash and cash equivalents

in ₹ million

Particulars	Current	
	As at 31 March 2020	As at 31 March 2019
Bank balance other than cash and cash equivalents		
– On unclaimed dividend account	2.52	2.35
– Margin money deposit	204.50	123.48
	207.02	**125.83**

Margin money deposits given as security

Margin money deposits with a carrying amount of ₹ 266.65 million (31 March 2019 - ₹ 139.63 million) are subject to first charge to secure the Company's borrowings.

Short-term deposits are made for varying periods of between seven day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

15 Equity share capital

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Authorised shares		
150,000,000 (31 March 2019 - 150,000,000) equity shares of ₹ 10 each	1,500.00	1,500.00
5,000,000 (31 March 2019 - 5,000,000) 7% redeemable preference shares of ₹ 100 each	500.00	500.00
Issued, subscribed and fully paid-up shares		
94,845,853 (31 March 2019 - 94,845,853) equity shares of ₹ 10 each fully paid up	948.46	948.46
Total issued, subscribed and fully paid-up share capital	**948.46**	**948.46**

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

Particulars	31 March 2020		31 March 2019	
	No of shares	₹ million	No of shares	₹ million
Equity shares				
At the beginning of the year	94,845,853	948.46	94,845,853	948.46
Outstanding at the end of the year	94,845,853	948.46	94,845,853	948.46

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Particulars	31 March 2020		31 March 2019	
	No of shares in million	Holding percentage	No of shares in million	Holding percentage
Equity shares of ₹ 10 each fully paid up				
Mrs. Sobha Menon	28.73	30.29%	35.63	37.56%
Mr. P.N.C. Menon	12.06	12.72%	12.06	12.72%
Mr. P.N.C. Menon (inclusive of joint holding with Mrs. Sobha Menon)	5.29	5.58%	5.29	5.58%
Schroder International Selection Fund Emerging Asia	5.25	5.54%	5.25	5.54%
Franklin India Focused Equity Fund	8.33	8.78%	-	-

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

16 Other equity

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Capital redemption reserve		
Balance at the beginning and end of the year	119.47	119.47
Debenture redemption reserve [Refer note (a) below]		
Balance at the beginning of the year	300.22	479.67
Add: Amount transferred from surplus balance in the statement of profit and loss	49.82	108.05
Less: Transfer to general reserve on redemption of debentures	(350.04)	(287.50)
Closing balance	**-**	**300.22**
Securities premium account		
Balance at the beginning and end of the year	9,328.92	9,328.92
General reserve		
Balance at the beginning of the year	3,530.59	2,956.56
Add: Transfer from statement of profit and loss	289.48	286.53
Add: Transfer from Debenture redemption Reserve	350.04	287.50
Closing balance	**4,170.11**	**3,530.59**
Retained earnings		
Balance at the beginning of the year	6,546.10	4,883.36
Profit for the year	2,894.79	2,865.25
Other comprehensive income		
Re-measurement gains / (losses) on defined benefit plans	4.61	(7.54)
Less: Appropriations		
Dividend (including dividend distribution tax) refer note 17	(800.39)	(800.39)
Transfer to debenture redemption reserve	(49.82)	(108.05)
Transfer to general reserve	(289.48)	(286.53)
Net surplus in the statement of profit and loss	**8,305.81**	**6,546.10**
Total other equity	**21,924.31**	**19,825.30**

(a) The Company had issued redeemable non-convertible debentures. Accordingly, the Companies (Share capital and Debentures) Rules, 2014 (as amended), require the Company to create Debenture Redemption Reserve (DRR) out of profits of the Company available for payment of dividend. DRR is required to be created for an amount which is equal to 25% of the value of debentures issued. The Company has created the DRR of ₹ Nil million (31 March 2019 - ₹ 108.05 million), as the debentures have been redeemed during the year.

17 Distribution made and proposed

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Cash dividend on equity shares proposed and paid		
Final dividend for the year ended 31 March 2019- ₹ 7 per share (31 March 2018- ₹ 7 per share)	663.92	663.92
Dividend distribution tax on final dividend	136.47	136.47
	800.39	**800.39**
Proposed dividend on equity shares		
Final dividend for the year ended 31 March 2020- ₹ 7 per share (31 March 2019- ₹ 7 per share)	663.92	663.92
Dividend distribution tax on proposed dividend	-	136.47
	663.92	**800.39**

18 Borrowings

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current borrowings		
Secured debentures		
Nil (31 March 2019 - 25,500) redeemable non-convertible debentures of ₹ 0.10 million each	-	1,387.04
Secured loans		
Term loans from banks	1,675.06	272.94
Finance lease obligations	60.64	-
Equipment loans	0.19	0.19
	1,735.89	**273.13**
Amount disclosed under the head “other current financial liabilities” (refer note 19)	(99.87)	(1,612.04)
Total non-current borrowings	**1,636.02**	**48.13**
Current borrowings		
Secured loans		
Term loans from banks*	16,927.23	13,927.44
Term loans from financial institutions*	8,209.48	4,427.02
Finance lease obligations	73.56	-
Cash credit from banks	3,208.34	5,346.65
Total current borrowings	**28,418.61**	**23,701.11**

* Term loan from banks and financial institutions represents amount repayable within the operating cycle amounting to ₹ 16,927.23 million (31 March 2019 - ₹ 13,927.44 million)

* As at 31 March 2020, the Company is not in breach of any covenants as defiined in the agreements.

Terms and repayment schedule

(i) Secured debentures

in ₹ million

Particulars	Carrying amount as at 31 March 2020	31 March 2019	Effective interest rate	Security Details	Repayment terms
Debentures	-	1,387.04	11%-13%	Secured by equitable mortgage by pari passu charge over tangible immovable property of the company and maintaining Debt Service Reserve account equal to six months interest.	Debenture have been repaid on various dates during the current year and last installment settled on 20 March, 2020.

(ii) Secured loans

in ₹ million

Particulars	Carrying amount as at 31 March 2020	31 March 2019	Effective interest rate	Security Details	Repayment terms
Term loans from banks	-	123.82	9%-11%	Secured by exclusive hypothecation charge on equipments procured.	Repayable in 16 equal quarterly instalments of ₹ 31.25 million after 12 months moratorium period commencing from July 31, 2016.
Term loans from banks	49.68	149.12	9%-11%	Secured by equitable mortgage of fixed assets and receivables of the Company.	Twelve quarterly instalments of ₹ 25 million commencing at end of 15th month from the date of first disbursement.
Term loans from banks	1,625.19	-	8%-10%	Secured by equitable mortgage of project specific inventory and certain receivables of the Company and maintaining Debt Service Reserve account equal to 2 months interest & principal.	153 Structured Monthly instalments starting at the end of Moratorium 3 months from the date of disbursement - June -20
Equipment loan	0.19	0.19	13%-15%	Hypothecation against specific equipment.	Thirty five monthly instalments commencing from the month the loan is availed.

Current Borrowings

(i) Secured loans

in ₹ million

Particulars	Carrying amount as at 31 March 2020	31 March 2019	Effective interest rate	Security Details	Repayment terms
Term loans from banks	-	100.96	8%-10%	Secured by equitable mortgage of project land and project buildings and charge on current and future stocks, receivable and other current assets pertaining to the project. Further secured by certain receivables of Company.	Repayable in 5 quarterly instalments of ₹ 500 million (June 2018), ₹ 750 million (September 2018), ₹ 800 million (December 2018), ₹ 800 million (March 2019), ₹ 150 million (June 2019).
Term loans from banks	-	79.64	9%-11%	Secured by equitable mortgage of 70% of the project building and first charge on escrow account and charge by way of hypothecation of all the assets of the project.	Repayable in 6 quarterly un equal instalments of ₹ 200 million, ₹ 200 million, ₹ 250 million, ₹ 160 million, ₹ 110 million and ₹ 80 million after the holiday period of 30 months i.e. starting from March 2018.

in ₹ million

Particulars	Carrying amount as at 31 March 2020	31 March 2019	Effective interest rate	Security Details	Repayment terms
Term loans from banks	599.88	999.13	9%-11%	Secured by equitable mortgage of 61.10% of the project land, building to be constructed on the land and first charge on project cash flow/receivables including escrow account	Three structured quarterly instalments commencing after initial moratorium period of eleven quarters from the date of first disbursement.
Term loans from banks	149.90	349.75	9%-11%	Secured by equitable mortgage of land and hypothecation pari-passu charge on the entire escrow receivables of the project.	Repayable in 36 equal monthly instalments commencing from 13th month from the date of disbursement.
Term loans from banks	694.85	695.50	8%-10%	Secured by charge on specific project inventory, current assets and receivables of the Company.	Repayable on demand(Sub limit of Cash Credit)
Term loans from banks	166.25	332.47	9%-11%	Secured by equitable mortgage of certain land of the Company.	Repayable in 12 quarterly instalments commencing from June 30, 2018.
Term loans from banks	1,000.00	1,000.00	9%-11%	Secured by equitable mortgage of receivables of the Group.	One instalment in every ninety days.
Term loans from banks	415.72	748.11	9%-11%	Secured by equitable mortgage of certain land of the Company.	Repayable in 12 quarterly instalments commencing from Sep 30, 2018.
Term loans from banks	-	655.22	9%-11%	Secured by equitable mortgage of property, hypothecation on scheduled receivables, Escrow account and maintaining of Debt Service Reserve account equal to three months interest.	Repayable in 18 monthly instalments commencing from Oct 15, 2018.
Term loans from banks	1,591.00	1,586.47	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in equal monthly instalments after 30 months moratorium period commencing from first disbursement.
Term loans from banks	1,493.15	993.48	8%-10%	Secured by equitable mortgage of certain land, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company.	Repayable on demand(Sub limit of Cash Credit)
Term loans from banks	232.07	498.77	8%-10%	Secured by equitable mortgage of certain land of the Company.	Repayable in equal monthly instalments after 12 months moratorium period commencing from first disbursement.
Term loans from banks	1,639.23	1,278.81	9%-11%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in equal quarterly instalments after 9 quarter moratorium period commencing from first disbursement.
Term loans from banks	1,148.70	1,039.04	8%-10%	Secured by equitable mortgage of certain land of the Company.	Repayable in 12 quarterly instalments commencing from Sep 30, 2018.

in ₹ million

Particulars	Carrying amount as at 31 March 2020	Carrying amount as at 31 March 2019	Effective interest rate	Security Details	Repayment terms
Term loans from banks	648.03	497.16	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on receivables of the projects.	Repayable in 5 quarterly equal instalments commencing Q-12 to Q-16 from first disbursement.
Term loans from banks	2,492.82	1,794.12	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on receivables of the projects.	Repayable in 10 quarterly equal instalments commencing Q-14 to Q-23 from first disbursement.
Term loans from banks	590.50	592.75	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 10 quarterly unequal instalments commencing Q-11 to Q-20 from first disbursement.
Term loans from banks	350.77	462.52	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 10 quarterly equal instalments commencing Q-12 to Q-16 from first disbursement.
Term loans from banks	434.47	223.54	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 10 quarterly unequal instalments commencing Q-8 to Q-26 from first disbursement.
Term loans from banks	721.29	-	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 10 quarterly equal instalments commencing Q-15 to Q-24 from first disbursement.
Term loans from banks	960.00	-	8%-10%	Secured by equitable mortgage of certain land and receivables of the Company.	Repayable on demand(Sub limit of Cash Credit)
Term loans from banks	300.00	-	8%-10%	Secured by equitable mortgage of certain land and receivables of the Company.	Repayable on demand(Sub limit of Cash Credit)
Term loans from banks	487.84	-	9%-11%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on receivables of the projects.	Repayable in 10 quarterly equal instalments commencing Q-11 to Q-20 from first disbursement.
Term loans from banks	660.78	-	9%-11%	Secured by equitable mortgage of property, hypothecation on scheduled company's share of receivables, Escrow account and maintaining of Debt Service Reserve account equal to three months interest.	Repayable in 24 monthly instalments commencing from June 15, 2022.

in ₹ million

Particulars	Carrying amount as at 31 March 2020	Carrying amount as at 31 March 2019	Effective interest rate	Security Details	Repayment terms
Term loans from banks	150.00	-	9%-11%	Secured by equitable mortgage of property, hypothecation on scheduled company's share of receivables, Escrow account and maintaining of Debt Service Reserve account equal to three months interest.	Repayable in 24 monthly instalments commencing from June 15, 2022.
Term loans from financial institutions	-	78.09	9%-11%	Secured by equitable mortgage of certain land, building and project specific inventory of the Company, leasehold rights of the company and hypothecation of receivables and Escrow account of the Company. Corporate guarantee of Group Company.	₹ 650 million: Repayable in 36 principal monthly instalments of ₹ 17.10 million each after principal moratorium period of 12 months from first disbursement. ₹ 350 million: Repayable in 48 principal monthly instalments of ₹ 7.30 million each from date of first disbursement.
Term loans from financial institutions	61.77	144.04	9%-11%	Secured by equitable mortgage of land and hypothecation pari-passu charge on the entire escrow receivables of the project.	Repayable in equal monthly instalments staring from 12th month moratorium starts from date of first disbursement.
Term loans from financial institutions	362.96	764.41	9%-11%	Secured by equitable mortgage of certain land, building and project specific inventory of the Company, leasehold rights of the company and hypothecation of receivables and Escrow account of the Company. Corporate guarantee of Group Company.	Repayable in 30 monthly instalments after principle moratorium period of 18 months.
Term loans from financial institutions	250.91	416.79	9%-11%	Secured by equitable mortgage of certain land and immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 36 monthly instalments after principle moratorium period of 18 months from first disbursement.
Term loans from financial institutions	807.21	1,105.73	9%-11%	Secured by equitable mortgage of certain land and immovable properties, building and other assets of the project and first charge on receivables of the projects.	Repayable in 36 monthly instalments after principle moratorium period of 18 months from first disbursement.
Term loans from financial institutions	-	533.13	9%-11%	Secured by equitable mortgage of certain land of the Company.	Repayable in 3 quarterly instalments after principle moratorium period of 3 months from first disbursement.
Term loans from financial institutions	506.32	555.18	9%-11%	Secured by equitable mortgage of certain land and first charge on receivables certain projects.	Repayable in 18 monthly instalments after principle moratorium period of 24 months from first disbursement.
Term loans from financial institutions	712.30	829.65	9%-11%	Secured by equitable mortgage of certain land and first charge on receivables certain projects.	Repayable in 18 monthly instalments after principle moratorium period of 24 months from first disbursement.

in ₹ million

Particulars	Carrying amount as at 31 March 2020	31 March 2019	Effective interest rate	Security Details	Repayment terms
Term loans from financial institutions	1,458.20	-	9%-11%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on receivables of company's share of receivables of the projects.	Repayable in 24 monthly instalments after principle moratorium period of 30 months from first disbursement.
Term loans from financial institutions	461.22	-	9%-11%	Secured by equitable mortgage of certain land and immovable properties, building and other assets of the project and first charge on receivables company's share of receivables of the projects.	Repayable in 24 monthly instalments 3.75cr each & 30 monthly instalments 2.67cr each after principle moratorium period of 30 months from first disbursement.
Term loans from financial institutions	903.05	-	10%-12%	Secured by equitable mortgage of certain land and first charge on receivables certain projects.	Repayable in 18 monthly instalments after principle moratorium period of 24 months from first disbursement.
Term loans from financial institutions	972.69	-	9%-11%	Secured by equitable mortgage of certain land and first charge on receivables certain projects.	Repayable in equal monthly instalments starting from 7 the month from first disbursement.
Term loans from financial institutions	292.94	-	9%-11%	Secured by equitable mortgage of land and hypothecation pari-passu charge on the entire escrow receivables of the project.	Repayable in 48 unequal monthly instalments
Term loans from financial institutions	494.20	-	9%-11%	Secured by equitable mortgage of certain land and first charge on receivables certain projects.	Repayable in 11 quarterly instalments after principle moratorium period of 3 months from first disbursement.
Term loans from financial institutions	925.69	-	9%-11%	Secured by equitable mortgage of certain land and first charge on receivables certain projects.	Repayable in 24 Monthly instalments after principle moratorium period of 24 months from first disbursement.
Cash credit	993.40	1,720.13	9%-11%	Secured by way of equitable mortgage of certain land and certain receivables of the Group Company.	Repayable on demand
Cash credit	41.33	12.97	9%-11%	Secured by equitable mortgage of certain land, specific project inventory, and receivables of the Company.	Repayable on demand
Cash credit	29.36	5.87	9%-11%	Secured by equitable mortgage of certain land, specific project inventory, and receivables of the Company.	Repayable on demand
Cash credit	2.91	0.57	9%-11%	Secured by equitable mortgage of certain land, specific project inventory, and receivables of the Company.	Repayable on demand
Cash credit	300.78	667.09	10%-12%	Secured by equitable mortgage of certain land and receivables of the Company.	Repayable on demand

in ₹ million

Particulars	Carrying amount as at 31 March 2020	Carrying amount as at 31 March 2019	Effective interest rate	Security Details	Repayment terms
Cash credit	508.51	1,538.07	9%-11%	Secured by equitable mortgage of certain land and receivables of the Company.	Repayable on demand
Cash credit	3.00	1.96	9%-11%	Secured by equitable mortgage of certain land, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company.	Repayable on demand
Cash credit	-	9.44	9%-11%	Secured by equitable mortgage of certain land, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company.	Repayable on demand
Cash credit	104.27	54.70	9%-11%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 10 quarterly unequal instalments commencing Q-11 to Q-20 from first disbursement.
Cash credit	192.66	448.98	9%-11%	Secured by equitable mortgage of certain land and receivables of the Company.	Repayable on demand
Cash credit	659.86	886.87	9%-11%	Secured by equitable mortgage of certain land and receivables of the Company.	Repayable on demand
Cash credit	53.09	-	9%-11%	Secured by equitable mortgage of property, hypothecation on scheduled company's share of receivables, Escrow account and maintaining of Debt Service Reserve account equal to three months interest.	Repayable in 24 monthly instalments commencing from June 15, 2022.
Cash credit	0.02	-	9%-11%	Secured by equitable mortgage of certain land, specific project inventory, and receivables of the Company.	Repayable on demand
Cash credit	0.26	-	9%-11%	Secured by equitable mortgage of certain land, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company. Corporate guarantee of Group Company.	Repayable on demand
Cash credit	1.77	-	9%-11%	Secured by equitable mortgage of certain land, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company. Corporate guarantee of Group Company.	Repayable on demand

in ₹ million

Particulars	Carrying amount as at 31 March 2020	Carrying amount as at 31 March 2019	Effective interest rate	Security Details	Repayment terms
Cash credit	305.96	-	9%-11%	Secured by equitable mortgage of certain land, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company. Corporate guarantee of Group Company.	Repayable on demand
Cash credit	2.57	-	9%-11%	Secured by equitable mortgage of certain land, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company. Corporate guarantee of Group Company.	Repayable on demand
Cash credit	8.59	-	9%-11%	Secured by equitable mortgage of certain land, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company. Corporate guarantee of Group Company.	Repayable on demand

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

in ₹ million

Nature of loan	Carrying amount as at 31 March 2020	Carrying amount as at 31 March 2019	Year of maturity	Name of the Company
Term loans	-	2,365.02	2020	Sobha Glazing & Metal Works Private Limited
Term loans	1,224.00	1,384.83	2022	Sri Durga Devi Property Management Private Limited
Term loans				Sri Parvathy Land Developers Private Limited
Term loans	4,290.00	-	On Demand	Kilai Builders Private Limited

19 Other financial liabilities

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Current		
Current maturities of long-term borrowings (refer note 18)	99.87	1,612.04
Letter of credit payable	1,776.84	2,335.41
Book overdraft from scheduled banks	4.01	85.50
Interest accrued but not due on borrowings	63.35	96.96
Unclaimed dividend*	2.52	2.35
Non-trade payable	302.73	337.12
Security deposit towards maintenance services	1,882.94	1,352.34
Payable to related parties (refer note 34)	143.30	129.80
Payable for purchase of property, plant and equipment	11.52	41.70
Total other financial liabilities	**4,287.08**	**5,993.22**

* Investor Protection and Education Fund is credited for unclaimed dividends when due.

20 Provisions

in ₹ million

Particulars	Current		Non-current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits				
Provision for gratuity (refer note 36)	68.64	73.20	144.67	121.01
Provision for leave benefits	82.75	76.97	-	-
	151.39	**150.17**	**144.67**	**121.01**

21 Income taxes

The major components of income tax expense for the years ended 31 March 2020 and 31 March 2019 are:

A. Amounts charged to statement of profit and loss

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Current income tax:		
Current income tax charge	444.49	975.20
Adjustments in respect of current income tax of previous year	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	1,071.50	478.63
Income tax expense reported in the statement of profit and loss	**1,515.99**	**1,453.83**

B. Income tax recognised in other comprehensive income

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Net loss/(gain) on remeasurements of defined benefit plans	-	-
Income tax charge to other comprehensive income	**-**	**-**

C. Reconciliation of effective tax rate

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Accounting profit before income tax	4,410.78	4,319.08
Tax on accounting profit at statutory income tax rate 25.17% (31 March 2019: 34.944%)*	1,110.19	1,509.26
Non-deductible expenses for tax purposes:		
Disallowance u/s 80G	60.11	8.91
Others	42.50	2.55
Non taxable income for tax purposes:		
Tax impact on profit/ (loss) from partnership firm	4.24	(0.55)
Other:		
Effect of increase in surcharge	-	-
MAT credit entitlement	298.95	(66.34)
At the effective income tax rate of 34.37% (31 March 2019: 33.66%)	1,515.99	1,453.83
Tax expense reported in the statement of profit and loss	**1,515.99**	**1,453.83**

* The Company has elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 for the year ended 31 March 2020 and has accordingly re-measured its deferred tax assets/(liabilities) basis the rate prescribed in the said section.

D. Deferred tax

Deferred tax assets and liabilities relates to the following

in ₹ million

Particulars	Balance as at 1 April 2018	Movement during 2018-19	Balance as at 31 March 2019	Movement during 2019-20	Balance as at 31 March 2020
Interest u/s 36(1)(iii)-interest inventorised/ capitalised in the books but claimed as expense in tax	(3,155.14)	(301.95)	(3,457.09)	967.46	(2,489.63)
Property, plant and equipment	110.09	37.19	147.28	(10.22)	137.06
Provision for leave salary	22.66	4.24	26.90	(6.07)	20.83
Provision for gratuity	20.41	47.45	67.86	(14.17)	53.69
Provision for exgratia	15.36	(15.36)	-	-	-
Provision for doubtful debts	44.16	3.08	47.24	(10.36)	36.88
Difference of finance lease depreciation and interest as per books and rent allowed as per IT Act	-	-	-	1.51	1.51
Deferred tax adjustment on adoption of Ind AS 115	-	4,188.65	4,188.66	(2,213.02)	1,975.64
Deferred tax adjustment for periods Ind AS adjustments*	464.08	(514.74)	(50.66)	50.66	-
Deferred tax expense / (income)	**-**	**3,448.57**		**(1,234.21)**	
Net deferred tax assets / (liabilities)	**(2,478.38)**	**-**	**970.19**	**-**	**(264.02)**

(*) adjusted against current tax liability

Reconciliation of deferred tax liabilities (net):

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	970.19	2,478.38
Tax income/(expense) during the period recognised in profit or loss	1,071.50	478.63
Deferred tax adjustment on adoption of Ind AS 115	(2,305.71)	(1,986.82)
Closing balance	**(264.02)**	**970.19**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

During the year ended 31 March 2020 and 31 March 2019, the Company has paid dividend to its shareholders. This has resulted in payment of DDT to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.

E. Liabilities for current tax (net)

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Current income tax:		
Opening	555.02	361.81
Add: Additions during the year	444.49	975.20
Less: Payments during the year	(730.48)	(781.99)
	269.03	**555.02**

22 Trade payables

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Trade payables		
Land cost payable	200.00	200.00
Total outstanding dues of micro enterprises and small enterprises; and	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises*	9396.51	11039.43
	9,596.51	**11,239.43**

Terms and conditions of the above financial liabilities:

* Trade payables are non-interest bearing and are normally settled on 30 to 60 day terms. For explanations on the Company's credit risk management processes, refer to note 47.

23 Other liabilities

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Advance from customers	37,653.26	42,768.60
Withholding taxes payable	52.91	49.21
Others	85.22	71.82
	37,791.39	**42,889.63**

Breakup of financial liabilities carried at amortised cost

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Borrowings (refer note 18)	30,054.63	23,749.24
Other financial liabilities (refer note 19)	4,287.08	5,993.22
Trade payables (refer note 22)	9,596.51	11,239.43
Total financial liabilities carried at amortised cost	**43,938.22**	**40,981.89**

24 Revenue from operations

in ₹ million

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Sale of products/ finished goods		
Income from property development	21,762.11	21,382.87
Income from sale of land and development rights	508.43	98.60
Income from glazing works	2,193.53	1,574.55
Income from interior works	1,870.97	1,428.50
Income from concrete blocks	485.71	433.74
Sale of services		
Income from contractual activity - Subsidiaries	514.94	290.10
Income from contractual activity - Others	10,181.49	8,331.02
Rental income from operating leases	3.95	-
Other operating revenue		
Scrap sales	37.27	48.25
	37,558.40	**33,587.63**

25 Other income

in ₹ million

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Other non-operating income (net of expenses directly attributable to such income)	276.51	333.95
Share in profits/ (loss) of partnership firm investments (post tax)	16.84	(8.81)
Gain on foreign exchange difference (net)	2.01	2.87
Profit on sale of fixed assets (net)	4.41	7.31
	299.77	**335.32**

26 Finance income

in ₹ million

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest income on		
Bank deposits	108.46	54.54
Unwinding of discount on deposits	338.24	360.29
	446.70	**414.83**

27 Cost of raw material and components consumed

in ₹ million

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Inventory at the beginning of the year	584.03	450.98
Add: Purchases during the year	3,066.06	2,888.74
Less: Inventory at the end of the year	648.56	584.03
Cost of raw material and components consumed	**3,001.53**	**2,755.69**

28 (Increase)/ decrease in inventories

in ₹ million

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Inventories at the end of the year		
Building materials	91.59	78.35
Land stock	10,391.08	8,346.47
Work-in-progress	40,816.00	50,084.02
Finished goods - Flats	12,232.21	3,604.71
Finished goods - Others	55.62	46.16
	63,586.50	**62,159.71**

in ₹ million

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Inventories at the beginning of the year		
Building materials	78.35	92.97
Land stock	8,346.47	8,518.03
Work-in-progress	50,084.02	44,411.37
Finished goods - Flats	3,604.71	1,472.35
Finished goods - Others	46.16	43.70
	62,159.71	**54,538.42**
Less: Transferred to other assets for development charges recoverable at cost from customers	1,737.30	-
Add: On account of adoption of Ind AS 115	-	5,000.18
	60,422.41	**59,538.60**
(Increase)/ decrease	**(3,164.09)**	**(2,621.11)**

29 Employee benefits expense

in ₹ million

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries, wages and bonus	2,250.42	2,140.49
Contribution to provident and other funds	79.35	70.78
Gratuity expense (refer note 36)	36.72	30.97
Compensated absence	34.02	36.98
Staff welfare expenses	63.68	79.37
	2,464.19	**2,358.59**

30 Depreciation and amortization expense

in ₹ million

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation of property, plant and equipment	673.10	581.65
Amortization of intangible assets	0.42	0.70
	673.52	**582.35**

31 Other expenses

in ₹ million

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
License fees and plan approval charges	57.23	549.14
Power and fuel	536.51	567.74
Water charges	44.54	36.34
Freight and forwarding charges	245.90	272.02
Rent (refer note 34 for transaction with related parties)	259.58	308.31
Rates and taxes	148.24	272.07
Insurance	80.13	67.85
Property maintenance expenses	98.26	96.13
Repairs and maintenance		
Plant and machinery	44.84	50.67
Others	56.15	54.81
Advertising and sales promotion	540.09	828.13
Brokerage and discounts	141.03	151.09
Donation	185.10	142.80
Travelling and conveyance	235.11	284.95
Printing and stationery	44.31	43.36
Legal and professional fees	245.09	217.26
Directors' commission and sitting fees	6.85	6.64
Payment to auditor (Refer details below)*	10.36	7.49
Allowance for credit loss	239.33	25.51
Security Charges	196.60	166.72
Miscellaneous expenses	385.01	338.85
	3,800.26	**4,487.88**

*** Payment to auditor**

in ₹ million

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
As auditor:		
Audit fees [including fees for limited review ₹ 4.20 million (31 March 2019 - ₹ 3.60 million)]	9.00	7.00
In other capacity:		
Reimbursement of expenses	1.36	0.49
	10.36	**7.49**

Financial Statements
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32 Details of CSR expenditure:

Gross amount required to be spent during the year was ₹ 62.62 million (31 March 2019 ₹ 49.23 million)

Particulars	In Cash	Yet to be paid in cash
Amount spent during the year ended 31 March 2020:		
Construction/acquisition of any asset (in ₹ million)	-	-
On purposes other than above (in ₹ million)	149.60	-
	149.60	**-**
Amount spent during the year ended 31 March 2019:		
Construction/acquisition of any asset (in ₹ million)	-	-
On purposes other than above (in ₹ million)	122.80	-
	122.80	**-**

33 Finance costs

in ₹ million

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest		
- On borrowings	2,602.42	2,104.73
- Others	4,134.82	518.35
Other borrowing cost and bank charges	219.28	213.80
	6,956.52	**2,836.88**
Less: Interest inventorised on qualifying assets	(224.24)	(543.51)
Total finance costs	**6,732.28**	**2,293.37**

34 Related party disclosures

a) Name of the related parties and the nature of its relationship with the Company's as below

Subsidiaries

Direct Subsidiaries

Sobha City

Sobha Highrise Ventures Private Limited

Sobha Developers (Pune) Limited

Sobha Assets Private Limited

Sobha Tambaram Developers Limited

Sobha Nandambakkam Developers Limited

Sobha Construction Products Private Limited

Subsidiaries of Sobha City

Vayaloor Properties Private Limited

Vayaloor Builders Private Limited

Vayaloor Developers Private Limited

Vayaloor Real Estate Private Limited

Vayaloor Realtors Private Limited

Valasai Vettikadu Realtors Private Limited

Subsidiaries of Sobha Highrise Ventures Private Limited

Sobha Contracting Private Limited

Subsidiaries of Sobha Developers (Pune) Limited

Kilai Builders Private Limited

Kuthavakkam Builders Private Limited

Kuthavakkam Realtors Private Limited

Sobha Interiors Private Limited

Joint Venture

Kondhwa Projects LLP

Key Shareholder

Mr. P. N. C. Menon

Mrs. Sobha Menon

Key Management Personnel ('KMP')

Mr. Ravi PNC Menon - Chairman

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

Mr. T P Seetharaman - Whole-time Director

Mr. Jagadish Nangineni - Deputy Managing Director (from 08 July, 2019)

Additional related parties ('KMP's) as per Companies Act, 2013 with whom transactions have taken place

Mr. Subhash Bhat - Chief Financial Officer

Mr. Vighneshwar G Bhat - Company Secretary

Other Directors

Mr. Anup Shah

Dr. S K Gupta (upto 31 March, 2019)

Mr. R V S Rao

Dr. Punita Kumar Sinha (upto 05 October, 2019)

Mr. Sumeet Jagdish Puri (from 08 July, 2019)

Mrs.Srivathsala KN (from 04 January, 2020)

Relatives of key management personnel

Mrs. Sudha Menon

Other related parties [Enterprise owned or significantly influenced by key management personnel]

Divyakaushal Properties LLP

Mannur Properties Private Limited

Mannur Real Estate Private Limited

Punkunnam Builders and Developers Private Limited

Puzhakkal Developers Private Limited

SBG Housing Private Limited

Sobha Aviation and Engineering Services Private Limited

Sobha Contracting LLC, Dubai

Sobha Glazing & Metal Works Private Limited

Sobha Projects & Trade Private Limited

Sobha Puravankara Aviation Private Limited

Sobha Renaissance Information Technology Private Limited

Sobha Space Private Limited

Sobha Technocity Private Limited

Sri Durga Devi Property Management Private Limited

Sri Kanakadurga Property Developers Private Limited

Sri Kurumba Educational and Charitable Trust

Sri Parvathy Land Developers Private Limited

Technobuild Developers Private Limited

C.V.S.Tech Park Private Limited

b) Details of the transactions with the related parties:

in ₹ million

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
I. Transaction with wholly owned subsidiaries		
Income from contractual activity		
Sobha City	260.40	145.75
Sobha Developers (Pune) Limited	26.32	-
Sobha Highrise Ventures Private Limited	5.31	-
Income from other services		
Sobha Developers (Pune) Limited	-	0.02
Sobha Highrise Ventures Private Limited	7.51	1.69
Sobha Tambaram Developers Limited	-	0.82
Sobha Nandambakkam Developers Limited	-	0.03

in ₹ million

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Income from Interior Works		
Sobha Highrise Ventures Private Limited	5.31	10.30
Share in profit/ (loss) of partnership firm		
Sobha City	16.84	(8.81)
Interest income on unsecured loans to related parties		
Sobha Highrise Ventures Private Limited	1.21	-
Amount contributed to partnership current account		
Sobha City	-	196.83
Amount withdrawn from partnership current account		
Sobha City	513.21	-
Payments made on behalf of related party		
Sobha Construction Products Pvt Ltd	0.22	-
Sobha Assets Private Limited	1.40	-
II. Transaction with Joint venture		
Amount contributed to partnership current account		
Kondhwa Projects LLP	14.36	3.63
III. Transaction with other related parties		
Income from contractual activity		
Sobha Projects & Trade Private Limited	623.42	1,021.92
Sobha Contracting Private Limited	81.88	131.50
Income from glazing works		
Sri Kurumba Educational and Charitable Trust	0.37	0.54
Income from interior works		
Sri Kurumba Educational and Charitable Trust	0.45	1.46
Interest income on unsecured loans to related parties		
Sobha Contracting Private Limited	6.22	0.21
Purchase of project items		
Sobha Projects & Trade Private Limited	746.08	922.59
Aircraft hire charges		
Sobha Puravankara Aviation Private Limited	60.20	119.63

in ₹ million

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
CSR expenditure - Donation		
Sri Kurumba Educational and Charitable Trust	149.60	122.80
Payments made on behalf of related party		
Sobha Projects & Trade Private Limited	-	0.10
Moolamcode Traders Private Limited	-	0.02
Pallavur Projects Private Limited	0.01	0.01
Puzhakkal Developers Private Limited	0.01	0.09
Land advance		
Technobuild Developers Private Limited	85.11	556.28
Advance paid towards purchase of goods or services		
Sobha Projects & Trade Private Limited	731.59	511.82
Sobha Puravankara Aviation Private Limited	-	88.49
Sri Parvathy Land Developers Private Limited	3.24	-
Puzhakkal Developers Private Limited	73.52	-
Refund of advance by the related party		
Sobha Projects & Trade Private Limited	-	26.09
Technobuild Developers Private Limited	749.36	104.77
Puzhakkal Developers Private Limited	171.72	-
Rent paid		
Sobha Interiors Private Limited	14.05	16.86
Sobha Glazing & Metal Works Private Limited	5.52	6.62
Directors' remuneration		
Mr. J. C. Sharma	70.21	70.78
Mr. Ravi PNC Menon	121.40	112.00
Mr.T P Seetharaman	7.56	-
Mr. Jagadish Nangineni	10.06	-
Dividend paid (payment basis)		
Mr. Ravi PNC Menon	20.75	0.23
Mr. J. C. Sharma	0.16	0.29
Salary (including perquisites)		
Mr. Subhash Bhat	11.34	11.29
Mr. Vighneshwar G Bhat	3.94	3.87
Directors' sitting fees and commission		
Mr. Anup Shah	1.89	1.86
Dr. S K Gupta	-	1.91

in ₹ million

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Mr. R V S Rao	1.85	1.87
Dr. Punita Kumar Sinha	0.91	1.80
Mr.Sumeet Jagdish Puri	1.33	-
Mrs.Srivathsala KN	0.87	-
IV. Transaction with key shareholders		
Dividend paid (payment basis)		
Mr. P. N. C. Menon	84.43	84.43
Mrs. Sobha Menon	201.08	249.38
Mr. P. N. C. Menon and Mrs. Sobha Menon (jointly held shares)	37.02	37.02

c) **Details of balances receivable from and payable to related parties are as follows:**

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
I. Balances receivable from and payable to wholly owned subsidiaries		
Investment in subsidiaries - current account		
Sobha City - partner current account	541.19	1,054.40
Investment in preference shares		
Sobha Highrise Ventures Private Limited	77.00	77.00
Advances recoverable in cash or in kind		
Sobha Assets Private Limited	84.24	82.84
Sobha Construction Products Private Limited	0.22	-
Trade receivables		
Sobha Highrise Ventures Private Limited	20.60	5.81
Sobha Developers (Pune) Limited	74.90	-
Advance from customers		
Sobha Developers (Pune) Limited	-	2,018.77
Sobha Nandambakkam Developers Limited	0.31	0.21
Sobha Tambaram Developers Limited	7.45	6.62
Unsecured loans to related parties		
Sobha Highrise Ventures Private Limited	61.09	-
Guarantees given		
Sobha Assets Private Limited	227.32	227.32
Sobha City	1,153.30	686.36

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
II. Balances receivable from and payable to joint ventures		
Investment in partners current account		
Kondhwa Projects LLP	1,142.52	1,128.16
III. Balances receivable from and payable to other related parties		
Unsecured loans to related parties		
Sobha Contracting Private Limited	115.59	23.19
Land advance		
Technobuild Developers Private Limited	8,512.72	9,176.97
Puzhakkal Developers Private Limited	52.17	150.36
Sri Parvathy Land Developers Private Limited	102.04	101.33
Sri Durga Devi Property Management Private Limited	42.92	42.88
Rent deposit		
Sobha Glazing & Metal Works Private Limited	37.60	33.37
Sobha Interiors Private Limited	95.71	84.94
Advances recoverable in cash or in kind		
Sobha Projects & Trade Private Limited	13.17	7.77
Sobha Puravankara Aviation Private Limited	221.84	693.46
Punkunnam Builders and Developers Private Limited	0.05	0.02
Sobha Aviation and Engineering Services Private Limited	0.01	0.01
Mannur Properties Private Limited	0.02	0.02
Sobha Technocity Private Limited	0.02	0.02
Pallavur Projects Private Limited	-	0.10
Moolamcode Traders Private Limited	-	0.11
Trade receivables		
Sri Kurumba Educational and Charitable Trust	15.74	15.98
Divyakaushal Properties LLP	-	0.03
Sobha Projects & Trade Private Limited	695.06	635.56
Sobha Contracting Private Limited	185.03	146.51
Trade payables		
Kilai Builders Private Limited	38.47	-
SBG Housing Private Limited	2.67	2.67
Sobha Puravankara Aviation Private Limited	-	463.39
Divyakaushal Properties LLP	0.66	-

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
IV. Balances receivable from and payable to key managerial personnel		
Non-trade payable		
Mr. J. C. Sharma	80.59	59.25
Mr. Ravi PNC Menon	18.62	59.25

d) Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. The above related party transactions have been approved by the Board of Directors. Outstanding balances at the year-end are unsecured and interest free (except for loans taken mentioned in (d) and investment in debentures of subsidiaries) and settlement occurs in cash. For the year ended 31 March 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2019 - ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

e) Compensation of key management personnel of the Company

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Short-term employee benefits	106.98	79.44
Commission to independent directors	6.85	6.80
Other benefits*	117.53	119.14
	231.36	**205.38**

* As the liability for gratuity and leave encashment is provided on actuarial basis for the Company as whole, the amount pertaining to the directors are not included above.

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

f) Also, refer note 18 as regards guarantees received from key management personnel and relative of key management personnel and collateral securities offered by related companies in respect of loans availed by the Company.

35 Segment information

Basis of segmentation

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segments and assess their performance.

The Company has two reportable segments, as described below, which are the Company's strategic business units. These business units offer different products and services, and are managed separately because they require different marketing strategies. For each of the business units, the Company's CEO reviews internal management reports on at least a quarterly basis.

The CEO monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Accordingly, the Group has identified following as its reportable segment for the purpose of Ind AS 108:

a) Real estate segment;

b) Contractual and manufacturing segment.

Real Estate segment (RE) comprises development, sale, management and operation of all or any part of townships, housing projects, also includes leasing of self owned commercial premises.

The operation of the Contractual and Manufacturing segment (CM) comprises development of commercial premises and other related activities, also includes manufacturing activities related to interiors, glazing and metal works and concrete products.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Also, the Company's financing (including finance costs and finance income) and income taxes are managed on a overall basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The following tables present revenue and profit information for the Company's operating segments for the year ended 31 March 2020 and 31 March 2019 respectively:

Business segments

in ₹ million

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Segment revenue		
Real estate	22,311.76	21,819.82
Contractual and manufacturing	16,415.27	12,908.30
Total Segment revenue	**38,727.03**	**34,728.12**
Inter segment revenues	(1,168.63)	(1,140.49)
Net revenue from operations	**37,558.40**	**33,587.63**
Segment result		
Real estate	9,781.58	5,433.47
Contractual and manufacturing	2,966.43	2,226.48
Total Segment results	**12,748.01**	**7,659.95**
Finance costs	(6,732.28)	(2,293.37)
Other unallocable expenditure	(2,351.42)	(1,797.65)
Share of profits/ (losses) in a subsidiary partnership firm	16.84	(8.81)
Other income (including finance income)	729.63	758.96
Profit before taxation	**4,410.78**	**4,319.08**
Income taxes	(1,515.99)	(1,453.83)
Profit after taxation	**2,894.79**	**2,865.25**

The following table presents assets and liabilities information for the Company's operating segments as at 31 March 2020 and 31 March 2019 respectively:-

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Segment assets		
Real estate	90,032.63	88,776.36
Contractual and manufacturing	8,071.84	6,999.05
Total segment assets	**98,104.47**	**95,775.41**
Unallocated assets	7,327.02	9,696.07
Total assets	**105,431.49**	**105,471.48**
Segment liabilities		
Real estate	45,790.45	51,123.18
Contractual and manufacturing	5,205.40	6,602.86
Total segment liabilities	**50,995.85**	**57,726.04**
Unallocated liabilities	31,562.87	26,971.68
Total liabilities	**82,558.72**	**84,697.72**
Capital employed		
Real estate	44,242.18	37,653.18
Contractual and manufacturing	2,866.45	396.19
Unallocated capital employed	(24,235.86)	(17,275.61)
Total capital employed	**22,872.77**	**20,773.76**

Finance income and costs, and fair value gains and losses on financial assets pertaining to individual segments are allocated to respective segments.

Current taxes, deferred taxes and certain financial assets and liabilities are considered as unallocated as they are also managed on a Company basis.

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Capital expenditure		
Real estate	249.67	331.54
Contractual and manufacturing	378.17	295.27
Unallocated capital expenditure	726.02	554.68
Total capital expenditure	**1,353.86**	**1,181.49**

Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment property under development.

Information of revenue and non-current operating assets based on location cannot be furnished since there are no revenue generated from business activities outside India and there are no non-current operating assets held by the Company outside India.

Reconciliations to amounts reflected in the financial statements

(i) Reconciliation of assets

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Segment assets	**98,104.47**	**95,775.41**
Investment (refer note 9)	3,674.05	4,163.00
Prepaid expenses (refer note 12)	368.44	341.47
Balances with statutory/ government authorities (refer note 12)	1,270.61	1,275.03
Deferred tax assets (net) (refer note 21)	-	970.19
Cash and bank balances (refer note 13 and 14)	804.50	1,730.74
Non-current bank balances (refer note 11)	62.15	16.15
Other unallocable assets	1,147.27	1,199.49
Total assets	**105,431.49**	**105,471.48**

(ii) Reconciliation of liabilities

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Segment liabilities	**50,995.85**	**57,726.04**
Borrowings (refer note 18)	30,054.63	23,749.24
Provisions (refer note 20)	296.06	271.18
Deferred tax liabilities (refer note 21)	264.02	-
Liabilities for current tax (net) (refer note 21)	269.03	555.02
Withholding taxes payable (refer note 23)	52.91	49.21
Others payable (refer note 23)	85.22	71.82
Other unallocable liabilities	541.00	2,275.21
Total liabilities	**82,558.72**	**84,697.72**

36 Employment benefit plans

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Net benefit liability-gratuity	**213.31**	**194.20**
Non-current	144.67	121.01
Current	68.64	73.20

The Company has a defined benefit gratuity plan in India ('the Plan'), governed by the Payment of Gratuity Act, 1972. The Plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned.

The defined benefit plan for gratuity is administered by a single gratuity fund that is legally separate from the Company. The board of the gratuity fund comprises three employees. The board of the gratuity fund is required by law to act in the best interests of the plan participants and is responsible for setting certain policies (e.g. investment and contribution policies) of the fund.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans:

in ₹ million

Particulars	31 March 2020	31 March 2019
Reconciliation of present value defined benefit obligation		
Obligation at the beginning of the year	196.34	167.02
Service cost	22.84	18.87
Interest cost	13.88	12.53
Benefits settled	(11.41)	(13.68)
Actuarial (gain)/loss (through OCI)	(6.19)	11.60
Obligation at the end of the year	**215.46**	**196.34**
Reconciliation of present value of planned assets		
Plan assets at the beginning of the year, at fair value	2.13	1.41
Interest income	0.15	0.11
Actuarial gain/(loss) (through OCI)	(0.02)	(0.01)
Contributions paid into the plan	11.30	14.30
Benefits settled	(11.41)	(13.68)
Plan assets at the end of the year, at fair value	**2.15**	**2.13**
Present value of defined benefit obligation at the end of the year	215.46	196.34
Less: Fair value of plan assets at the end of the year	2.15	2.13
Net liability recognised in the balance sheet	**213.31**	**194.21**
Expenses recognised in statement of profit and loss		
Service cost	22.99	18.87
Interest cost (net)	13.73	12.42
Gratuity cost	**36.72**	**31.29**
Capitalised to property plant and equipment	(0.15)	(0.32)
Net gratuity cost	**36.57**	**30.97**
Re-measurement gains/ (losses) in OCI		
Actuarial gain / (loss) due to financial assumption changes	(7.12)	(3.35)
Actuarial gain / (loss) due to experience adjustments	13.31	(8.24)
Return on plan assets greater (less) than discount rate	(0.02)	(0.01)
Deferred tax charge	(1.56)	4.06
Total expenses routed through OCI	**4.61**	**(7.54)**

The major categories of plan assets as a percentage of the fair value of the total plan assets are as follows:

Particulars	31 March 2020	31 March 2019
Investment in insurance fund	100%	100%

Acturial assumptions

Particulars	31 March 2020	31 March 2019
Discount rate	6.24%	7.07%
Future salary growth	5.00%	5.00%
Employee turnover	15.00%	15.00%
Estimated rate of return on plan assets	7.07%	7.50%

Assumptions regarding future mortality are based on Indian Assured Lives Mortality (2006-08)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

in ₹ million

Particulars	31 March 2020	31 March 2019
Effect of + 1% change in rate of discounting	(8.51)	(7.61)
Effect of - 1% change in rate of discounting	9.35	8.34
Effect of + 1% change in rate of salary growth	8.47	7.56
Effect of - 1% change in rate of salary growth	(7.91)	(7.09)
Effect of + 1% change in rate of employee turnover	0.24	0.64
Effect of - 1% change in rate of employee turnover	(0.30)	(0.73)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on projected benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to the projected benefit plan in future years:

in ₹ million

Particulars	31 March 2020	31 March 2019
Within the next 12 months	39.51	36.05
Between 2 and 5 years	107.43	101.11
Between 5 and 10 years	82.92	79.65
Total expected payments	**229.86**	**216.81**

37 Earnings per share ['EPS']

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	31 March 2020	31 March 2019
Profit after tax attributable to shareholders (amount in ₹ million)	2,894.79	2,865.25
Weighted average number of equity shares of ₹10 each outstanding during the year used in calculating basic and diluted EPS	94,845,853	94,845,853
Earnings per share - Basic and diluted (amount in ₹)	30.52	30.23

The Company has applied the modified retrospective approach to its real estate residential contracts that were not completed as of 1 April 2018 and has given impact of adoption of Ind AS 115 by debiting to retained earnings as at the said date. On account of this, the basic and diluted EPS for the year ended 31 March 2019 is ₹ 30.23 instead of ₹ 26.32 per share.

38 Leases

Operating lease - Company as lessor

The Company has entered into commercial property leases on its property, plant and equipment. These operating leases have variable terms ranging from 12 months to 36 months up to eleven years. All leases include a clause to enable upward revision of the lease rental on periodical basis and includes variable rent determined based on percentage of sales of lessee.

The Company has recognised ₹ 3.95 million (31 March 2019 - ₹ Nil million) during the year towards lease rental income.

Minimum lease payments receivable in respect of these leases for non-cancellable period are as follows:

in ₹ million

Particulars	31 March 2020	31 March 2019
Within one year	157.78	-
After one year but not more than five years	466.63	-
More than five years	-	-
	624.41	**-**

Operating lease - Company as lessee

Operating lease obligations: The Company has taken office, other facilities and other equipment under cancellable and non-cancellable operating leases, which are renewable on a periodic basis with escalation as per agreement.

The Company has paid ₹ 259.58 million (31 March 2019 - ₹ 308.31 million) during the year towards minimum lease payments.

Future minimum rentals payable under non-cancellable operating lease are as follows:

in ₹ million

Particulars	31 March 2020	31 March 2019
Within one year	66.75	84.80
After one year but not more than five years	140.21	166.54
More than five years	88.49	110.06
	295.45	**361.40**

39 Contingent liabilities

Contingent liabilities (to the extent not provided for)

in ₹ million

	Particulars	31 March 2020	31 March 2019
i	Guarantees given by the Company	3,956.40	3,155.86
ii	Income tax matters in dispute	176.28	176.28
iii	Sales tax matters in dispute	526.52	490.62
iv	Service tax matters in dispute	459.53	468.22
v	Excise duty matters in dispute	7.27	7.27
		5,126.00	**4,298.25**

The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The

Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position. The Company does not expect any reimbursements in respect of the above contingent liabilities

During the year, the Company received a provisional attachment notice, attaching one of the Company's Joint Development Agreement partner's land, on which the Company has completed construction and sold the units. The Company has consulted with independent legal counsel and duly responded to the relevant authorities and does not expect any adverse impact due to this attachment.

During the previous year and the current year, the Company has received e-mails from SEBI enquiring about certain transactions entered into by the Company in earlier years. SEBI has sought the contracts, documents, correspondences and other information from the Company on these transactions, under Section 11 of the SEBI Act, 1992. The queries in the e-mails from SEBI are directed towards verification of any possible irregularities in the business / accounting of these transactions. For the queries which were received during the year, the Company has duly responded within the time allotted. Another query has been received post the balance sheet date and the Company is in the process of finalising its response to the same, which will be submitted, along with the required documents sought, in due course.

The Company has receivables and other balances outstanding as at the balance sheet date from these transactions and is in the process of recovering the same from the other parties to these contracts. Based on the Company's assessment, it does not believe that there has been any undue favour to the other parties and hence, this will not have any adverse impact on the financial statements.

40. Commitments and other litigations

a. Commitments

(a) The estimated amount of contracts, net of advances remaining to be executed on capital account is ₹ 8.19 million (31 March 2019 - ₹ 62.14 million).

(b) At 31 March 2020, the Company has given ` 14,139.76 million (31 March 2019 - ₹ 18,431.21 million) as advances for purchase of land. Under the agreements executed with the land owners, the Company is required to make further payments under the agreements based on the terms/ milestones stipulated under the agreement.

(c) The Company has entered into joint development agreements with owners of land for its construction and development. Under the agreements, the Company is required to pay deposits to the owners of the land and share in area/ revenue from such development in exchange of undivided share in land as stipulated under the agreements. As of 31 March 2020, the Company has paid ₹ 6,052.36 million (31 March 2019 - ₹ 5,704.46 million) as refundable deposit (undiscounted) against the joint development agreements.

(d) The Company has entered into an aircraft usage agreement with a party wherein the Company along with certain other parties has committed minimum usage of aircraft. During the year ended 31 March 2020, the Company incurred ₹ 60.20 million (31 March 2019 - ₹ 119.63 million) towards aircraft usage as per the agreement.

b. Other litigations

(a) Claims have been levied on the Company by Bruhat Bengaluru Mahanagara Palike ('BBMP') towards certain statutory charges which includes betterment charges, ground rent charges, etc. on certain real estate projects undertaken by the Company, the impact of which is not quantifiable. These claims are pending with various courts and are scheduled for hearings. Based on internal assessment, the management is confident that the matter would be decided in its favour, accordingly no provisions has made in this regard.

(b) The Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business, including certain litigation for lands acquired by it for construction purposes, either through joint development agreements or through outright purchases, the impact of which is not quantifiable. These cases are pending with various courts and are scheduled for hearings. After considering the circumstances and legal advice received, management believes that these cases will not adversely effect its financial statements.

Service tax matters in dispute includes demands raised for joint development agreements, the tax impact of which for future years is not ascertainable. The Company has evaluated such arrangements for tax compliance and based on experts opinion, the management is of the view that the tax positions are appropriate.

41 Construction contracts

in ₹ million

Particulars	31 March 2020	31 March 2019
Contract revenue recognised as revenue for the year ended	32,002.23	30,003.99
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to for all the contracts in progress	67,752.59	50,358.15
The amount of customer advances outstanding for contracts in progress for which revenue has been recognised	11,638.12	9,176.87
The amount of work-in-progress and value of inventories	23,771.96	11,852.38
The amount of retentions due from customers for contracts in progress	199.40	182.54

42 Contract balances

The following table discloses the movement in contract assets

in ₹ million

Particulars	31 March 2020	31 March 2019
Opening balance	396.81	-
Revenue recognised during the year	2,060.71	396.81
Invoices during the year	(396.81)	-
Closing balance	2,060.71	396.81

43 Derivative instruments and unhedged foreign currency exposure

in ₹ million

Particulars	31 March 2020	31 March 2019
Foreign currency exposure that are not hedged by derivative instruments or otherwise:		
Trade payables	19.02	6.45

44 Based on the information available with the Company, there are no suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as at 31 March 2020.

45 Capitalization of expenditure

During the year, the Company has capitalized the following expenses of revenue nature to capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

in ₹ million

Particulars	31 March 2020	31 March 2019
Opening capital work in progress	1,900.37	1,344.93
Add: Expenses incurred during the year		
Purchase of project materials	50.09	261.11
Subcontractor and other charges	94.89	154.27
Salaries, wages and bonus	11.51	15.50
Rent	17.41	22.60
Others	248.87	101.96
Sub-total	**422.77**	**555.44**
Closing capital work in progress	**2,323.14**	**1,900.37**

46 Fair value measurements

a. The carrying amounts of financial instruments by categories is as follows:

in ₹ million

Particulars	As at 31 March 2020			As at 31 March 2019		
	At cost	Fair value through profit or loss	At amortised cost	At cost	Fair value through profit or loss	At amortised cost
Financial assets						
Investments (refer note 9)	3,673.97	-	0.08	4,162.82	-	0.08
Trade receivables (refer note 10)	-	-	3,662.93	-	-	3,209.24
Cash and bank balances (refer note 13 and 14)	-	-	804.50	-	-	1,730.74
Other financials assets (refer note 11)	-	-	8,736.27	-	-	5,871.94
Total	**3,673.97**	**-**	**13,203.78**	**4,162.82**	**-**	**10,812.00**
Financial liabilities						
Borrowings (refer note 18)	-	-	30,054.63	-	-	23,749.24
Trade payables (refer note 22)	-	-	9,596.51	-	-	11,239.43
Other financial liabilities (refer note 19)	-	-	4,287.08	-	-	5,993.22
Total	**-**	**-**	**43,938.22**	**-**	**-**	**40,981.89**

b. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities

in ₹ million

Particulars	As at 31 March 2020				As at 31 March 2019			
	Carrying amount	Fair value			Carrying amount	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial assets								
Investments carried at fair value through profit and loss	-	-	-	-	-	-	-	-
Investments at amortized cost	0.08	-	-	0.08	0.08	-	-	0.08
	0.08	**-**	**-**	**0.08**	**0.08**	**-**	**-**	**0.08**

Notes:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

There have been no transfers between the levels during the period.

Financial instruments carried at amortised cost such as instruments, trade receivables, cash and other financial assets, borrowings, trade payables and other financial liabilities are considered to be same as their fair values, due to their short term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

47 Financial risk management objectives and policies

The Company's principal financial liabilities comprise borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to finance and support Company's operations. The Company's principal financial assets include instruments, trade and other receivables, cash and bank balances, land advances and refundable deposits that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a risk management committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The risk management committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

A. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and other price risk, such as equity price risk and commodity/ real estate risk. Financial instruments affected by market risk include borrowings and refundable deposits.

The sensitivity analysis in the following sections relate to the position as at 31 March 2020 and 31 March 2019. The sensitivity analyses have been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rates of the debt.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions.

The below assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2020 and 31 March 2019.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate of borrowings. The Company does not enter into any interest rate swaps.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

in ₹ million

Particulars	Increase/ decrease in interest rate	Effect on profit before tax *
31 March 2020		
INR	+1%	(300.76)
INR	-1%	300.76
31 March 2019		
INR	+1%	(254.80)
INR	-1%	254.80

* determined on gross basis i.e. with out considering inventorisation of such borrowing cost.

B. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including refundable joint development deposits, security deposits, loans to employees and other financial instruments.

Trade receivables

(a) Receivables resulting from sale of properties: Customer credit risk is managed by requiring customers to pay advances before transfer of ownership, therefore, substantially eliminating the Company's credit risk in this respect.

(b) Receivables resulting from other than sale of properties: Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. The impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company's credit period generally ranges from 30-60 days.

(c) Revenue from one customer individually accounted for more than 10% of the company's revenue for the year ended 31 March 2020 and 31 March 2019. No single customer individually accounted for more than 10% of the trade receivable balance of the company as at 31 March 2020 and 31 March 2019.

Movement in allowance for credit losses

Particulars	31 March 2020	31 March 2019
Opening balance	332.01	202.77
Amounts written off	(36.94)	(12.43)
Net remeasurement of loss allowance	239.33	141.67
Closing balance	**534.40**	**332.01**

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 March 2020 and 31 March 2019 is the carrying amounts.

C. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

in ₹ million

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
31 March 2020						
Borrowings (refer note 18)	6,656.33	2,365.14	4,586.97	15,230.20	1,215.99	30,054.63
Trade payables (refer note 22)	-	6,991.17	2,340.26	232.16	32.92	9,596.51
Other financial liabilities (refer note 19)	305.25	1,356.81	2,625.02	-	-	4,287.08
	6,961.58	**10,713.12**	**9,552.25**	**15,462.36**	**1,248.91**	**43,938.22**
31 March 2019						
Borrowings (refer note 18)	5,346.64	2,835.75	5,577.42	9,989.43	-	23,749.24
Trade payables (refer note 22)	-	8,069.48	2,532.15	637.80	-	11,239.43
Other financial liabilities (refer note 19)	87.85	1,631.05	2,792.16	1,482.16	-	5,993.22
	5,434.49	**12,536.28**	**10,901.73**	**12,109.39**	**-**	**40,981.89**

48 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing borrowings, trade payables and other financial liabilities (excluding liability under JDA), less cash and bank balances.

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Borrowings (long-term and short-term, including current maturities of long term borrowings) (Note 18 & 19)	30,154.50	25,361.28
Trade payables (Note 22)	9,596.51	11,239.43
Other financial liabilities (current and non-current, excluding current maturities of long term borrowings) (Note 19)	4,187.21	4,381.18
Other liabilities (Note 23)	37,791.39	42,889.73
Less: Cash and bank balances (Note 13 and 14)	(804.50)	(1,730.74)
Net debt	**80,925.11**	**82,140.89**
Equity share capital (Note 15)	948.46	948.46
Other equity (Note 16)	21,924.31	19,825.30
Total capital	**22,872.77**	**20,773.76**
Capital and net debt	**103,797.88**	**102,914.65**
Gearing ratio	77.96%	79.81%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 31 March 2019.

49 Impact due to oubreak of COVID-19

Due to the outbreak of Coronavirus Disease(COVID-19), the Government of India declared lock-down on 23 March 2020 and the Company had to suspend the operations in all ongoing projects in compliance with the lockdown instructions issued by the Central and respective State Governments. This impacted the normal business operations of the Company by way of interruption in projects execution, supply chain disruption and unavailability of personnel during the lock-down period.

The Company has considered the possible impacts on the carrying value of assets. The Company, as at the date of these financial results has used internal and external sources of information to assess the expected future performance of the Company. The Company has also performed a sensitivity analysis on the assumptions used and based on the current estimates, the Company expects that the carrying amount of these assets reported in the balance sheet as at 31 March 2020 are fully recoverable. The Company has also estimated the future cash flows with the possible effects that may result from the COVID-19 pandemic and does not foresee any adverse impact on realising its assets and meeting its liabilities as and when they fall due. The actual impact of the COVID-19 pandemic may be different from that estimated as at the date of approval of these financial results.

The Central and State Governments have initiated steps to relax the lock-down restrictions and the Company is adhering to the same. The Company resumed its operations albeit in a reduced capacity from 4 May 2020. The Company will continue to closely observe the evolving scenario and take into account any future developments arising out of the same."

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No.: 065155

Place: Bengaluru, India
Date : 27 June 2020

for and on behalf of the Board of Directors of **Sobha Limited**

Ravi PNC Menon
Chairman
DIN: 02070036

J.C. Sharma
Vice Chairman and Managing Director
DIN: 01191608

Subhash Bhat
Chief Financial Officer

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Place: Bengaluru, India
Date : 27 June 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Sobha Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Sobha Limited (hereinafter referred to as the "Holding Company"), its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and its joint venture, which comprise the consolidated balance sheet as at 31 March 2020, and the consolidated statement of profit and loss (including other comprehensive income),consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries and joint venture as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of theGroup andits joint venture as at 31 March 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group andits joint venture in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with theserequirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition - refer note 2.4 (b)(ii)(a) to the consolidated financial statements

Key Audit Matter	How the matter was addressed in our audit
Measurement of revenue recorded from sale of residential units Revenues from sale of residential units represents the largest portion of the total revenues of the Holding Company.	Our audit procedures on revenue recognition included the following: • Evaluation of the Holding Company's accounting policies for revenue recognition on sale of residential units are in line with the applicable accounting standards and their application to customer contracts including consistent application;

Financial Statements Consolidated

INDEPENDENT AUDITORS' REPORT (continued)

Key Audit Matters (continued)

Revenue recognition (continued) - refer note 2.4(b)(ii)(a) to the consolidated financial statements

Key Audit Matter	How the matter was addressed in our audit
Revenue is recognised upon transfer of control of residential units to customers for an amount which reflects the consideration the Holding Company expects to receive in exchange for those units. The point of revenue recognition is normally on handover of the unit to the customer on completion of the project, post which the contract becomes non-cancellable by the parties. The Holding Company records revenue at a point in time upon transfer of control of residential units to the customers. Considering the volume of the Holding Company's projects, spread across different regions within the country and the competitive business environment, there is a risk of revenue being overstated (for example, through premature revenue recognition i.e. recording revenue prior to handover of unit to the customers) or understated (for example, through improperly shifting revenues to a later period) in order to present consistent financial results. Since revenue recognition has direct impact on the Holding Company's profitability, there is a possibility of the Holding Company being biased, hence this is considered as a key audit matter.	• Evaluation of the design and implementation and testing the operating effectiveness of key controls around approvals of contracts, milestone billing, handover letters and controls over collection from customers; • For samples selected, verifying the underlying documents – handover letter, sale agreement signed by the customer and the collections; • Cut-off procedures for recording of revenue in the relevant reporting period; • Site visits during the year for selected projects to understand the scope, nature, status and progress of the projects; and • Considered the adequacy of the disclosures in note 2.4(b)(ii)(a) to the consolidated financial statements in respect of recognising revenue for residential units.

B. Revenue recognition - refer note 3(b)(i) to theconsolidated financial statements

Key Audit Matter	How the matter was addressed in our audit
Measurement of revenue recorded over time which is dependent on the estimates of the costs to complete Revenue recognition from contractual projects represents a significant portion of the total revenues of the Holding Company. Revenue recognition from contractual projects involves significant estimates related to measurement of costs to complete the projects. Revenue from projects is recorded based on Holding Company's assessment of the work completed, costs incurred and accrued and the estimate of the balance costs to complete. Due to the inherent nature of the projects and significant judgment involved in the estimate of costs to complete, there is risk of overstatement or understatement of revenue, hence this is considered as a key audit matter.	Our audit procedures on revenue recognition included the following: • Evaluation of Holding Company's accounting policies for revenue recognition on contractual projects are in line with the applicable accounting standards and their application to customer contracts including consistent application; • For samples selected during the year, verifying the underlying documents – contracts with customers, invoices raised and collections from the customers; • Comparing the costs to complete workings with the budgeted costs and analysis of the variances, if any; • Sighting approvals for changes in budgeted costs with the rationale for the changes; • Assessment of costs incurred on projects, which is used by the Holding Company to determine the percentage of completion.

INDEPENDENT AUDITORS' REPORT (continued)

Key Audit Matters (continued)

Revenue recognition (continued) - refer note 3(b)(i) to theconsolidated financial statements

Key Audit Matter	How the matter was addressed in our audit
	• Considered the adequacy of the disclosures in note 3(b)(i) to the consolidated financial statements in respect of judgements taken to recognise revenue for contractual projects. • Considered the adequacy of the disclosures in note 41 to the consolidated financial statements in respect revenue recognised and cost incurred till date, profit / loss recognised till date, amount received as advance from customers, work-in-progress, value of inventories and amount of retentions due from customers.

C. Revenue recognition - refer note 2.4 (b)(iii) to theconsolidated financial statements

Key Audit Matter	How the matter was addressed in our audit
Measurement of revenue recorded from sale of products Revenue is recognised upon transfer of control of products manufactured by the Holding Company to customers for an amount which reflects the consideration the Holding Company expects to receive in exchange for those products. The point of revenue recognition is normally upon transfer of control to the customer on delivery of product. Considering the competitive business environment, there is a risk of revenue being overstated (for example, through premature revenue recognition i.e. recording revenue prior to transfer of control to the customers) or understated (for example, through improperly shifting revenues to a later period) in order to present consistent financial results. Since revenue recognition has direct impact on the Holding Company's profitability, there is a possibility of the Holding Company being biased, hence this is considered as a key audit matter.	Our audit procedures on revenue recognition included the following: • Evaluation of Holding Company's accounting policies for revenue recognition on sale of products manufactured, are in line with the applicable accounting standards; • Evaluation of design and implementation and testing the operating effectiveness of key controls around approvals of sales orders received, invoice raised, intimation of delivery of product and controls over collection from customers; • For samples selected, verifying the underlying documents – sales orders, invoice raised, good received note authorized by the customer and the collections; and • Cut-off procedures for recording of revenue in the relevant reporting period.

D. Inventories - refer note 3 (b)(iii) to theconsolidated financial statements

Key Audit Matter	How the matter was addressed in our audit
Assessment of net realisable value (NRV) of inventories Inventories on construction of residential units comprising of ongoing and completed projects, initiated but unlaunched projects and land stock, represents a significant portion of the Holding Company's total assets	Our audit procedures to assess the net realisable value (NRV) of inventories included the following: • Enquiry with the Holding Company's personnel to understand the basis of computation and justification for the estimated recoverable amounts of the unsold units ("the NRV assessment");

INDEPENDENT AUDITORS' REPORT (continued)

Key Audit Matters (continued)

Inventories (continued) - refer note 3 (b)(iii) to theconsolidated financial statements

Key Audit Matter	How the matter was addressed in our audit
The Holding Company recognises profit on each sale by reference to the overall project margin. A project comprises multiple units, the construction of which can last a number of years. The recognition of profit for sale of a unit, is therefore dependent on the estimate of future selling prices and construction costs. Further, estimation uncertainty and exposure to cyclicality exists within long-term projects. Forecasts of future sales are dependent on market conditions, which can be difficult to predict and be influenced by political and economic factors. Considering the significance of the amount of carrying value of inventories and the involvement of significant estimation and judgement in assessment of NRV, this is considered as a key audit matter.	• Assessing the Holding Company's valuation methodology for the key estimates, data inputs and assumptions adopted in the valuation. This involved comparing expected average selling prices with published data such as recently transacted prices for similar properties located in nearby vicinity of each project and the sales budget maintained by the Holding Company's; • While analyzing the expected average selling price, we have performed a sensitivity analysis on the selling price and compared this to the budgeted cost; and • Verifying the NRV assessment and comparing the estimated construction costs to complete each development with the Holding Company's updated budgets.

E. Land Advances - refer note 3(b)(iii) to the consolidated financial statements

Key Audit Matter	How the matter was addressed in our audit
Assessment of recoverability of land advances Land advance represents a significant portion of the Holding Company's total assets. Land advance represents the amount paid towards procurement of land parcels to be used in the futurefor construction of residential projects. These advances are carried at cost less impairment losses. These land advances will be converted into land parcels as per the terms of the underlying contracts under which these land advances have been given. The carrying value of advances are tested for recoverability by the Holding Company's by comparing the valuation of land parcels in the same area for which land advances have been given. Considering the quantum of the amount of carrying value of land advances to total assets of the Group and significant estimates and judgements involved in assessing recoverability of land advances, this has been considered as a key audit matter	Our audit procedures to assess the recoverability of land advances included the following: • Enquiry with the Holding Company's personnel on the process of providing land advances and test of key controls over such land advances paid during the year; • Enquiry with the Holding Company's personnel also covered obtaining reasons on the long-standing land advances and understanding Group's plan for conversion of the land advances to land stock; • For our samples, verified the underlying agreements or Memorandum of understanding in possession of the Holding Company, based on which land advances were given to assess the Holding Company's rights over the land parcels in subject; • For our samples, obtained the fair valuation reports of such land parcels for assessing the valuation methodology, key estimates and assumptions adopted in the valuation; and • For our samples, verified the published guidelines values for the area in which these land parcels are situated.

Key Audit Matters (continued)

Land Advances (continued) - refer note 3(b)(iii) to the consolidated financial statements

F. Inquiry from regulator - refer note 40 to the consolidated financial statements

Key Audit Matter	How the matter was addressed in our audit
Assessment of certain transactions entered into by the Holding Company on which queries have been received from SEBI During the current and previous year, the Holding Company has received enquiries from Securities and Exchange Board of India (SEBI)about certain transactions entered into by the Holding Company in earlier years. Based on the responses provided by the Holding Company, SEBI has continued to follow up and sought substantiation of the Holding Company's responses with reference to the contracts, documents, correspondences etc. from the Company, under the provisions of Section 11 of the SEBI Act, 1992. The enquiries are directed to ascertain if there has been undue favour towards any individual in these specific business transactions carried out by the Holding Company. Further, the Holding Company has aged receivablesand other asset balances outstanding from these transactions and SEBI has sought responses on efforts taken by the Holding Company to recover these amounts due. Considering the significance of the matter, i.e. enquiries from SEBI and involvement of significant judgements and estimates by the Holding Company on the realizability of these balances, this has been considered as a key audit matter.	Our audit procedures on the transactions include the following: • Inquired with the senior management of the Holding Company to understand the nature of the transactions in question, business rationale of entering into these transactions, status of the recoverability of outstanding receivables and accuracy of recording of any payables recorded as at the balance date; • Tested the underlying documents, i.e., contracts entered into with customers and landowner's, correspondence with the customers to recover the outstanding balance and customer confirmations available with the Holding Company on these transactions; • Evaluated and challenged the Holding Company's assessment of recoverability of the balances outstanding as at the balance sheet date; • Obtained independent confirmation from the third parties on some of these transactions; • Based on our understanding from the discussions with the management, communicated updates on these transactions periodically to those charged with governance; • Obtained management note on the business rationale for these transactions; and • Considered the adequacy of the disclosure in the consolidated financial statements.

Information Other than the Consolidated Financial Statements and Auditors' Report thereon

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the financial statements and our auditors' report thereon.The annual report is expected to be madeavailable to us after the date of this auditor's report

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the otherinformation identified above when it becomes available and, in doing so, consider whether theother information ismaterially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Information Other than the Consolidated Financial Statements and Auditors' Report thereon (continued)

When we read the annual report, if we conclude that there is a material misstatement therein, we arerequired to communicate the matter to those charged with governance.

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparationand presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group and of its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company. and for preventing and detecting frauds and other irregularities; theselection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group and of itsjoint venture are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its joint venture are responsible for overseeing the financial reporting process of each company.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but, is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and itsjoint venture to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its joint venture to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statementsof 18subsidiaries(including step down subsidiaries), whose financial statementsreflect total assets (before consolidation adjustments) of Rs.8,061.57 millionasat 31March2020,total revenues (before consolidation adjustments) ofRs. 493.04 million and net cash flows amounting to Rs 79.39 million for the year ended on that date, as considered in the consolidatedfinancial statements.These financial statements have been audited by their respective independent auditors whose

Other Matters (continued)

reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these entities and our report in terms of sub-section (3)of Section 143 of the Act, in so far as it relates to these entities, is based solely on the audit reports of such auditorsand the procedures performed by us are as stated in paragraph above.

The consolidated financial statements also include the Group's share of net profit/loss (and other comprehensive income) (before consolidation adjustments) of Rs. Nil for the year ended 31 March 2020, as considered in the consolidated financial statements, in respect of a joint venture, whose financial information has not been audited by us or by other auditor. The unaudited financial information has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the joint venture, and our report in terms of sub-sections (3)of Section 143 of the Act in so far as it relates to the aforesaid joint venture, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, thefinancial information is not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditorsand the financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries and joint venture as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.

   e. On the basis of the written representations received from the directors of the Holding Company as on 27 June 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companiesincorporated in India, none of the directors of theGroupcompaniesincorporatedinIndiaisdisqualifiedason31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and joint venture incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other

Report on Other Legal and Regulatory Requirements (continued)

auditors on separate financial statements of the subsidiaries and joint venture as noted in the 'Other Matters' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group and its joint venture. Refer Note 40 to the consolidated financial statements.

ii. The Group andits joint venture did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2020.

iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company incorporated in India during the year ended 31 March 2020. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the subsidiary companies incorporated in India during the year ended 31 March 2020; and

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2020.

C. With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies and joint venture incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Companyto its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Companyis not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership number: 065155
UDIN:20065155AAAADJ5960
Bangalore
27 June 2020

Annexure A to the Independent Auditors' report on the consolidated financial statements of Sobha Limited for the year ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of Sobha Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to 18subsidiary companies (including step down subsidiaries), which are companies incorporated in India, is based on the corresponding reports of the independent auditors of such companies incorporated in India.

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership number: 065155
UDIN:20065155AAAADJ5960
Bangalore
27 June 2020

Annexure 1: List of subsidiaries and joint venture

Subsidiaries of Sobha Limited

Sl.No.	Name of the subsidiary
1	Sobha City
2	Sobha Highrise Ventures Private Limited
3	Sobha Developers (Pune) Limited
4	Sobha Assets Private Limited
5	Sobha Tambaram Developers Limited
6	Sobha Nandambakkam Developers Limited
7	Sobha Construction Products Private Limited

Subsidiaries of Sobha City

Sl.No.	Name of the subsidiary
1	Vayaloor Properties Private Limited,
2	Vayaloor Builders Private Limited,
3	Vayaloor Developers Private Limited
4	Vayaloor Real Estate Private Limited
5	Vayaloor Realtors Private Limited and
6	ValasaiVettikadu Realtors Private Limited

Subsidiary of Sobha Highrise Ventures Private Limited

Sl.No.	Name of the subsidiary
1	Sobha Contracting Private Limited

Subsidiary of Sobha Developers (Pune) Limited

Sl.No.	Name of the subsidiary
1	Kilai Builders Private Limited
2	Sobha Interior Private Limited
3	Kuthavakkam Realtors Private Limited
4	Kuthavakkam Builders Private Limited

Joint venture of Sobha Limited

Sl.No.	Name of the subsidiary
1	Kondhwa Projects LLP

Sobha Limited

Consolidated balance sheet

in ₹ million

	Note	As at 31 March 2020	As at 31 March 2019
Assets			
Non-current assets			
Property, plant and equipment	4	4,630.71	2,841.97
Investment property	5	1,880.95	1,905.13
Investment property under construction	7	2,323.14	1,900.37
Intangible assets	8	231.74	129.89
Right of use assets	6	128.19	-
Financial assets			
Investments	10	1,142.69	1,128.24
Trade receivables	11	141.02	83.98
Other non-current financial assets	12	162.32	182.39
Other non-current assets	13	5,180.55	5,106.58
Current tax assets (net)	22	113.44	87.33
Deferred tax asset (net)	22	20.56	1,008.89
		15,955.31	**14,374.77**
Current assets			
Inventories	9	67,044.90	65,173.37
Financial assets			
Trade receivables	11	3,604.63	3,271.46
Cash and cash equivalents	14	675.09	1,644.54
Bank balance other than cash and cash equivalents	15	208.80	126.91
Other current financial assets	12	8,310.31	5,297.90
Other current assets	13	14,323.22	17,582.23
		94,166.95	**93,096.41**
Total assets		**110,122.26**	**107,471.18**
Equity and liabilities			
Equity			
Equity share capital	16	948.46	948.46
Other equity	17	23,363.55	21,342.64
Total equity		**24,312.01**	**22,291.10**
Non-current liabilities			
Financial liabilities			
Borrowings	19	2,377.64	48.13
Lease liabilities	19	60.64	-
Provisions	21	144.67	121.01
Deferred tax liabilities (net)	22	311.33	74.00
		2,894.28	**243.14**
Current liabilities			
Financial liabilities			
Borrowings	19	28,625.05	24,378.69
Lease liabilities	19	73.56	-
Trade payables			
Total outstanding dues of micro enterprises and small enterprises; and	23	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	23	9,566.88	11,327.65
Other current financial liabilities	20	4,937.06	6,476.74
Other current liabilities	24	39,292.99	42,048.67
Liabilities for current tax (net)	22	269.04	555.02
Provisions	21	151.39	150.17
		82,915.97	**84,936.94**
Total liabilities		**85,810.25**	**85,180.08**
Total equity and liabilities		**110,122.26**	**107,471.18**
Summary of significant accounting policies	2.4		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No.: 065155

Place: Bengaluru, India
Date : 27 June 2020

for and on behalf of the Board of Directors of **Sobha Limited**

Ravi PNC Menon
Chairman
DIN: 02070036

J.C. Sharma
Vice Chairman and Managing Director
DIN: 01191608

Subhash Bhat
Chief Financial Officer

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Place: Bengaluru, India
Date : 27 June 2020

Sobha Limited
Consolidated statement of profit and loss

in ₹ million

	Note	For the year ended 31 March 2020	For the year ended 31 March 2019
Income			
Revenue from operations	25	37,538.52	34,420.66
Finance income	27	429.92	386.70
Other income	26	288.15	348.05
Total income		**38,256.59**	**35,155.41**
Expenses			
Land purchase cost		4,268.33	1,029.59
Cost of raw materials and components consumed	28	3,001.53	2,755.69
Purchase of project materials		7,215.95	10,856.44
(Increase)/ decrease in inventories	29	(3,412.49)	(2,943.75)
Subcontractor and other charges		8,836.30	8,862.96
Employee benefits expense	30	2,464.19	2,358.59
Finance costs	34	6,816.03	2,362.20
Depreciation and amortization expense	31	722.85	623.17
Other expenses	32	4,012.35	4,768.32
Total expenses		**33,925.04**	**30,673.21**
Profit before share of profit/(loss) of joint venture and tax		**4,331.55**	**4,482.20**
Share of profit/(loss) of joint venture(net of tax)		-	-
Profit before tax		**4,331.55**	**4,482.20**
Tax expenses			
Current tax	22	451.90	987.47
Deferred tax charge	22	1,062.96	524.80
Income tax expense		**1,514.86**	**1,512.27**
Profit for the year		**2,816.69**	**2,969.93**
Other comprehensive income			
Item that will not be reclassified to profit or loss in subsequent periods:			
Re-measurement losses on defined benefit plan	37	4.61	(7.54)
Income tax effect		-	-
Other comprehensive income for the year, net of tax		**4.61**	**(7.54)**
Total comprehensive income for the year attributable to owners of the Company		**2,821.30**	**2,962.39**
Profit for the period attributable to :			
Owners of the Company		2,816.69	2,969.93
Non-controlling interests		-	-
		2,816.69	**2,969.93**
Total comprehensive income for the year attributable to :			
Owners of the Company		2,821.30	2,962.39
Non-controlling interests		-	-
		2,821.30	**2,962.39**
Earnings per equity share [nominal value of ₹ 10 (31 March 2019 - ₹ 10)]			
Basic and diluted (amount in ₹)	38	29.69	31.33
Summary of significant accounting policies	2.4		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No.: 065155

Place: Bengaluru, India
Date : 27 June 2020

for and on behalf of the Board of Directors of **Sobha Limited**

Ravi PNC Menon
Chairman
DIN: 02070036

J.C. Sharma
Vice Chairman and Managing Director
DIN: 01191608

Subhash Bhat
Chief Financial Officer

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Place: Bengaluru, India
Date : 27 June 2020

Sobha Limited
Consolidated statement of changes in equity

a. Equity share capital

	Number of shares in million	Amount in ₹ million
Equity shares of ₹ 10 each issued, subscribed and fully paid		
Balance as at 1 April 2018	**94.84**	**948.46**
Balance as at 31 March 2019	**94.84**	**948.46**
Balance as at 1 April 2019	**94.84**	**948.46**
Balance as at 31 March 2020	**94.84**	**948.46**

b. Other equity

in ₹ million

	Attributable to owners of the Company						Total
	Reserves and Surplus					Items of OCI	
	Capital redemption reserve	Securities premium account	Debenture redemption reserve	General reserve	Retained earnings	Other items of OCI	
As at 1 April 2018	**119.47**	**9,328.92**	**479.67**	**2,956.56**	**13,869.30**	**(3.07)**	**26,750.85**
Profit for the year	-	-	-	-	2,969.93	-	2,969.93
On account of adoption of Ind AS 115	-	-	-	-	(7,570.21)	-	(7,570.21)
Other comprehensive income (net of tax)	-	-	-	-	-	(7.54)	(7.54)
Total comprehensive income	**119.47**	**9,328.92**	**479.67**	**2,956.56**	**9,269.02**	**(10.61)**	**22,143.03**
Transfer to other reserves							
Debenture redemption reserve	-	-	108.05	-	(108.05)	-	-
Debentures redeemed during the year	-	-	(287.50)	287.50	-	-	-
General reserve	-	-	-	286.53	(286.53)	-	-
Total transfer to other reserves	**-**	**-**	**(179.45)**	**574.03**	**(394.58)**	**-**	**-**
Transaction with owners, recorded directly in equity							
Distribution to owners							
Dividend (including dividend distribution tax) (refer note 18)	-	-	-	-	(800.39)	-	(800.39)
Total distribution to owners	**-**	**-**	**-**	**-**	**(800.39)**	**-**	**(800.39)**
As at 31 March 2019	**119.47**	**9,328.92**	**300.22**	**3,530.59**	**8,074.05**	**(10.61)**	**21,342.64**

Consolidated statement of changes in equity

in ₹ million

	Attributable to owners of the Company						Total
	Reserves and Surplus					Items of OCI	
	Capital redemption reserve	Securities premium account	Debenture redemption reserve	General reserve	Retained earnings	Other items of OCI	
As at 1 April 2019	**119.47**	**9,328.92**	**300.22**	**3,530.59**	**8,074.05**	**(10.61)**	**21,342.64**
Profit for the year	-	-	-	-	2,816.69	-	2,816.69
Other comprehensive income (net of tax)	-	-	-	-	-	4.61	4.61
Total comprehensive income	**119.47**	**9,328.92**	**300.22**	**3,530.59**	**10,890.74**	**(6.00)**	**24,163.94**
Transfer to other reserves							
Debenture redemption reserve	-	-	49.82	-	(49.82)	-	-
Debentures redeemed during the year	-	-	(350.04)	350.04	-	-	-
General reserve	-	-	-	289.48	(289.48)	-	-
Total transfer to other reserves	**-**	**-**	**(300.22)**	**639.52**	**(339.30)**	**-**	**-**
Transaction with owners, recorded directly in equity							
Distribution to owners							
Dividend (including dividend distribution tax) refer note 17	-	-	-	-	(800.39)	-	(800.39)
Total distribution to owners	**-**	**-**	**-**	**-**	**(800.39)**	**-**	**(800.39)**
As at 31 March 2020	**119.47**	**9,328.92**	**-**	**4,170.11**	**9,751.05**	**(6.00)**	**23,363.55**
Summary of significant accounting policies	2.4						

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No.: 065155

Place: Bengaluru, India
Date : 27 June 2020

for and on behalf of the Board of Directors of **Sobha Limited**

Ravi PNC Menon
Chairman
DIN: 02070036

J.C. Sharma
Vice Chairman and Managing Director
DIN: 01191608

Subhash Bhat
Chief Financial Officer

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Place: Bengaluru, India
Date : 27 June 2020

Sobha Limited
Consolidated statement of cash flows

in ₹ million

	For the year ended 31 March 2020	For the year ended 31 March 2019
Cash flows from operating activities		
Profit before tax	**4,331.55**	**4,482.20**
Adjustments to reconcile profit before tax to net cash flows from operating activities		
Depreciation and amortization expense	679.39	582.36
Depreciation of investment properties	43.46	40.81
Gain on sale of property, plant and equipment	(4.41)	(7.31)
Finance income (including fair value change in financial instruments)	(429.92)	(386.70)
Finance costs (including fair value change in financial instruments)	6,595.35	2,147.09
Allowance for credit loss	239.33	25.51
Bad debts written off	8.80	-
Working capital adjustments:		
(Increase)/ decrease in trade receivables	(623.35)	152.45
(Increase)/ decrease in inventories	(3,157.76)	(4,879.27)
(Increase)/ decrease in other financial assets	(2,549.53)	2,674.50
(Increase)/ decrease in other assets	3,019.16	(418.05)
Increase/(decrease) in trade payables and other financial liabilities	(1,742.28)	4,805.14
Increase/(decrease) in provisions	24.88	(35.15)
Increase/(decrease) in other non-financial liabilities	(2,755.68)	(6,241.28)
Cash generated from operating activities	**3,678.99**	**2,942.30**
Income tax paid (net of refund)	(1,062.94)	(881.59)
Net cash flows from/ (used in) operating activities (A)	**2,616.05**	**2.060.71**
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,913.84)	(1,077.90)
Purchase of intangible assets	(102.27)	(5.56)
Proceeds from sale of property, plant and equipment	4.93	43.91
Purchase of investment properties	(19.28)	(110.82)
Contribution to partnership current account	(14.45)	(3.63)
(Investments in)/ redemption of bank deposits	(127.88)	152.08
Interest received	429.92	388.11
Net cash flows used in investing activities (B)	**(2,742.87)**	**(613.81)**

Sobha Limited
Consolidated statement of cash flows

in ₹ million

	For the year ended 31 March 2020	For the year ended 31 March 2019
Cash flows from financing activities		
Repayment of long-term borrowings	(1,624.98)	(1,374.99)
Proceeds from short-term borrowings	24,969.22	20,313.85
Repayment of short-term borrowings	(20,039.50)	(16,232.72)
Lease payments	(50.06)	-
Finance cost paid	(3,298.80)	(2,768.27)
Dividends paid on equity shares	(663.74)	(663.41)
Tax on dividend paid	(136.47)	(136.74)
Net cash flows used in financing activities (C)	**(844.33)**	**(862.01)**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(971.15)	584.89
Cash and cash equivalents at the beginning of the year (refer note 14)	1,644.54	1,059.64
Cash inflow due to acquisition of subsidiary	1.70	0.01
Cash and cash equivalents at the end of the year (refer note 14)	**675.09**	**1,644.54**

Summary of significant accounting policies 2.4

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No.: 065155

Place: Bengaluru, India
Date : 27 June 2020

for and on behalf of the Board of Directors of **Sobha Limited**

Ravi PNC Menon
Chairman
DIN: 02070036

J.C. Sharma
Vice Chairman and Managing Director
DIN: 01191608

Subhash Bhat
Chief Financial Officer

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Place: Bengaluru, India
Date : 27 June 2020

Notes to the consolidated financial statements for the year ended 31 March 2020

1 Corporate information

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

The Company is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The registered office is located at Bangalore. The Company's shares and debentures are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

The consolidated financial statements are approved for issue by the Board of Directors on 27 June 2020.

2 Significant accounting policies

2.1 Basis of preparation

The financial statements are separate financial statements prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provision of the Act.

The consolidated financial statements have been prepared on the historical cost basis, except for the following assets and liabilities which have been measured at fair value:

➢ Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

The consolidated financial statements are presented in ₹ and all values are rounded to the nearest millions, except when otherwise indicated.

2.2 Group information

The consolidated financial statements of the Group includes subsidiaries listed in the table below:

Name of investee	Principal activities	Country of incorporation	Percentage of ownership/ voting rights	
			31 March 2020	31 March 2019
Subsidiaries				
Sobha City ['Partnership firm']	Real estate development	India	100%	100%
Sobha Contracting Pvt Ltd		India	100%	100%
Sobha Developers (Pune) Limited		India	100%	100%
Sobha Assets Private Limited		India	100%	100%
Sobha Highrise Ventures Private Limited		India	100%	100%
Sobha Interiors Private Limited		India	100%	0%
Sobha Nandambakkam Developers Limited		India	100%	100%
Sobha Tambaram Developers Limited		India	100%	100%
Sobha Construction Products Private Limited		India	100%	0%
Kilai Builders Private Limited		India	100%	0%
Kondhwa Projects LLP ['Partnership firm']		India	50%	50%
Kuthavakkam Builders Private Limited		India	100%	0%
Kuthavakkam Realtors Private Limited		India	100%	0%
Vayaloor Properties Private Limited		India	100%	100%
Vayaloor Builders Private Limited		India	100%	100%
Vayaloor Developers Private Limited		India	100%	100%
Vayaloor Real Estate Private Limited		India	100%	100%
Vayaloor Realtors Private Limited		India	100%	100%
Valasai Vettikadu Realtors Private Limited		India	100%	100%

The consolidated financials statements also includes the result of a joint venture, Kondhwa Projects LLP, which has been accounted for under the equity method of accounting.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company, its subsidiaries and a joint venture. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March 2020.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

(d) Include the results, i.e.profit or loss from the joint venture in the consolidated Statement of profit and loss.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.4 Summary of significant accounting policies

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

b) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue includes excise duty, since the recovery of excise duty flows to the Group on its own account. However, sales tax/ value added tax (VAT)/Goods and Services Tax(GST) is not received by the Group on its own account. These taxes are collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

i. Recognition of revenue from contractual projects

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

ii. Recognition of revenue from real estate projects

a. Recognition of revenue from property development

Revenue is recognized upon transfer of control of residential units to customers, in an amount that reflects the consideration the Group expects to receive in exchange for those residential units. The Group shall determine the performance obligations associated with the contract with customers at contract inception and also determine whether they satisfy the performance obligation over time or at a point in time. In case of residential units, the Group satisfies the performance obligation and recognises revenue at a point in time i.e., upon handover of the residential units.

To estimate the transaction price in a contract, the Group adjusts the promised amount of consideration for the time value of money if that contract contains a significant financing component. The Group when adjusting the promised amount of consideration for a significant financing component is to recognise revenue at an amount that reflects the cash selling price of the transferred residential unit.

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

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

iii. Recognition of revenue from manufacturing division

Revenue from sale of materials is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which coincides with dispatch of goods to the customers. Service income is recognised on the basis of completion of a physical proportion of the contract work/ based upon the contracts/ agreements entered into by the Group with its customers.

iv. Dividend income

Revenue is recognised when the shareholders' or unit holders' right to receive payment is established, which is generally when shareholder approve the dividend.

v. Rental income from operating leases

Rental income receivable under operating leases (excluding variable rental income) is recognized in the statement of profit and loss on a straight-line basis over the term of the lease including lease income on fair value of refundable security deposits. Rental income under operating leases having variable rental income is recognized as per the terms of the contract.

vi. Interest income

Interest income, including income arising from other financial instruments, is recognised using the effective interest rate method.

c) Property, plant and equipment

Property, plant and equipment are stated at their cost of acquisition/construction, net of accumulated depreciation and impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

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

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the property, plant and equipment is derecognised.

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

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

d) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in statement of profit and loss as incurred.

Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in statement of profit and loss in the period of derecognition.

e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets, comprising of software and intellectual property rights are amortized on a straight line basis over a period of 3 years, which is estimated to be the useful life of the asset and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

f) Depreciation on property, plant and equipment

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

Particulars	Useful lives estimated by the management (in years)
Property, plant and equipment	
Factory buildings	30
Buildings - other than factory buildings	60
Buildings - temporary structure	3
Plant and machinery	
i. General plant and machinery	15
ii. Plant and machinery - Civil construction	12
iii. Plant and machinery - Electrical installations	10
Furniture and fixtures	10
Motor vehicles	8
Computers	
i. Computer equipment	3
ii. Servers and network equipment	6
Office equipment	5

Particulars	Useful lives estimated by the management (in years)
Investment property	
Buildings - other than factory buildings	60
Plant and machinery	
i. General plant and machinery	15
ii. Plant and machinery - Civil construction	12
iii. Plant and Machinery - Electrical installations	10
Furniture and fixtures	10

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

g) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that any non-financial asset may be impaired. If any indication exists, or when annual impairment testing for a non-financial asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss.

h) Impairment of financial assets

The Group assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Group recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

i) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The real estate development projects undertaken by the Group generally run over a period ranging up to 5 years. Operating assets and liabilities relating to such projects are classified as current based on an operating cycle of up to 5 years. Borrowings in connection with such projects are classified as short-term (i.e. current) since they are payable over the term of the respective projects.

Assets and liabilities, other than those discussed above, are classified as current to the extent they are expected to be realised / are contractually repayable within 12 months from the balance sheet date and as non-current, in other cases.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

j) Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

➢ Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities

- Level 2 — inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

k) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Classification and subsequent measurement

On initial recognition, financial asset is classified as measured at:

- amortised cost
- fair value through other comprehensive income (FVTOCI) - debt investment
- fair value through other comprehensive income (FVTOCI) - equity investment
- fair value through profit or loss (FVTPL)

Financial assets at amortised cost

A 'financial asset' is measured at the amortised cost if both the following conditions are met and is not designated as FVTPL:

a) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and b) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

Debt instrument at Fair value through Other comprehensive income (FVTOCI)

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met and is not designated as FVTPL:

a) the objective of the business model is achieved both by collecting contractual cash flows and selling the financial instrument, and

b) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt investment included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

Financial assets at Fair Value Through Profit or Loss (FVTPL)

FVTPL is a residual category for financial assets. Any financial assets, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss. In addition, the Group may elect to designate a financial asset, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any financial asset as at FVTPL.

Equity investments in joint ventures

Interests in joint ventures are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of joint ventures until the date on which significant influence or joint control ceases.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Classification, subsequent measurement and gains and losses

The financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading or it is as derivative or deginated as such on initial recognition. Financial liabilities measured as FVTPL are measured at fair value and net gains or losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

l) Borrowing costs

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

m) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

n) Employee benefits

i. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the statement of profit and loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

ii. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income (OCI) . The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

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

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

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

o) Provisions

A provision is recognized when an enterprise has a present obligation (legal or constructive) as result of past event and it is probable that an outflow of embodying economic benefits of resources will be required to settle a reliably assessable obligation. Provisions are determined based on best estimate required to settle each obligation at each balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

p) Contingent liabilities

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

q) Earnings per share

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

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

r) Income taxes

Income tax expense comprises of current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

Current income tax

Current income tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred income tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

The Group has elected to exercise the option permitted under section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Group has recognised Provision for Income Tax for the year ended 31 March 2020 and re-measured its Deferred Tax Asset basis the rate prescribed in the said section.

s) Foreign currency transactions

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

t) Inventories

Related to contractual and real estate activity

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

i. Work-in-progress - Contractual: Cost of work yet to be certified/ billed, as it pertains to contract costs that relate to future activity on the contract, are recognised as contract work-in-progress provided it is probable that they will be recovered. Contractual work-in-progress is valued at lower of cost and net realisable value.

ii. Work-in-progress - Real estate projects (including land inventory): Represents cost incurred in respect of unsold area of the real estate development projects or cost incurred on projects where the revenue is yet to be recognised. Real estate work-in-progress is valued at lower of cost and net realisable value.

iii. Finished goods - Flats: Valued at lower of cost and net realisable value.

iv. Finished goods - Plots: Valued at lower of cost and net realisable value.

v. Building materials purchased, not identified with any specific project are valued at lower of cost and net realisable value. Cost is determined based on a weighted average basis.

vi. Land inventory: Valued at lower of cost and net realisable value.

Related to manufacturing activity

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

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

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

u) 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.

Land/ development rights received under joint development arrangements is measured at the fair value of the estimated construction service rendered to the land owner and the same is accounted on launch of the project. Further, non-refundable deposit amount paid by the Group under joint development arrangements is recognised as land advance under other assets and on the launch of the project, the non-refundable amount is transferred as land cost to work-in-progress.

v) Leases

Where the Group is lessee

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

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

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

Where the Group is lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease, unless the lease agreement explicitly states that increase is on account of inflation. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

w) Cash dividend to equity holders of the Group

The Group recognises a liability to make cash distributions to equity holders of the Group when the distribution is authorised and the distribution is no longer at the discretion of the Group. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Group's Board of Directors.

3 Significant accounting judgements, estimates and assumptions

The preparation of these consolidated financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgements, estimates and assumptions that affect the reported balances of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) Judgements

In the process of applying the accounting policies, Management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

i) Classification of property

The Group determines whether a property is classified as investment property or inventory property:

Investment property comprises land and buildings (principally offices, commercial warehouse and retail property) that are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business.

Inventory property comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Group develops and intends to sell before or on completion of construction.

ii) Business combination

The Group has granted land advances to a land aggregator Group, named Technobuild Developers Private Limited ('Technobuild'), wherein Technobuild is engaged in business of acquiring large parcels of lands and transferring it for development for consideration to the Group. In order to protect the right of the Company to recover the advance, the shareholders of Technobuild have signed a non-disposal undertaking with the Company. The management assessed whether or not the Company has control over Technobuild based on such non-disposal undertaking. In exercising its judgement, management considers, that rights are only protective rights to safeguard the Group's interest to the extent of land advances granted by it to Technobuild. Further, such rights will get terminated once the entire land parcels are transferred to the Company as per the terms of the arrangement. Also the Group does not exercise any control/ power over the entire financial and business operations of Technobuild since it neither holds (directly/Indirectly) any shareholding/ voting rights in Technobuild nor it exercises any board control to demonstrate any power or ability to use its power over the operations of Technobuild, which could impact the returns of the Company. The undertaking provided by the shareholders of Technobuild does not provide substantive rights to the Group to participate in the business operations of Technobuild, since such rights are only protective in nature, hence management has concluded that the Company does not have sufficient dominant vesting interest to exert control over Technobuild.

b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

i) Revenue recognition, contract costs and valuation of unbilled revenue

The Group uses the percentage-of-completion method for recognition of revenue, accounting for unbilled revenue and contract cost thereon for its contractual projects. The percentage of completion is measured by reference to the stage of the contracts determined based on the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs. Use of the percentage-of-completion method requires the Group to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Significant assumptions are required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost and the recoverability of the contracts. These estimates are based on events existing at the end of each reporting date.

ii) Accounting for advance from customer considering the time value of money

When determining whether a contract includes a significant financing component, the Group considers the period between performance and payment for that performance. For contracts where revenue is recognised at a point in time, the period considered is that between transfer of control of the good and the payment. Therefore, if payment for a property is made before the date on which control is transferred, an assessment is required of whether the contract includes a significant financing component, especially if the period is greater than twelve months.

Advanced payments from the customer lead to higher amount of revenue being recognised than the contract price because the Group accepts a lower amount in return for financing. As the entity recognises the interest expense related to the financing component, the corresponding amount is recorded as a contract liability/revenue.

iii) Estimation of net realisable value for inventory property (including land advance)

Inventory property is stated at the lower of cost and net realisable value (NRV).

NRV for completed inventory property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Group, based on comparable transactions identified by the Group for properties in the same geographical market serving the same real estate segment.

NRV in respect of inventory property under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and an estimate of the time value of money to the date of completion.

With respect to land advance given, the net recoverable value is based on the present value of future cash flows, which depends on the estimate of, among other things, the likelihood that a project will be completed, the expected date of completion, the discount rate used and the estimation of sale prices and construction costs.

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2020

4 Property, plant and equipment

in ₹ million

Particulars	Freehold land	Factory buildings	Other buildings	Plant and machinery	Scaffolding items	Furniture and fixtures	Vehicles	Computers	Office equipment	Total
Cost										
As at 1 April 2018	81.90	641.59	1,132.57	1,281.09	902.01	36.09	9.59	71.96	18.99	**4,175.79**
Additions during the year	10.52	1.65	48.62	146.28	370.51	4.59	0.36	43.92	4.43	630.88
Deletions during the year	-	-	-	(34.25)	(6.36)	(0.53)	-	(5.48)	(0.46)	(47.08)
As at 31 March 2019	**92.42**	**643.24**	**1,181.19**	**1,393.12**	**1,266.16**	**40.15**	**9.95**	**110.40**	**22.96**	**4,759.59**
Additions during the year	1,719.40	72.11	17.99	260.05	312.81	7.73	0.37	14.97	6.73	2,412.16
Deletions during the year	-	-	-	(3.86)	(6.24)	-	(1.72)	(9.32)	(0.46)	(21.60)
As at 31 March 2020	**1,811.82**	**715.35**	**1,199.18**	**1,649.31**	**1,572.73**	**47.88**	**8.60**	**116.05**	**29.23**	**7,150.15**
Accumulated depreciation										
As at 1 April 2018	-	178.30	171.83	404.38	544.68	18.78	5.88	45.49	10.53	1,379.87
Charge for the year	-	105.94	64.33	188.62	185.62	4.13	0.92	29.51	2.58	581.65
Deletions during the year	-	-	-	(29.29)	(6.34)	(0.53)	-	(7.29)	(0.45)	(43.90)
As at 31 March 2019	**-**	**284.24**	**236.16**	**563.71**	**723.96**	**22.38**	**6.80**	**67.71**	**12.66**	**1,917.62**
Charge for the year	-	112.23	74.25	205.88	187.39	4.24	0.76	31.57	6.58	622.90
Deletions during the year	-	-	-	(3.51)	(6.23)	-	(1.65)	(9.25)	(0.44)	(21.08)
As at 31 March 2020	**-**	**396.47**	**310.41**	**766.08**	**905.12**	**26.62**	**5.91**	**90.03**	**18.80**	**2,519.44**
Carrying amount										
As at 31 March 2020	**1,811.82**	**318.88**	**888.77**	**883.23**	**667.61**	**21.26**	**2.69**	**26.02**	**10.43**	**4,630.71**
As at 31 March 2019	**92.42**	**359.00**	**945.03**	**829.41**	**542.20**	**17.77**	**3.15**	**42.69**	**10.30**	**2,841.97**

Note:

a) Capitalised borrowing costs

The amount of borrowing costs capitalised during the year ended 31 March 2020 was ₹ 224.23 million (31 March 2019 - ₹ 77.66 million). The rate used to determine the amount of borrowing costs eligible for capitalisation was 9.97% (31 March 2019 - 9.77%), which is the effective interest rate of the specific borrowing.

b) Property, plant and equipment

Property, plant and equipment with a carrying amount of ₹ 1,046.44 million (31 March 2019 - ₹ 1,412.79 million) are subject to a first charge to secure the Group's loans.

5 Investment property

in ₹ million

Particulars	Freehold land	Other buildings	Other assets forming part of Building: Plant and machinery	Other assets forming part of Building: Furniture and fixtures	Total
Cost					
As at 1 April 2018	**131.70**	**1,621.69**	**148.22**	**23.02**	**1,924.63**
Additions during the year	0.77	92.54	16.23	1.29	110.83
As at 31 March 2019	**132.47**	**1,714.23**	**164.45**	**24.31**	**2,035.46**
Additions during the year	-	7.54	-	11.74	19.28
As at 31 March 2020	**132.47**	**1,721.77**	**164.45**	**36.05**	**2,054.74**
Accumulated depreciation					
As at 1 April 2018	**-**	**58.61**	**26.02**	**4.89**	**89.52**
Charge for the year	-	26.97	11.62	2.22	40.81
As at 31 March 2019	**-**	**85.58**	**37.64**	**7.11**	**130.33**
Charge for the year	-	28.20	12.58	2.68	43.46
As at 31 March 2020	**-**	**113.78**	**50.22**	**9.79**	**173.79**
Carrying amount					
As at 31 March 2020	**132.47**	**1,607.99**	**114.23**	**26.26**	**1,880.95**
As at 31 March 2019	**132.47**	**1,628.65**	**126.81**	**17.20**	**1,905.13**

Investment property with a carrying amount of ₹ 1,880.95 million (31 March 2019 - ₹ 1,905.13 million) are subject to a first charge to secure the Group's loans.

Note:

in ₹ million

Information regarding income and expenditure of investment property	31 March 2020	31 March 2019
Rental income derived from investment properties	295.57	280.51
Direct operating expenses (including repairs and maintenance) generating rental income	(144.84)	(155.85)
Direct operating expenses (including repairs and maintenance) that did not generate rental income		
Profit arising from investment properties before depreciation and indirect expenses	**150.73**	**124.66**
Less:- Depreciation	(43.46)	(40.81)
Profit arising from investment properties before indirect expenses	**107.27**	**83.85**

The fair value of Investment property is ₹ 2,805 million (31 March 2019 - ₹ 2,805 million). These valuations are based on valuations performed by an independent valuer. Fair value hierarchy for investment properties have been provided in Note 47b.

6 Right of use assets

in ₹ million

Particulars	Vehicles	Plant and machinery	Total
Cost			
Balance as at 1 April 2018	**-**	**-**	**-**
Additions during the year	-	-	-
Balance as at 31 March 2019	**-**	**-**	**-**
Additions during the year	93.53	90.73	184.26
Balance as at 31 March 2020	**93.53**	**90.73**	**184.26**
Accumulated depreciation			
Balance as at 1 April 2018	**-**	**-**	**-**
Charge for the year	-	-	-
Balance as at 31 March 2019	**-**	**-**	**-**
Charge for the year	33.73	22.34	56.07
Balance as at 31 March 2020	**33.73**	**22.34**	**56.07**
Carrying amount			
Balance as at 31 March 2020	**59.80**	**68.39**	**128.19**
Balance as at 31 March 2019	**-**	**-**	**-**

On transition to Ind AS 116 with effect from 1 April 2019, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at 1 April 2019. Accordingly, a right-of-use asset of ₹ 128.19 million and a corresponding lease liability of ₹ 134.20 million was recognised. The cumulative effect on transition in retained earnings, net of taxes amounted to ₹ 4.49 million (including the deferred tax impact of ₹ 1.51 million). The principal portion of the lease payments have been disclosed under cash flows from financing activities. The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flows from operating activities. Applicable incremental borrowing rates have been applied to lease liabilities recognised in the standalone balance sheet at the date of initial application. The weighted average incremental borrowing rate of 10% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at 31 March 2019 compared to the lease liability as accounted as at 1 April 2019 is primarily attributable to the impact of discounting the future lease payments during the non-cancellable lease term to the present value thereof, including the present value of lease payments during the cancellable period (to the extent of lease term determined under Ind AS 116) and exclusion of leases for which the Company has chosen to apply the practical expedients available.

During the year ended 31 March 2020, the Company incurred expenses amounting to ₹ 64.53 million on short-term leases and leases of low-value assets. For the year ended 31 March 2020, the total cash outflows for leases, including short-term leases and low-value assets amounted to ₹ 50.06 million. Lease contracts entered into by the Company primarily pertains to buildings taken on lease to conduct its business in the ordinary course.

The following table presents the various components of lease costs:

in ₹ million

Particulars	For the 31 March 2020
Depreciation	56.07
Interest on lease liabilities	14.48
	70.55

7 Investment property under construction

in ₹ million

Particulars	Investment property under construction
Balance as at 1 April 2018	**1,344.93**
Additions during the year	555.44
Balance as at 31 March 2019	**1,900.37**
Additions during the year	422.77
Balance as at 31 March 2020	**2,323.14**

Note:

a) The Group has taken a land on lease and is constructing a commercial complex on lease land. The cost of construction of ₹ 2,323.14 million (31 March 2019 - ₹ 1900.37 million) includes capitalised borrowing cost of ₹ 618.81 million (31 March 2019 - ₹ 394.57 million).

b) Investment property under construction with a carrying amount of ₹ 2,323.14 million (31 March 2019 - ₹ Nil) are subject to a first charge to secure the Group's loans.

8 Intangible assets

in ₹ million

Particulars	Goodwill	Software	Intellectual property rights	Total
Cost				
Balance as at 1 April 2018	**123.85**	**15.01**	**0.05**	**138.91**
Additions during the year	3.29	2.27	-	5.56
Balance as at 31 March 2019	**127.14**	**17.28**	**0.05**	**144.47**
Additions during the year	94.95	7.32	-	102.27
Balance as at 31 March 2020	**222.09**	**24.60**	**0.05**	**246.74**
Amortization and impairment				
Balance as at 1 April 2018	**-**	**13.83**	**0.05**	**13.88**
Charge for the year	-	0.70	-	0.70
Balance as at 31 March 2019	**-**	**14.53**	**0.05**	**14.58**
Charge for the year	-	0.42	-	0.42
Balance as at 31 March 2020	**-**	**14.95**	**0.05**	**15.00**
Carrying amount				
Balance as at 31 March 2020	**222.09**	**9.65**	**-**	**231.74**
Balance as at 31 March 2019	**127.14**	**2.75**	**-**	**129.89**

9 Inventories (valued at lower of cost and net realizable value)

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Raw materials and components	648.56	584.03
Building materials	91.59	78.35
Land stock *	11,992.28	9,812.50
Work-in-progress *	41,913.65	50,863.44
Finished goods - flats *	12,301.52	3,724.67
Finished goods - Others *	97.30	110.38
	67,044.90	**65,173.37**

* Carrying amount of inventories pledged as securities against borrowings as at 31 March 2020 - ₹ 41,046.35 million (31 March 2019 - ₹ 12,151.92 million)

10 Investments

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Investment in the capital of partnership firm (Joint Venture)		
50% (31 March 2019 - 50%) share in the profits of partnership firm:		
Kondhwa Projects LLP - Capital account	1,142.52	1,128.16
Total investments carried at cost	**1,142.52**	**1,128.16**
Investments carried at fair value through profit and loss		
Unquoted equity securities		
Investments at amortized cost		
Government and trust securities (unquoted)		
National savings certificates	0.17	0.08
Total investments carried at amortised cost	**0.17**	**0.08**
Total investments	**1,142.69**	**1,128.24**
Aggregate amount of unquoted investments	**1,142.69**	**1,128.24**
Details of investments in partnership firms		

Investment in Kondhwa Projects LLP

Name of Partner	Share of partner in profits (%)	
	31 March 2020	31 March 2019
Sobha Limited	50	50
Total capital of the firm (₹ million)	**1,142.52**	**1,128.16**

11 Trade receivables

in ₹ million

Particulars	Current		Non-current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Trade receivables				
Unsecured, considered good	3,604.63	3,271.46	141.02	83.98
Unsecured, considered doubtful	342.19	233.55	192.21	98.46
	3,946.82	3,505.01	333.23	182.44
Less: Allowances for credit loss	(342.19)	(233.55)	(192.21)	(98.46)
	3,604.63	3,271.46	141.02	83.98
Net trade receivables	**3,604.63**	**3,271.46**	**141.02**	**83.98**

12 Other financial assets

in ₹ million

Particulars	Current		Non-current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good				
Refundable deposit towards joint development agreement	6,052.36	5,157.18	-	-
Security deposits	129.66	140.72	100.17	166.23
Others	2,128.29	-	-	-
Non-current bank balances	-	-	62.15	16.16
	8,310.31	**5,297.90**	**162.32**	**182.39**

13 Other assets

in ₹ million

Particulars	Current		Non-current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good				
Capital advances	-	-	281.95	8.98
Land advances (refer note 35)*	9,636.64	13,577.16	4,857.45	4,862.54
Advances recoverable in kind (refer note 35)**	917.50	1,811.85	-	77.87
Prepaid expenses	212.10	185.88	41.15	157.19
Balances with statutory/ government authorities	1,624.48	1,610.53	-	-
Contract assets (refer note 43)	1,932.50	396.81	-	-
	14,323.22	**17,582.23**	**5,180.55**	**5,106.58**

* Advances for land though unsecured, are considered good as the advances have been given based on arrangements/ memorandum of understanding executed by the Group and the Group/ seller/ intermediary is in the course of obtaining clear and marketable title, free from all encumbrances, including for certain properties under litigation.

** **Advances recoverable in cash or kind due by Directors or other officers or companies in which Directors are interested**

in ₹ million

Particulars	Current		Non-current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Advances recoverable in cash or kind				
Dues from Sobha Projects & Trade Private Limited, in which the Company's director is a director and a member	13.17	7.77	-	-

14 Cash and cash equivalents

in ₹ million

Particulars	Current	
	As at 31 March 2020	As at 31 March 2019
Cash on hand	8.40	10.10
Cheques/ drafts on hand	52.66	102.46
Balances with banks:		
– On current accounts	614.03	1,531.98
	675.09	**1,644.54**

15 Bank balance other than cash and cash equivalents

in ₹ million

Particulars	Current	
	As at 31 March 2020	As at 31 March 2019
Bank balance other than cash and cash equivalents		
– On unclaimed dividend account	2.52	2.35
– Margin money deposit	206.28	124.56
	208.80	**126.91**

Margin money deposits given as security

Margin money deposits with a carrying amount of ₹ 268.43 million (31 March 2019 - ₹ 140.72 million) are subject to first charge to secure the Group's borrowings.

Short-term deposits are made for varying periods of between seven day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

16 Equity share capital

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Authorised shares		
150,000,000 (31 March 2019 - 150,000,000) equity shares of ₹ 10 each	1,500.00	1,500.00
5,000,000 (31 March 2019 - 5,000,000) 7% redeemable preference shares of ₹ 100 each	500.00	500.00
Issued, subscribed and fully paid-up shares		
94,845,853 (31 March 2019 - 94,845,853) equity shares of ₹10 each fully paid up	948.46	948.46
Total issued, subscribed and fully paid-up share capital	**948.46**	**948.46**

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

Particulars	31 March 2020		31 March 2019	
	No of shares	₹ million	No of shares	₹ million
Equity shares				
At the beginning of the year	94,845,853	948.46	94,845,853	948.46
Outstanding at the end of the year	94,845,853	948.46	94,845,853	948.46

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Particulars	31 March 2020		31 March 2019	
	No of shares in million	Holding percentage	No of shares in million	Holding percentage
Equity shares of ₹10 each fully paid up				
Mrs. Sobha Menon	28.73	30.29%	35.63	37.56%
Mr. P.N.C. Menon	12.06	12.72%	12.06	12.72%
Mr. P.N.C. Menon (inclusive of joint holding with Mrs. Sobha Menon)	5.29	5.58%	5.29	5.58%
Schroder International Selection Fund Emerging Asia	5.25	5.54%	5.25	5.54%
Franklin India Focused Equity Fund	8.33	8.78%	-	-

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

17 Other equity

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Capital redemption reserve		
Balance at the beginning and end of the year	119.47	119.47
Debenture redemption reserve [Refer note (a) below]		
Balance at the beginning of the year	300.22	479.67
Add: Amount transferred from surplus balance in the statement of profit and loss	49.82	108.05
Less: Transfer to general reserve on redemption of debentures	(350.04)	(287.50)
Closing balance	**-**	**300.22**

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Securities premium account		
Balance at the beginning and end of the year	9,328.92	9,328.92
General reserve		
Balance at the beginning of the year	3,530.59	2,956.56
Add: Transfer from statement of profit and loss	289.48	286.53
Add: Transfer from Debenture redemption Reserve	350.04	287.50
Closing balance	**4,170.11**	**3,530.59**
Retained earnings		
Balance at the beginning of the year	8,063.44	6,296.02
Profit for the year	2,816.69	2,969.93
Other comprehensive income		
Re-measurement gains/ (loss) on defined benefit plans	4.61	(7.54)
Less: Appropriations		
Dividend (including dividend distribution tax) refer note 18	(800.39)	(800.39)
Transfer to debenture redemption reserve	(49.82)	(108.05)
Transfer to general reserve	(289.48)	(286.53)
Net surplus in the statement of profit and loss	**9,745.05**	**8,063.44**
Total other equity	**23,363.55**	**21,342.64**

(a) The Company had issued redeemable non-convertible debentures. Accordingly, the Companies (Share capital and Debentures) Rules, 2014 (as amended), require the Company to create Debenture Redemption Reserve (DRR) out of profits of the Company available for payment of dividend. DRR is required to be created for an amount which is equal to 25% of the value of debentures issued. The Company has created the DRR of ₹ 49.82 million (31 March 2019 - ₹ 108.05 million), as the debentures have been redeemed during the year.

18 Distribution made and proposed

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Cash dividend on equity shares proposed and paid		
Final dividend for the year ended 31 March 2019- ₹ 7 per share (31 March 2018- ₹ 7 per share)	663.92	663.92
Dividend distribution tax on final dividend	136.47	136.47
	800.39	**800.39**
Proposed dividend on equity shares		
Final dividend for the year ended 31 March 2020- ₹ 7 per share (31 March 2019- ₹ 7 per share)	663.92	663.92
Dividend distribution tax on proposed dividend	-	136.47
	663.92	**800.39**

19 Borrowings

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current borrowings		
Secured debentures		
Nil (31 March 2019 - 25,500) redeemable non-convertible debentures of ₹ 0.10 million each	-	1,387.04
Secured loans		
Term loans from banks	2,548.37	272.94
Finance lease obligation	60.64	-
Equipment loans	0.19	0.19
	2,609.20	**273.13**
Amount disclosed under the head “other current financial liabilities” (refer note 20)	(170.92)	(1,612.04)
Total non-current borrowings	**2,438.28**	**48.13**
Current borrowings		
Secured loans		
Term loans from banks*	17,207.23	14,605.02
Term loans from financial institutions*	8,209.48	4,427.02
Finance lease obligation	73.56	-
Cash credit from banks	3,208.34	5,346.65
Total current borrowings	**28,698.61**	**24,378.69**

* Term loan from banks and financial institutions represents amount repayable within the operating cycle amounting to ₹ 17,207.23 million (31 March 2019 - ₹ 14,605.02 million)

As at 31 March 2020, the Group is not in breach of any covenants as defined in the loan agreements.

Terms and repayment schedule

(i) Secured debentures

in ₹ million

Particulars	Carrying amount as at 31 March 2020	Carrying amount as at 31 March 2019	Effective interest rate	Security Details	Repayment terms
Debentures	-	1,387.04	11%-13%	Secured by equitable mortgage by pari passu charge over tangible immovable property of the company and maintaining Debt Service Reserve account equal to six months interest.	Debentures have been repaid on various dates during the current year and last installment settled on 20 March 2020

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(ii) Secured loans

in ₹ million

Particulars	Carrying amount as at 31 March 2020	Carrying amount as at 31 March 2019	Effective interest rate	Security Details	Repayment terms
Term loans from banks	-	123.82	9%-11%	Secured by exclusive hypothecation charge on equipment procured.	Repayable in 16 equal quarterly instalments of ₹ 31.25 million after 12 months moratorium period commencing from July 31, 2016.
Term loans from banks	49.68	149.12	9%-11%	Secured by equitable mortgage of fixed assets and receivables of the Company.	Twelve quarterly instalments of ₹ 25 million commencing at end of 15th month from the date of first disbursement.
Term loans from banks	1,625.19	-	8%-10%	Secured by equitable mortgage of project specific inventory and certain receivables of the Company and maintaining Debt Service Reserve account equal to 2 months interest & principal.	153 Structured Monthly instalments, starting at the end of Moratorium 3 months from the date of disbursement - June -20
Term loans from banks	873.30	-	8%-10%	Secured by equitable mortgage of project specific inventory and certain receivables of the Company. Corporate guarantee of Group Company	126 Structured Monthly instalments ,as per repayment schedule from 15 January 2018 & 120 Structured Monthly instalments ,as per repayment schedule from 15 January 2020
Equipment loan	0.19	0.19	13%-15%	Hypothecation against specific equipment.	Thirty five monthly instalments commencing from the month the loan is availed.
Term loans from banks	-	100.96	8%-10%	Secured by equitable mortgage of project land stock and project buildings and charge on current and future stocks, receivable and other current assets pertaining to the project. Further secured by certain receivables of Company.	Repayable in 5 quarterly instalments of ₹ 500 million (June 2018), ₹ 750 million (September 2018), ₹ 800 million (December 2018), ₹ 800 million (March 2019), ₹ 150 million (June 2019).
Term loans from banks	-	79.64	9%-11%	Secured by equitable mortgage of 70% of the project building and first charge on escrow account and charge by way of hypothecation of all the assets of the project.	Repayable in 6 quarterly un equal instalments of ₹ 200 million, ₹ 200 million, ₹ 250 million, ₹ 160 million, ₹ 110 million and ₹ 80 million after the holiday period of 30 months i.e. starting from March 2018.
Term loans from banks	599.88	999.13	9%-11%	Secured by equitable mortgage of 61.10% of the project land stock, building to be constructed on the land stock and first charge on project cash flow/receivables including escrow account	Three structured quarterly instalments commencing after initial moratorium period of eleven quarters from the date of first disbursement.
Term loans from banks	149.90	349.75	9%-11%	Secured by equitable mortgage of land stock and hypothecation pari-passu charge on the entire escrow receivables of the project.	Repayable in 36 equal monthly instalments commencing from 13th month from the date of disbursement.

in ₹ million

Particulars	Carrying amount as at 31 March 2020	Carrying amount as at 31 March 2019	Effective interest rate	Security Details	Repayment terms
Term loans from banks	694.85	695.50	8%-10%	Secured by charge on specific project inventory, current assets and receivables of the Company.	Repayable on demand(Sub limit of Cash Credit)
Term loans from banks	166.25	332.47	9%-11%	Secured by equitable mortgage of certain land stock of the Company.	Repayable in 12 quarterly instalments commencing from 30 June 2018.
Term loans from banks	1,000.00	1,000.00	9%-11%	Secured by equitable mortgage of receivables of the Group.	One instalment in every ninety days.
Term loans from banks	415.72	748.11	9%-11%	Secured by equitable mortgage of certain land stock of the Company.	Repayable in 12 quarterly instalments commencing from Sep 30, 2018.
Term loans from banks	-	655.22	9%-11%	Secured by equitable mortgage of property, hypothecation on scheduled receivables, Escrow account and maintaining of Debt Service Reserve account equal to three months interest.	Repayable in 18 monthly instalments commencing from 15 October 2018.
Term loans from banks	1,591.00	1,586.47	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in equal monthly instalments after 30 months moratorium period commencing from first disbursement.
Term loans from banks	1,493.15	993.48	8%-10%	Secured by equitable mortgage of certain land stock, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company.	Repayable on demand (Sub limit of Cash Credit)
Term loans from banks	232.07	498.77	8%-10%	Secured by equitable mortgage of certain land stock of the Company.	Repayable in equal monthly instalments after 12 months moratorium period commencing from first disbursement.
Term loans from banks	1,639.23	1,278.81	9%-11%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in equal quarterly instalments after 9 quarter moratorium period commencing from first disbursement.
Term loans from banks	1,148.70	1,039.04	8%-10%	Secured by equitable mortgage of certain land stock of the Company.	Repayable in 12 quarterly instalments commencing from 30 September 2018.
Term loans from banks	648.03	497.16	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on receivables of the projects.	Repayable in 5 quarterly equal instalments commencing Q-12 to Q-16 from first disbursement.

in ₹ million

Particulars	Carrying amount as at 31 March 2020	Carrying amount as at 31 March 2019	Effective interest rate	Security Details	Repayment terms
Term loans from banks	2,492.82	1,794.12	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on receivables of the projects.	Repayable in 10 quarterly equal instalments commencing Q-14 to Q-23 from first disbursement.
Term loans from banks	590.50	592.75	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 10 quarterly unequal instalments commencing Q-11 to Q-20 from first disbursement.
Term loans from banks	350.77	462.52	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 10 quarterly equal instalments commencing Q-12 to Q-16 from first disbursement.
Term loans from banks	434.47	223.54	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 10 quarterly unequal instalments commencing Q-8 to Q-26 from first disbursement.
Term loans from banks	721.29	-	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 10 quarterly equal instalments commencing Q-15 to Q-24 from first disbursement.
Term loans from banks	960.00	-	8%-10%	Secured by equitable mortgage of certain land stock and receivables of the Company.	Repayable on demand(Sub limit of Cash Credit)
Term loans from banks	300.00	-	8%-10%	Secured by equitable mortgage of certain land stock and receivables of the Company.	Repayable on demand(Sub limit of Cash Credit)
Term loans from banks	487.84	-	9%-11%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on receivables of the projects.	Repayable in 10 quarterly equal instalments commencing Q-11 to Q-20 from first disbursement.
Term loans from banks	660.78	-	9%-11%	Secured by equitable mortgage of property, hypothecation on scheduled company's share of receivables, Escrow account and maintaining of Debt Service Reserve account equal to three months interest.	Repayable in 24 monthly instalments commencing from 15 June 2022.

in ₹ million

Particulars	Carrying amount as at 31 March 2020	Carrying amount as at 31 March 2019	Effective interest rate	Security Details	Repayment terms
Term loans from banks	150.00	-	9%-11%	Secured by equitable mortgage of property, hypothecation on scheduled company's share of receivables, Escrow account and maintaining of Debt Service Reserve account equal to three months interest.	Repayable in 24 monthly instalments commencing from 15 June 2022.
Term loans from banks	280.00	-	9%-11%	Secured by equitable mortgage of project specific inventory and certain receivables of the Company. Corporate guarantee of Group Company.	Repayable in 7 quarterly instalments after 21 months moratorium period commencing from first disbursement.
Term loans from banks	-	678.00	8%-10%	Secured by equitable mortgage of project specific inventory and certain receivables of the Company. Corporate guarantee of Group Company.	126 Structured Monthly instalments ,as per repayment schedule from 15 January 2018
Term loans from financial institutions	-	78.09	9%-11%	Secured by equitable mortgage of certain land stock, building and project specific inventory of the Company, leasehold rights of the company and hypothecation of receivables and Escrow account of the Company. Corporate guarantee of Group Company.	₹ 650 million: Repayable in 36 principal monthly instalments of ₹ 17.10 million each after principal moratorium period of 12 months from first disbursement. ₹ 350 million: Repayable in 48 principal monthly instalments of ₹ 7.30 million each from date of first disbursement.
Term loans from financial institutions	61.77	144.04	9%-11%	Secured by equitable mortgage of land stock and hypothecation pari-passu charge on the entire escrow receivables of the project.	Repayable in equal monthly instalments staring from 12th month moratorium starts from date of first disbursement.
Term loans from financial institutions	362.96	764.41	9%-11%	Secured by equitable mortgage of certain land stock, building and project specific inventory of the Company, leasehold rights of the company and hypothecation of receivables and Escrow account of the Company. Corporate guarantee of Group Company.	Repayable in 30 monthly instalments after principle moratorium period of 18 months.
Term loans from financial institutions	250.91	416.79	9%-11%	Secured by equitable mortgage of certain land stock and immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 36 monthly instalments after principle moratorium period of 18 months from first disbursement.

in ₹ million

Particulars	Carrying amount as at 31 March 2020	Carrying amount as at 31 March 2019	Effective interest rate	Security Details	Repayment terms
Term loans from financial institutions	807.21	1,105.73	9%-11%	Secured by equitable mortgage of certain land stock and immovable properties, building and other assets of the project and first charge on receivables of the projects.	Repayable in 36 monthly instalments after principle moratorium period of 18 months from first disbursement.
Term loans from financial institutions	-	533.13	9%-11%	Secured by equitable mortgage of certain land stock of the Company.	Repayable in 3 quarterly instalments after principle moratorium period of 3 months from first disbursement.
Term loans from financial institutions	506.32	555.18	9%-11%	Secured by equitable mortgage of certain land stock and first charge on receivables certain projects.	Repayable in 18 monthly instalments after principle moratorium period of 24 months from first disbursement.
Term loans from financial institutions	712.30	829.65	9%-11%	Secured by equitable mortgage of certain land stock and first charge on receivables certain projects.	Repayable in 18 monthly instalments after principle moratorium period of 24 months from first disbursement.
Term loans from financial institutions	1,458.20	-	9%-11%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on receivables of company's share of receivables of the projects.	Repayable in 24 monthly instalments after principle moratorium period of 30 months from first disbursement.
Term loans from financial institutions	461.22	-	9%-11%	Secured by equitable mortgage of certain land stock and immovable properties, building and other assets of the project and first charge on receivables company's share of receivables of the projects.	Repayable in 24 monthly instalments 3.75cr each & 30 monthly instalments 2.67cr each after principle moratorium period of 30 months from first disbursement.
Term loans from financial institutions	903.05	-	10%-12%	Secured by equitable mortgage of certain land stock and first charge on receivables certain projects.	Repayable in 18 monthly instalments after principle moratorium period of 24 months from first disbursement.
Term loans from financial institutions	972.69	-	9%-11%	Secured by equitable mortgage of certain land stock and first charge on receivables certain projects.	Repayable in equal monthly instalments starting from7 the month from first disbursement.
Term loans from financial institutions	292.94	-	9%-11%	Secured by equitable mortgage of land stock and hypothecation pari-passu charge on the entire escrow receivables of the project.	Repayable in 48 unequal monthly instalments
Term loans from financial institutions	494.20	-	9%-11%	Secured by equitable mortgage of certain land stock and first charge on receivables certain projects.	Repayable in 11 quarterly instalments after principle moratorium period of 3 months from first disbursement.

in ₹ million

Particulars	Carrying amount as at 31 March 2020	Carrying amount as at 31 March 2019	Effective interest rate	Security Details	Repayment terms
Term loans from financial institutions	925.69	-	9%-11%	Secured by equitable mortgage of certain land stock and first charge on receivables certain projects.	Repayable in 24 Monthly instalments after principle moratorium period of 24 months from first disbursement.
Cash credit	993.40	1,720.13	9%-11%	Secured by way of equitable mortgage of certain land stock and certain receivables of the Group Company.	Repayable on demand
Cash credit	41.33	12.97	9%-11%	Secured by equitable mortgage of certain land stock, specific project inventory, and receivables of the Company.	Repayable on demand
Cash credit	29.36	5.87	9%-11%	Secured by equitable mortgage of certain land stock, specific project inventory, and receivables of the Company.	Repayable on demand
Cash credit	2.91	0.57	9%-11%	Secured by equitable mortgage of certain land stock, specific project inventory, and receivables of the Company.	Repayable on demand
Cash credit	300.78	667.09	10%-12%	Secured by equitable mortgage of certain land stock and receivables of the Company.	Repayable on demand
Cash credit	508.51	1,538.07	9%-11%	Secured by equitable mortgage of certain land stock and receivables of the Company.	Repayable on demand
Cash credit	3.00	1.96	9%-11%	Secured by equitable mortgage of certain land stock, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company.	Repayable on demand
Cash credit	-	9.44	9%-11%	Secured by equitable mortgage of certain land stock, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company.	Repayable on demand
Cash credit	104.27	54.70	9%-11%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 10 quarterly unequal instalments commencing Q-11 to Q-20 from first disbursement.
Cash credit	192.66	448.98	9%-11%	Secured by equitable mortgage of certain land stock and receivables of the Company.	Repayable on demand

in ₹ million

Particulars	Carrying amount as at 31 March 2020	Carrying amount as at 31 March 2019	Effective interest rate	Security Details	Repayment terms
Cash credit	659.86	886.87	9%-11%	Secured by equitable mortgage of certain land stock and receivables of the Company.	Repayable on demand
Cash credit	53.09	-	9%-11%	Secured by equitable mortgage of property, hypothecation on scheduled company's share of receivables, Escrow account and maintaining of Debt Service Reserve account equal to three months interest.	Repayable in 24 monthly instalments commencing from June 15, 2022.
Cash credit	0.02	-	9%-11%	Secured by equitable mortgage of certain land stock, specific project inventory, and receivables of the Company.	Repayable on demand
Cash credit	0.26	-	9%-11%	Secured by equitable mortgage of certain land stock, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company. Corporate guarantee of Group Company.	Repayable on demand
Cash credit	1.77	-	9%-11%	Secured by equitable mortgage of certain land stock, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company. Corporate guarantee of Group Company.	Repayable on demand
Cash credit	305.96	-	9%-11%	Secured by equitable mortgage of certain land stock, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company. Corporate guarantee of Group Company.	Repayable on demand
Cash credit	2.57	-	9%-11%	Secured by equitable mortgage of certain land stock, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company. Corporate guarantee of Group Company.	Repayable on demand

in ₹ million

Particulars	Carrying amount as at 31 March 2020	Carrying amount as at 31 March 2019	Effective interest rate	Security Details	Repayment terms
Cash credit	8.59	-	9%-11%	Secured by equitable mortgage of certain land stock, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company. Corporate guarantee of Group Company.	Repayable on demand

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

in ₹ million

Nature of loan	Carrying amount as at 31 March 2020	Carrying amount as at 31 March 2019	Year of maturity	Name of the Company
Term loans	-	2,365.02	2020	Sobha Glazing & Metal Works Private Limited
Term loans	873.00	677.58	2029	Vayaloor Developers Private Limited
Term loans				Vayaloor Builders Private Limited
Term loans	280.00	-	2021	Vayaloor Properties Pvt. Ltd.
Term loans				Vayaloor Real Estate Pvt. Ltd
Term loans				Vayaloor Builders Pvt. Ltd
Term loans				Vayaloor Developers Pvt. Ltd
Term loans	1,224.00	1,522.52	2022	Sri Durga Devi Property Management Private Limited
				Sri Parvathy land Developers Private Limited
Term loans	4,290.00	-	On demand	Kilai Builders Private Limited

20 Other financial liabilities

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Current		
Current maturities of long-term borrowings (refer note 19)	170.92	1,612.04
Letters of credit payable	1,776.84	2,335.41
Book overdraft from scheduled banks	4.01	85.50
Interest accrued but not due on borrowings	65.32	102.30
Unclaimed dividend*	2.52	2.35
Lease deposit	76.27	68.82
Non-trade payable	302.73	338.62
Security deposit towards maintenance services	2,047.30	1,461.80
Payable to related parties (refer note 35)	479.63	428.20
Payable for purchase of property, plant and equipment	11.52	41.70
Total other financial liabilities	**4,937.06**	**6,476.74**

* Investor Protection and Education Fund is credited for unclaimed dividends when due.

21 Provisions

in ₹ million

Particulars	Current		Non-current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits				
Provision for gratuity (refer note 37)	68.64	73.20	144.67	121.01
Provision for leave benefits	82.75	76.97	-	-
	151.39	**150.17**	**144.67**	**121.01**

22 Income tax

The major components of income tax expense for the years ended 31 March 2020 and 31 March 2019 are:

A. Amounts charged to statement of profit and loss

Profit or loss section

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Current income tax:		
Current income tax charge	451.90	987.47
Deferred tax:		
Relating to origination and reversal of temporary differences	1,062.96	524.80
Income tax expense reported in the statement of profit and loss	**1,514.86**	**1,512.27**

B. Income tax recognised in other comprehensive income

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Net loss/(gain) on remeasurements of defined benefit plans	-	-
Income tax charge to other comprehensive income	**-**	**-**

C. Reconciliation of effective tax rate

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Accounting profit before income tax	4,331.55	4,482.20
Tax on accounting profit at statutory income tax rate 25.17% (31 March 2019: 34.944%)*	1,090.25	1,566.26
Adjustments in respect of deferred tax of previous years	-	39.35
Non-deductible expenses for tax purposes:		
Permanent disallowances	63.39	8.91
Permanent differences in subsidiaries	-	2.55
Others	62.27	-
MAT credit reversal/(entitlement)	298.95	(104.80)
At the effective income tax rate of 34.69% (31 March 2019: 33.74%)	1,514.86	1,512.27
Tax expense reported in the statement of profit and loss	**1,514.86**	**1,512.27**

* The Group has elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 for the year ended 31 March

2020 and has accordingly re-measured its deferred tax assets/(liabilities) basis the rate prescribed in the said section. Further, the MAT credit available from earlier years has been reversed in the current year on the exercise of this said option.

D. Deferred tax

Deferred tax assets and liabilities relates to the following

in ₹ million

Particulars	Balance as at 1 April 2018	Movement during 2018-19	Balance as at 31 March 2019	Movement during 2019-20	Balance as at 31 March 2020
Interest u/s 36(1)(iii)-interest inventorised/capitalised in the books but claimed as expense in tax	(3,158.83)	(298.26)	(3,457.09)	967.46	(2,489.63)
Property, plant and equipment	51.85	95.43	147.28	(16.43)	130.85
Provision for leave salary	22.66	4.24	26.90	(6.07)	20.83
Provision for gratuity	20.41	47.45	67.86	(14.17)	53.69
Provision for exgratia	15.36	(15.36)	-	-	-
Provision for doubtful debts	44.16	3.08	47.24	(9.01)	38.23
Difference of finance lease depreciation and interest as per books and rent allowed as per IT Act	-	-	-	1.51	1.51
Deferred tax adjustment on adoption of Ind AS 115	-	2,283.58	2,283.58	(329.83)	1,953.75
Deferred tax adjustment for periods Ind AS adjustments*	483.22	(533.88)	(50.66)	50.66	-
Deferred tax expense / (income)	**-**	**1,586.28**	**-**	**644.12**	**-**
Net deferred tax assets / (liabilities)	**(2,521.17)**		**(934.89)**	**644.12**	**(290.77)**

(*) adjusted against current tax liability

Reconciliation of deferred tax assets/(liabilities), net:

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	934.89	2,521.69
Tax income/(expense) during the period recognised in profit or loss	1,062.96	524.80
Deferred tax adjustment on adoption of Ind AS 115	(2,288.62)	(2,111.60)
Closing balance	**(290.77)**	**934.89**

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority. Accordingly, as at 31 March 2019, deferred tax was presented as assets of ₹ 1,008.89 million and liabilities of ₹ 74 million

During the year ended 31 March 2020 and 31 March 2019, the Group has paid dividend to its shareholders. This has resulted in payment of DDT to the taxation authorities. The Group believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.

E. Liabilities for current tax (net)

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Current income tax:		
Opening	467.69	361.81
Add: Additions during the year	451.90	987.47
Less: Payments during the year	(1,075.19)	(881.59)
	(155.60)	**467.69**

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities. Accordingly, as at 31 March 2019, current tax was presented as assets of ₹ 87.33 million and liabilities of ₹ 555.02 million

23 Trade payables

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Trade payables		
Land cost payable	200.00	292.36
Total outstanding dues of micro enterprises and small enterprises; and	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises*	9,366.88	11,035.29
	9,566.88	**11,327.65**

Terms and conditions of the above financial liabilities:

*'Trade payables are non-interest bearing and are normally settled on 30 to 60 day terms. For explanations on the Company's credit liquidity risk management processes, refer to note 48.

24 Other liabilities

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Advance from customers	39,140.42	41,890.98
Withholding taxes payable	56.96	52.76
Others	95.61	104.93
	39,292.99	**42,048.67**

Breakup of financial liabilities carried at amortised cost

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Borrowings (refer note 19)	31,136.89	24,426.82
Other financial liabilities (refer note 20)	4,937.06	6,476.74
Trade payables (refer note 23)	9,566.88	11,327.65
Total financial liabilities carried at amortised cost	**45,640.83**	**42,231.21**

25 Revenue from operations

in ₹ million

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
Sale of products/ finished goods		
Income from property development	21,952.14	22,225.49
Income from sale of land and development rights	515.83	98.60
Income from glazing works	2,193.53	1,574.55
Income from interior works	1,870.97	1,428.50
Income from concrete blocks	485.71	433.74
Sale of services		-
Income from contractual activity - Others	10,181.49	8,331.02
Rental income from operating leases	193.94	142.63
Income from retail sales	6.01	-
Income from maintenance	101.63	137.88
Other operating revenue		-
Scrap sales	37.27	48.25
	37,538.52	**34,420.66**

26 Other income

in ₹ million

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
Other non-operating income (net of expenses directly attributable to such income)	281.46	337.87
Gain on foreign exchange difference (net)	2.28	2.87
Profit on sale of fixed assets (net)	4.41	7.31
	288.15	**348.05**

27 Finance income

in ₹ million

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
Interest income on		
Bank deposits	102.44	26.41
Unwinding of discount on deposits	327.48	360.29
	429.92	**386.70**

28 Cost of raw material and components consumed

in ₹ million

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
Inventory at the beginning of the year	584.03	450.98
Add: Purchases during the year	3,066.06	2,888.74
Less: Inventory at the end of the year	648.56	584.03
Cost of raw material and components consumed	**3,001.53**	**2,755.69**

29 (Increase)/ decrease in inventories

in ₹ million

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
Inventories at the end of the year		
Building materials	91.59	78.35
Land stock	11,992.28	9,812.50
Work-in-progress	41,913.65	50,863.44
Finished goods - flats	12,301.52	3,778.83
Finished goods - Others	97.30	56.22
	66,396.34	**64,589.34**
Inventories at the beginning of the year		
Building materials	78.35	92.97
Land stock	9,812.50	9,269.46
Work-in-progress	50,863.44	45,654.32
Finished goods - flats	3,778.83	1,472.35
Finished goods - Others	56.22	43.70
	64,589.34	**56,532.80**
Less: Transferred to other assets for development charges recoverable at cost from customers	1,737.30	-
Add: On account of adoption of Ind AS 115	-	5,000.18
Add: Inventory acquired on acquisition of subsidiary	131.81	112.61
	62,983.85	**61,645.59**
(Increase)/ decrease	**(3,412.49)**	**(2,943.75)**

Notes to the consolidated financial statements for the year ended 31 March 2020

30 Employee benefits expense

in ₹ million

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
Salaries, wages and bonus	2,250.42	2,140.49
Contribution to provident and other funds	79.35	70.78
Gratuity expense (refer note 37)	36.72	30.97
Compensated absence	34.02	36.98
Staff welfare expenses	63.68	79.37
	2,464.19	**2,358.59**

31 Depreciation and amortization expense

in ₹ million

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
Depreciation of property, plant and equipment	678.97	581.66
Amortization of intangible assets	0.42	0.70
Depreciation of investment properties	43.46	40.81
	722.85	**623.17**

32 Other expenses

in ₹ million

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
License fees and plan approval charges	57.75	549.14
Power and fuel	610.89	640.97
Water charges	44.54	36.34
Freight and forwarding charges	246.30	272.02
Rent (refer note 35 for transactions with related parties)	232.33	308.41
Rates and taxes	157.02	283.71
Insurance	82.21	69.24
Property maintenance expenses	171.99	198.47
Repairs and maintenance		
Plant and machinery	44.84	50.67
Others	56.15	54.81
Advertising and sales promotion	548.77	835.40
Brokerage and discounts	143.20	161.78
Donation	198.10	173.50
Travelling and conveyance	237.04	285.11
Printing and stationery	44.55	43.63
Communication costs	0.19	0.21
Legal and professional fees	274.35	244.30
Directors' commission and sitting fees	6.85	6.64

in ₹ million

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
Payment to auditor (Refer details below)*	11.20	7.73
Allowance for credit loss	239.33	25.51
Bad debts written off	8.80	-
Security Charges	196.60	166.72
Miscellaneous expenses	399.35	354.01
	4,012.35	**4,768.32**

***Payment to auditor**

in ₹ million

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
As auditor:		
Audit fees [including fees for limited review ₹ 4.20 million (31 March 2019 - ₹ 3.60 million)]	9.00	7.00
In other capacity:		
Reimbursement of expenses	1.36	0.49
	10.36	**7.49**

33 Details of CSR expenditure:

Gross amount required to be spent during the year was ₹ 68.21 million (31 March 2019 - ₹ 55.45 million)

Amount spent during the year ended 31 March 2020:	In cash	Yet to be paid in cash
Construction/acquisition of any asset (in ₹ million)	-	-
On purposes other than above (in ₹ million)	162.60	-
	162.60	**-**
Amount spent during the year ended 31 March 2019:		
Construction/acquisition of any asset (in ₹ million)	-	-
On purposes other than above (in ₹ million)	173.97	-
	173.97	**-**

34 Finance costs

in ₹ million

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
Interest		
- On borrowings	2,680.90	2,164.93
- Others	4,138.69	525.67
Other borrowing cost and bank charges	220.68	215.11
	7,040.27	2,905.71
Less: Interest inventorised on qualifying assets	(224.24)	(543.51)
Total finance costs	**6,816.03**	**2,362.20**

35 Related party disclosures

a) Name of the related parties and the nature of its relationship with the Group as below:

Joint Venture

Kondhwa Projects LLP

Key Shareholder

Mr. P. N. C. Menon

Mrs. Sobha Menon

Key Management Personnel ('KMP')

Mr. Ravi PNC Menon - Chairman

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

Mr. T P Seetharaman - Whole-time Director

Mr. Jagadish Nangineni - Deputy Managing Director (from 08 July 2019)

Additional related parties ('KMP's) as per Companies Act, 2013 with whom transactions have taken place

Mr. Subhash Bhat - Chief Financial Officer

Mr. Vighneshwar G Bhat - Company Secretary

Other Directors

Mr. Anup Shah

Dr. S K Gupta (upto 31 March 2019)

Mr. R V S Rao

Dr. Punita Kumar Sinha (upto 05 October 2019)

Mr.Sumeet Jagdish Puri (from 08 July 2019)

Mrs.Srivathsala KN (from 04 January 2020)

Relatives of key management personnel

Mrs. Sudha Menon

Other related parties [Enterprise owned or significantly influenced by key management personnel]

Divyakaushal Properties LLP

Mannur Properties Private Limited

Mannur Real Estate Private Limited

Punkunnam Builders and Developers Private Limited

Puzhakkal Developers Private Limited

SBG Housing Private Limited

Sobha Aviation and Engineering Services Private Limited

Sobha Contracting LLC, Dubai

Sobha Glazing & Metal Works Private Limited

Sobha Projects & Trade Private Limited

Sobha Puravankara Aviation Private Limited

Sobha Renaissance Information Technology Private Limited

Sobha Space Private Limited

Sobha Technocity Private Limited

Sri Durga Devi Property Management Private Limited

Sri Kanakadurga Property Developers Private Limited

Sri Kurumba Educational and Charitable Trust

Sri Parvathy Land Developers Private Limited

Technobuild Developers Private Limited

C.V.S.Tech Park Private Limited

b) **Details of the transactions with the related parties:**

in ₹ million

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
I. Transaction with joint venture		
Amount contributed to partnership current account		
Kondhwa Projects LLP	14.36	3.63
II. Transaction with other related parties		
Income from contractual activity		
Sobha Highrise Ventures Private Limited	-	-
Sobha Projects & Trade Private Limited	623.42	1,021.92
Income from glazing works		
Sri Kurumba Educational and Charitable Trust	0.37	0.54
Income from interior works		
Sri Kurumba Educational and Charitable Trust	0.45	1.46
Purchase of project items		
Sobha Projects & Trade Private Limited	746.08	922.59
Aircraft hire charges		
Sobha Puravankara Aviation Private Limited	60.20	119.63
CSR expenditure - Donation		
Sri Kurumba Educational and Charitable Trust	162.60	122.80
Payments made on behalf of related party		
Sobha Projects & Trade Private Limited	-	0.10
Moolamcode Traders Private Limited	-	0.02
Pallavur Projects Private Limited	0.01	0.01
Puzhakkal Developers Private Limited	0.01	0.09

Notes to the consolidated financial statements for the year ended 31 March 2020

in ₹ million

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
Land Advance		
Technobuild Developers Private Limited	77.14	556.28
Advance paid towards purchase of goods or services		
Sobha Projects & Trade Private Limited	731.59	511.82
Sobha Puravankara Aviation Private Limited	-	88.49
Refund of advance by the related party		
Sobha Projects & Trade Private Limited	-	26.09
Technobuild Developers Private Limited	749.36	104.77
Puzhakkal Developers Private Limited	171.72	-
Rent		
Sobha Interiors Private Limited	-	16.86
Sobha Glazing & Metal Works Private Limited	5.52	6.62
III. Transaction with key managerial personnel		
Directors' remuneration		
Mr. J. C. Sharma	70.21	70.78
Mr. Ravi PNC Menon	121.40	112.00
Mr.T P Seetharaman	7.56	-
Mr. Jagadish Nangineni	10.06	-
Dividend paid (payment basis)		
Mr. Ravi PNC Menon	20.75	0.23
Mr. J. C. Sharma	0.16	0.29
Salary (including perquisites)		
Mr. Subhash Bhat	11.34	11.29
Mr. Vighneshwar G Bhat	3.94	3.87
Directors' sitting fees and commission		
Mr. Anup Shah	1.89	1.86
Dr. S K Gupta	-	1.91
Mr. R V S Rao	1.85	1.87
Dr. Punita Kumar Sinha	0.91	1.80
Mr.Sumeet Jagdish Puri	1.33	-
Mrs.Srivathsala KN	0.87	-
IV. Transaction with key shareholders		
Dividend paid (payment basis)		
Mr. P. N. C. Menon	84.43	84.43
Mrs. Sobha Menon	201.08	249.38
Mr. P. N. C. Menon and Mrs. Sobha Menon (jointly held shares)	37.02	37.02

c) **Details of balances receivable from and payable to related parties are as follows:**

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
I. Balances receivable from and payable to joint ventures		
Investment in partners current account		
Kondhwa Projects LLP	1,142.52	1,128.16
II. Balances receivable from and payable to other related parties		
Land advance		
Technobuild Developers Private Limited	8,519.00	9,176.97
Puzhakkal Developers Private Limited	52.17	150.36
Sri Parvathy Land Developers Private Limited	102.04	101.33
Sri Durga Devi Property Management Private Limited	42.92	42.88
Rent deposit		
Sobha Glazing & Metal Works Private Limited	37.60	33.37
Sobha Interiors Private Limited	-	84.94
Advances recoverable in cash or in kind		
Sobha Projects & Trade Private Limited	13.17	7.77
Sobha Puravankara Aviation Private Limited	221.84	693.46
Punkunnam Builders and Developers Private Limited	0.05	0.02
Sobha Aviation and Engineering Services Private Limited	0.01	0.01
Mannur Properties Private Limited	0.02	0.02
Sobha Technocity Private Limited	0.02	0.02
Pallavur Projects Private Limited	-	0.10
Moolamcode Traders Private Limited	-	0.11
Trade receivables		
Sri Kurumba Educational and Charitable Trust	35.42	15.98
Puzhakkal Developers Private Limited	0.01	-
Divyakaushal Properties LLP	-	0.03
Sobha Projects & Trade Private Limited	695.06	635.56
Trade payables		
SBG Housing Private Limited	2.67	2.67
Sobha Puravankara Aviation Private Limited	-	463.39
Sobha Projects & Trade Private Limited	13.11	13.11
Technobuild Developers Private Limited	355.91	72.02
Divyakaushal Properties LLP	0.66	-
III. Balances receivable from and payable to key managerial personnel		
Non-trade payable		
Mr. J. C. Sharma	80.59	59.25
Mr. Ravi PNC Menon	18.62	59.25

d) Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. The above related party transactions have been approved by the Board of Directors. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended 31 March 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2019 - ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

e) Compensation of key management personnel of the Group

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Short-term employee benefits	106.98	79.44
Commission to independent directors	6.85	6.80
Other benefits*	117.53	118.50
	231.36	**204.74**

* As the liability for gratuity and leave encashment is provided on actuarial basis for the Group as whole, the amount pertaining to the directors are not included above.

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

f) Also, refer note 19 as regards guarantees received from key management personnel and relative of key management personnel and collateral securities offered by related companies in respect of loans availed by the Group.

36 Segment information

Basis of segmentation

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segments and assess their performance.

The Group has two reportable segments, as described below, which are the Group's strategic business units. These business units offer different products and services, and are managed separately because they require different marketing strategies. For each of the business units, the Group's CEO reviews internal management reports on at least a quarterly basis.

The CEO monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Accordingly, the Group has identified following as its reportable segment for the purpose of Ind AS 108:

a) **Real estate segment;**

b) **Contractual and manufacturing segment.**

Real Estate segment (RE) comprises development, sale, management and operation of all or any part of townships, housing projects, also includes leasing of self owned commercial premises.

The operation of the Contractual and Manufacturing segment (CM) comprises development of commercial premises and other related activities, also includes manufacturing activities related to interiors, glazing and metal works and concrete products.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Also, the Group's financing (including finance costs and finance income) and income taxes are managed on a overall basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The following tables present revenue and profit information for the Group's operating segments for the year ended 31 March 2020 and 31 March 2019 respectively:

Business segments

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Segment revenue		
Real estate	22,800.81	22,652.85
Contractual and manufacturing	15,906.71	12,908.30
Total segment revenue	**38,707.52**	**35,561.15**
Inter segment revenues	(1,169.00)	(1,140.49)
Net revenue from operations	**37,538.52**	**34,420.66**
Segment result		
Real estate	9,808.15	5,679.83
Contractual and manufacturing	2,972.44	2,226.48
Total segment results	**12,780.59**	**7,906.31**
Finance costs	(6,816.03)	(2,362.20)
Other unallocable expenditure	(2,351.08)	(1,796.66)
Other income (including finance income)	718.07	734.75
Profit before taxation	**4,331.55**	**4,482.20**
Income taxes	(1,514.86)	(1,512.27)
Profit after taxation	**2,816.69**	**2,969.93**

The following table presents assets and liabilities information for the Group's operating segments as at 31 March 2020 and 31 March 2019 respectively:-

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Segment assets		
Real estate	97,120.76	91,324.00
Contractual and manufacturing	8,071.84	6,999.05
Total segment assets	**105,192.60**	**98,323.05**
Unallocated assets	4,929.66	9,074.13
Total assets	**110,122.26**	**107,397.18**
Segment liabilities		
Real estate	47,921.42	50,552.01
Contractual and manufacturing	5,196.39	6,602.86
Total segment liabilities	**53,117.81**	**57,154.87**
Unallocated liabilities	32,692.44	27,951.21
Total liabilities	**85,810.25**	**85,106.08**
Capital employed		
Real estate	49,199.34	40,771.99
Contractual and manufacturing	2,875.45	396.19
Unallocated capital employed	(27,762.78)	(18,877.08)
Total capital employed	**24,312.01**	**22,291.10**

Finance income and costs, and fair value gains and losses on financial assets pertaining to individual segments are allocated to respective segments.

Current taxes, deferred taxes and certain financial assets and liabilities are considered as unallocated as they are also managed on a Group basis.

in ₹ million

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
Capital expenditure		
Real estate	2,033.99	335.60
Contractual and manufacturing	378.17	295.27
Unallocated capital expenditure	847.47	681.77
Total capital expenditure	**3,259.63**	**1,312.64**

Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment property under development.

Information of revenue and non-current operating assets based on location cannot be furnished since there are no revenue generated from business activities outside India and there are no non-current operating assets held by the Group outside India.

Reconciliations to amounts reflected in the financial statements

(i) Reconciliation of assets

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Segment assets	**105,192.60**	**98,323.05**
Investment (refer note 10)	1,142.69	1,128.16
Prepaid expenses (refer note 13)	253.25	343.07
Balances with statutory/ government authorities (refer note 13)	1,624.48	1,610.53
Interest accrued on investments (refer note 13)	-	-
Current tax assets (net) (refer note 22)	113.44	87.33
Deferred tax assets (net) (refer note 22)	-	-
Cash and bank balances (refer note 14 and 15)	883.89	1,771.45
Non-current bank balances (refer note 12)	62.15	16.15
Other unallocable assets	849.76	4,117.44
Total assets	**110,122.26**	**107,397.18**

(ii) Reconciliation of liabilities

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Segment liabilities	**53,117.81**	**57,154.87**
Borrowings (refer note 19)	31,136.89	24,426.82
Provisions (refer note 21)	296.06	271.18
Deferred tax liabilities (refer note 22)	290.77	934.89
Liabilities for current tax (net) (refer note 22)	155.60	467.68
Withholding taxes payable (refer note 24)	56.96	52.76
Others payable (refer note 23)	95.61	104.93
Other unallocable liabilities	639.99	1,692.95
Total liabilities	**85,789.69**	**85,106.08**

37 Employment benefit plans

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Net benefit liability-gratuity	**213.31**	**194.21**
Non-current	144.67	121.01
Current	68.64	73.20

The Group has a defined benefit gratuity plan in India ('the Plan'), governed by the Payment of Gratuity Act, 1972. The Plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned.

The defined benefit plan for gratuity is administered by a single gratuity fund that is legally separate from the Group. The board of the gratuity fund comprises three employees. The board of the gratuity fund is required by law to act in the best interests of the plan participants and is responsible for setting certain policies (e.g. investment and contribution policies) of the fund.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans:

in ₹ million

Particulars	31 March 2020	31 March 2019
Reconciliation of present value defined benefit obligation		
Obligation at the beginning of the year	196.34	167.02
Service cost	22.84	18.87
Interest cost	13.88	12.53
Benefits settled	(11.41)	(13.68)
Actuarial (gain)/loss (through OCI)	(6.19)	11.60
Obligation at the end of the year	**215.46**	**196.34**
Reconciliation of present value of planned assets		
Plan assets at the beginning of the year, at fair value	2.13	1.41
Interest income	0.15	0.11
Actuarial gain/(loss) (through OCI)	(0.02)	(0.01)
Contributions paid into the plan	11.30	14.30
Benefits settled	(11.41)	(13.68)
Plan assets at the end of the year, at fair value	**2.15**	**2.13**
Present value of defined benefit obligation at the end of the year	215.46	196.34
Less: Fair value of plan assets at the end of the year	2.15	2.13
Net liability recognised in the balance sheet	**213.31**	**194.21**
Expenses recognised in statement of profit and loss		
Service cost	22.99	18.87
Interest cost (net)	13.73	12.42
Gratuity cost	36.72	31.29
Capitalised to property plant and equipment	(0.15)	(0.32)
Net gratuity cost	**36.57**	**30.97**
Re-measurement gains/ (losses) in OCI		
Actuarial gain / (loss) due to financial assumption changes	(7.12)	(3.35)
Actuarial gain / (loss) due to experience adjustments	13.31	(8.24)
Return on plan assets greater (less) than discount rate	(0.02)	(0.01)
Deferred tax charge	(1.56)	4.06
Total expenses routed through OCI	**4.61**	**(7.54)**

The major categories of plan assets as a percentage of the fair value of the total plan assets are as follows:

Particulars	31 March 2020	31 March 2019
Investment in insurance fund	100%	100%

Acturial assumptions

Particulars	31 March 2020	31 March 2019
Discount rate	6.24%	7.07%
Future salary growth	5.00%	5.00%
Employee turnover	15.00%	15.00%
Estimated rate of return on plan assets	7.07%	7.50%

Assumptions regarding future mortality are based on Indian Assured Lives Mortality (2006-08)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

in ₹ million

Particulars	31 March 2020	31 March 2019
Effect of + 1% change in rate of discounting	(8.51)	(7.61)
Effect of - 1% change in rate of discounting	9.35	8.34
Effect of + 1% change in rate of salary growth	8.47	7.56
Effect of - 1% change in rate of salary growth	(7.91)	(7.09)
Effect of + 1% change in rate of employee turnover	0.24	0.64
Effect of - 1% change in rate of employee turnover	(0.30)	(0.73)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on projected benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to the projected benefit plan in future years:

in ₹ million

Particulars	31 March 2020	31 March 2019
Within the next 12 months	39.51	36.05
Between 2 and 5 years	107.43	101.11
Between 5 and 10 years	82.92	79.65
Total expected payments	**229.86**	**216.81**

38 Earnings per share ['EPS']

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

in ₹ million

Particulars	31 March 2020	31 March 2019
Profit after tax attributable to shareholders (amount in ₹ million)	2,816.69	2,969.93
Weighted average number of equity shares of ₹10 each outstanding during the year used in calculating basic and diluted EPS	94,845,853	94,845,853
Earnings per share - Basic and diluted (amount in ₹)	29.69	31.33

The Group has applied the modified retrospective approach to its real estate residential contracts that were not completed as of 1 April 2018 and has given impact of adoption of Ind AS 115 by debiting to retained earnings as at the said date. On account of this, the basic and diluted EPS for the year ended 31 March 2019 is ₹ 31.33 instead of ₹ 26.48 per share.

39 Leases

Operating lease - Group as lessor

The Group has entered into commercial property leases on its property, plant and equipment. These operating leases have variable terms ranging from 12 months to 36 months up to eleven years. All leases include a clause to enable upward revision of the lease rental on periodical basis and includes variable rent determined based on percentage of sales of lessee.

The Group has recognised ₹ 193.94 million (31 March 2019 - ₹ 142.63 million) during the year towards lease rental income.

Minimum lease payments receivable in respect of these leases for non-cancellable period are as follows:

in ₹ million

Particulars	31 March 2020	31 March 2019
Within one year	273.61	35.25
After one year but not more than five years	906.70	42.89
More than five years	-	-
	1,180.31	**78.14**

Operating lease - Group as lessee

Operating lease obligations: The Group has taken office, other facilities and other equipment under cancellable and non-cancellable operating leases, which are renewable on a periodic basis with escalation as per agreement.

The Group has paid ₹ 232.33 million (31 March 2019 - ₹ 308.41 million) during the year towards minimum lease payments.

Future minimum rentals payable under non-cancellable operating lease are as follows:

in ₹ million

Particulars	31 March 2020	31 March 2019
Within one year	66.75	84.81
After one year but not more than five years	140.21	166.54
More than five years	88.49	110.06
	295.45	**361.41**

40 Contingent liabilities

Contingent liabilities (to the extent not provided for)

in ₹ million

Particulars		31 March 2020	31 March 2019
i	Guarantees given by the Group	4,507.80	3,391.96
ii	Income tax matters in dispute	246.86	279.33
iii	Sales tax matters in dispute	669.87	633.97
iv	Service tax matters in dispute	606.82	615.51
v	Excise duty matters in dispute	7.27	7.27
		6,038.62	**4,928.04**

The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position. The Group does not expect any reimbursements in respect of the above contingent liabilities

During the year, the Group received a provisional attachment notice, attaching one of the Company's Joint Development Agreement partner's land, on which the Group has completed construction and sold the units. The Group has consulted with independent legal counsel and duly responded to the relevant authorities and does not expect any adverse impact due to this attachment.

During the previous year and the current year, the Group has received e-mails from SEBI enquiring about certain transactions entered into by the Group in earlier years. SEBI has sought the contracts, documents, correspondences and other information from the Group on these transactions, under Section 11 of the SEBI Act, 1992. The queries in the e-mails from SEBI are directed towards verification of any possible irregularities in the business / accounting of these transactions. For the queries which were received during the year, the Group has duly responded within the time allotted. Another query has been received post the balance sheet date and the Group is in the process of finalising its response to the same, which will be submitted, along with the required documents sought, in due course.

The Group has receivables and other balances outstanding as at the balance sheet date from these transactions and is in the process of recovering the same from the other parties to these contracts. Based on the Company's assessment, it does not believe that there has been any undue favour to the other parties and hence, this will not have any adverse impact on the financial statements.

41 Commitments and other litigations

a. Commitments

(a) The estimated amount of contracts, net of advances remaining to be executed on capital account is ₹ 8.19 million (31 March 2019 - ₹ 62.14 million).

(b) At 31 March 2020, the Group has given ₹ 14,139.76 million (31 March 2019 - ₹ 18,439.71 million) as advances for purchase of land. Under the agreements executed with the land owners, the Group is required to make further payments under the agreements based on the terms/ milestones stipulated under the agreement.

(c) The Group has entered into joint development agreements with owners of land for its construction and development. Under the agreements, the Group is required to pay deposits to the owners of the land and share in area/ revenue from such development in exchange of undivided share in land as stipulated under the agreements. As of 31 March 2020, the Group has paid ₹ 6,052.36 million (31 March 2019 - ₹ 5,704.46 million) as refundable deposit (undiscounted) against the joint development agreements.

(d) The Company has entered into an aircraft usage agreement with a party wherein the Company along with certain other parties has committed minimum usage of aircraft. During the year ended 31 March 2020, the Company incurred ₹ 60.20 million (31 March 2019 - ₹ 119.63 million) towards aircraft usage as per the agreement.

b. Other litigations

(a) Claims have been levied on the Group by Bruhat Bengaluru Mahanagara Palike ('BBMP') towards certain statutory charges which includes betterment charges, ground rent charges, etc. on certain real estate projects undertaken by the Group, the impact of which is not quantifiable. These claims are pending with various courts and are scheduled for hearings. Based on internal assessment, the management is confident that the matter would be decided in its favour, accordingly no provisions has made in this regard.

(b) The Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business, including certain litigation for lands acquired by it for construction purposes, either through joint development agreements or through outright purchases, the impact of which is not quantifiable. These cases are pending with various courts and are scheduled for hearings. After considering the circumstances and legal advice received, management believes that these cases will not adversely effect its financial statements.

Service tax matters in dispute includes demands raised for joint development agreements, the tax impact of which for future years is not ascertainable. The Group has evaluated such arrangements for tax compliance and based on experts opinion, the management is of the view that the tax positions are appropriate.

42 Construction contracts

in ₹ million

Particulars	31 March 2020	31 March 2019
Contract revenue recognised as revenue for the year ended	31,487.29	29,713.88
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to for all the contracts in progress	65,431.94	48,102.66
The amount of customer advances outstanding for contracts in progress for which revenue has been recognised	11,616.08	7,150.81
The amount of work-in-progress and value of inventories	23,771.96	11,852.38
The amount of retentions due from customers for contracts in progress	199.40	182.54

43 Contract balances

The following table discloses the movement in contract assets

in ₹ million

Particulars	31 March 2020	31 March 2019
Opening balance	**396.81**	**-**
Revenue recognised during the year	2,060.71	396.81
Invoices during the year	(396.81)	-
Closing balance	**2,060.71**	**396.81**

44 Derivative instruments and unhedged foreign currency exposure

in ₹ million

Particulars	31 March 2020	31 March 2019
Foreign currency exposure that are not hedged by derivative instruments or otherwise:		
Trade payables	19.02	6.45

45 Based on the information available with the Group, there are no suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as at 31 March 2020.

46 Capitalization of expenditure

During the year, the Group has capitalized the following expenses of revenue nature to capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Group.

in ₹ million

Particulars	31 March 2020	31 March 2019
Opening capital work in progress	1,900.37	1,344.93
Add: Expenses incurred during the year		
Purchase of project materials	50.09	261.11
Subcontractor and other charges	94.89	154.27
Salaries, wages and bonus	11.51	15.50
Rent	17.41	22.60
Others	248.87	101.96
Sub-total	**422.77**	**555.44**
Closing capital work in progress	**2,323.14**	**1,900.37**

Financial Statements
Consolidated

47 Fair value measurements

a. The carrying amounts of financial instruments by categories is as follows:

in ₹ million

Particulars	As at 31 March 2020			As at 31 March 2019		
	At cost	Fair value through profit or loss	At amortised cost	At cost	Fair value through profit or loss	At amortised cost
Financial assets						
Investments (refer note 10)	1,142.52	-	0.17	1,128.16	-	0.08
Trade receivables (refer note 11)	-	-	3,745.65	-	-	3,355.44
Cash and bank balances (refer note 14 and 15)	-	-	883.89	-	-	1,771.45
Other financials assets (refer note 12)	-	-	8,472.63	-	-	5,877.10
Total	**1,142.52**	**-**	**13,102.34**	**1,128.16**	**-**	**11,004.07**
Financial liabilities						
Borrowings (refer note 19)	-	-	31,136.89	-	-	24,426.82
Trade payables (refer note 23)	-	-	11,327.65	-	-	11,327.65
Other financial liabilities (refer note 20)	-	-	6,476.74	-	-	6,476.74
Total	**-**	**-**	**48,941.28**	**-**	**-**	**42,231.21**

b. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities

in ₹ million

Particulars	As at 31 March 2020				As at 31 March 2019			
	Carrying amount	Fair value			Carrying amount	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial assets								
Investments carried at fair value through profit and loss	-	-	-	-	-	-	-	-
Investments at amortized cost	0.17	-	-	0.17	0.08	-	-	0.08
	0.17	**-**	**-**	**0.17**	**0.08**	**-**	**-**	**0.08**
Assets for which fair value are disclosed								
Investment properties	1,880.95	-	-	2,805.00	2,028.98	-	-	2,805.00
	1,880.95	**-**	**-**	**2,805.00**	**2,028.98**	**-**	**-**	**2,805.00**

Notes:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

There have been no transfers between the levels during the period.

Financial instruments carried at amortised cost such as instruments, trade receivables, cash and other financial assets, borrowings, trade payables and other financial liabilities are considered to be same as their fair values, due to their short term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

48 Financial risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to finance and support the Group's operations. The Group's principal financial assets include instruments, trade and other receivables, cash and bank balances, land advances and refundable deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a risk management committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The risk management committee provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

A. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and other price risk, such as equity price risk and commodity/ real estate risk. Financial instruments affected by market risk include borrowings and refundable deposits.

The sensitivity analysis in the following sections relate to the position as at 31 March 2020 and 31 March 2019. The sensitivity analyses have been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rates of the debt.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions.

The below assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2020 and 31 March 2019.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group does not enter into any interest rate swaps.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

in ₹ million

Particulars	Increase/ decrease in interest rate	Effect on profit before tax * ₹ million
31 March 2020		
INR	+1%	(311.74)
INR	-1%	311.74
31 March 2019		
INR	+1%	(261.57)
INR	-1%	261.57

* determined on gross basis i.e. with out considering inventorisation of such borrowing cost.

B. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including refundable joint development deposits, security deposits, loans to employees and other financial instruments.

Trade receivables

(a) Receivables resulting from sale of properties: Customer credit risk is managed by requiring customers to pay advances before transfer of ownership, therefore, substantially eliminating the Group's credit risk in this respect.

(b) Receivables resulting from leasing of properties: Group has established credit limits for customers and monitors their balances on an on-going basis. Credit appraisal is performed by the management before lease agreements are entered into with customers. The risk is also mitigated due to customers placing significant amount of security deposits for lease and fit-out rentals.

(c) Receivables resulting from other than sale of properties and leasing of properties : Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. The impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security. The Group's credit period generally ranges from 30-60 days.

(d) Revenue from one customer individually accounted for more than 10% of the Group's revenue for the year ended 31 March 2020 and 31 March 2019. No single customer individually accounted for more than 10% of the trade receivable balance of the Group as at 31 March 2020 and 31 March 2019.

in ₹ million

Movement in allowance for credit losses	31 March 2020	31 March 2019
Opening balance	332.01	202.77
Amounts written off	(36.94)	(12.43)
Net remeasurement of loss allowance	239.33	141.67
Closing balance	**534.40**	**332.01**

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 March 2020 and 31 March 2019 is the carrying amounts.

C. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

in ₹ million

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
31 March 2020						
Borrowings (refer note 19)	6,656.33	2,382.45	4,640.71	15,904.01	1,553.39	31,136.89
Trade payables (refer note 23)	-	6,961.53	2,340.27	232.16	32.92	9,566.88
Other financial liabilities (refer note 20)	305.25	1,712.63	2,919.18	-	-	4,937.06
	6,961.58	**11,056.61**	**9,900.16**	**16,136.17**	**1,586.31**	**45,640.83**
31 March 2019						
Borrowings (refer note 19)	5,346.64	2,847.95	5,615.59	10,239.64	377.00	24,426.82
Trade payables (refer note 23)	-	8,069.48	2,620.38	637.79	-	11,327.65
Other financial liabilities (refer note 20)	87.85	1,637.90	2,792.16	1,958.83	-	6,476.74
	5,434.49	**12,555.33**	**11,028.13**	**12,836.26**	**377.00**	**42,231.21**

49 Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing borrowings, trade payables and other financial liabilities (excluding liability under JDA), less cash and bank balances.

in ₹ million

Particulars	As at 31 March 2020	As at 31 March 2019
Borrowings (long-term and short-term, including current maturities of long term borrowings) (Note 19 and 20)	31,136.89	26,038.86
Trade payables (Note 23)	9,566.88	11,327.65
Other financial liabilities (current and non-current, excluding current maturities of long term borrowings) (Note 20)	4,766.14	4,864.70
Other liabilities (Note 24)	39,292.99	42,048.77
Less: Cash and bank balances (Note 14 and 15)	(883.89)	(1,771.45)
Net debt	**83,879.01**	**82,508.53**
Equity share capital (Note 16)	948.46	948.46
Other equity (Note 17)	23,363.55	21,342.64
Total capital	**24,312.01**	**22,291.10**
Capital and net debt	**108,191.02**	**104,799.63**
Gearing ratio	77.53%	78.73%

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 31 March 2019.

Sobha Limited

Notes to the consolidated financial statements for the year ended 31 March 2020

50 Additional information pursuant to para 2 of general instructions for the preparation of the consolidated financial statements for year ended 31 March 2020 and 31 March 2019

31 March 2020

in ₹ million

Name of the entity	Net assets		Share in profit or loss		Share in OCI		Share in total comprehensive income	
	% of consolidated net assets	₹ million	% of consolidated profit or loss	₹ million	% of consolidated OCI	₹ million	% of consolidated total comprehensive income	₹ million
Parent								
Sobha Limited	85.74%	22,872.77	102.38%	2,894.79	100.00%	4.61	102.37%	2,899.40
Subsidiaries								
Indian								
Sobha City ['Partnership firm']	3.47%	926.81	0.60%	16.96	0.00%	-	0.60%	16.96
Vayaloor Properties Private Limited	0.01%	2.06	0.00%	-	0.00%	-	0.00%	-
Vayaloor Builders Private Limited	0.01%	3.42	0.00%	0.01	0.00%	-	0.00%	0.01
Vayaloor Developers Private Limited	0.01%	3.32	0.00%	0.01	0.00%	-	0.00%	0.01
Vayaloor Real Estate Private Limited	0.01%	3.43	0.00%	0.01	0.00%	-	0.00%	0.01
Vayaloor Realtors Private Limited	0.00%	0.70	0.00%	-	0.00%	-	0.00%	-
Valasai Vettikadu Realtors Private Limited	0.01%	1.47	0.00%	-	0.00%	-	0.00%	-
Sobha Developers (Pune) Limited	7.88%	2,101.91	-1.46%	(41.16)	0.00%	-	-1.45%	(41.16)
Sobha Assets Private Limited	-0.00%	(0.05)	0.00%	(0.02)	0.00%	-	-0.00%	(0.02)
Sobha Highrise Ventures Private Limited	2.48%	661.21	-0.38%	(10.72)	0.00%	-	-0.38%	(10.72)
Sobha Interiors Private Limited	0.09%	23.24	0.25%	7.09	0.00%	-	0.25%	7.09
Sobha Contracting Pvt Ltd	-0.00%	(1.12)	-0.02%	(0.49)	0.00%	-	-0.02%	(0.49)
Sobha Nandambakkam Developers Limited	0.15%	40.50	0.13%	3.57	0.00%	-	0.13%	3.57
Sobha Tambaram Developers Limited	0.31%	83.58	0.11%	3.17	0.00%	-	0.11%	3.17
Kilai Builders Pvt Ltd	-0.00%	(0.11)	0.01%	0.27	0.00%	-	0.01%	0.27
Kuthavakkam Builders Private Limited	-0.07%	(18.69)	-0.67%	(18.92)	0.00%	-	-0.67%	(18.92)
Kuthavakkam Realtors Private Limited	-0.10%	(26.76)	-0.95%	(26.95)	0.00%	-	-0.95%	(26.95)
Joint ventures (Investment as per the equity method)								
Kondhwa Projects LLP	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Sub total	**100.00%**	**26,677.69**	**100.00%**	**2,827.62**	**100.00%**	**4.61**	**100.00%**	**2,832.23**
Adjustments arising out of consolidation		(2,365.68)		(10.93)		-		(10.93)
Total		**24,312.01**		**2,816.69**		**4.61**		**2,821.30**

31 March 2019

in ₹ million

Name of the entity	Net assets		Share in profit or loss		Share in OCI		Share in total comprehensive income	
	% of consolidated net assets	₹ million	% of consolidated profit or loss	₹ million	% of consolidated OCI	₹ million	% of consolidated total comprehensive income	₹ million
Parent								
Sobha Limited	82.57%	20,773.75	97.26%	2,865.24	100.00%	(7.54)	97.25%	2,857.70
Subsidiaries								
Indian								
Sobha City ['Partnership firm']	5.72%	1,439.88	-0.30%	(8.91)	0.00%	-	-0.30%	(8.91)
Vayaloor Properties Private Limited	0.01%	2.06	0.00%	0.00	0.00%	-	0.00%	0.00
Vayaloor Builders Private Limited	0.01%	3.41	0.00%	0.01	0.00%	-	0.00%	0.01
Vayaloor Developers Private Limited	0.01%	3.31	0.00%	0.01	0.00%	-	0.00%	0.01
Vayaloor Real Estate Private Limited	0.01%	3.42	0.00%	0.01	0.00%	-	0.00%	0.01
Vayaloor Realtors Private Limited	0.00%	0.70	-0.00%	(0.00)	0.00%	-	-0.00%	(0.00)
Valasai Vettikadu Realtors Private Limited	0.01%	1.47	0.00%	0.00	0.00%	-	0.00%	0.00
Sobha Developers (Pune) Limited	8.52%	2,143.07	1.13%	33.41	0.00%	-	1.14%	33.41
Sobha Assets Private Limited	0.01%	(0.04)	0.00%	(0.04)	0.00%	-	-0.00%	(0.04)
Sobha Highrise Ventures Private Limited	2.67%	672.60	1.54%	45.47	0.00%	-	1.55%	45.47
Sobha Contracting Pvt Ltd	0.01%	(0.63)	-0.02%	(0.14)	0.00%	-	-0.00%	(0.14)
Sobha Nandambakkam Developers Limited	0.15%	36.92	0.03%	0.84	0.00%	-	0.02%	0.84
Sobha Tambaram Developers Limited	0.32%	80.41	0.35%	10.18	0.00%	-	0.35%	10.18
Kilai Builders Pvt Ltd	0.00%	(0.38)	0.00%	(0.10)	0.00%	-	-0.00%	(0.10)
Joint ventures (Investment as per the equity method)								
Kondhwa Projects LLP	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Sub total	**100.00%**	**25,159.95**	**100.00%**	**2,945.98**	**100.00%**	**(7.54)**	**100.00%**	**2,938.44**
Adjustments arising out of consolidation		(2,868.85)		23.95		-		23.95
Total		**22,291.10**		**2,969.93**		**(7.54)**		**2,962.39**

51 Impact due to oubreak of COVID-19

Due to the outbreak of Coronavirus Disease (COVID-19), the Government of India declared lock-down on 23 March 2020 and the Group had to suspend the operations in all ongoing projects in compliance with the lockdown instructions issued by the Central and respective State Governments. This impacted the normal business operations of the Group by way of interruption in projects execution, supply chain disruption and unavailability of personnel during the lock-down period.

The Group has considered the possible impacts on the carrying value of assets. The Group, as at the date of these financial results has used internal and external sources of information to assess the expected future performance of the Group. The Group has also performed a sensitivity analysis on the assumptions used and based on the current estimates, the Group expects that the carrying amount of these assets reported in the balance sheet as at 31 March 2020 are fully recoverable. The Group has also estimated the future cash flows with the possible effects that may result from the COVID-19 pandemic and does not foresee any adverse impact on realising its assets and meeting its liabilities as and when they fall due. The actual impact of the COVID-19 pandemic may be different from that estimated as at the date of approval of these financial results.

The Central and State Governments have initiated steps to relax the lock-down restrictions and the Group is adhering to the same. The Group resumed its operations albeit in a reduced capacity from 4 May 2020. The Group will continue to closely observe the evolving scenario and take into account any future developments arising out of the same.

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No.: 065155

Place: Bengaluru, India
Date : 27 June 2020

for and on behalf of the Board of Directors of **Sobha Limited**

Ravi PNC Menon
Chairman
DIN: 02070036

J.C. Sharma
Vice Chairman and Managing Director
DIN: 01191608

Subhash Bhat
Chief Financial Officer

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Place: Bengaluru, India
Date : 27 June 2020

Form AOC – I

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries, Associate Companies / Joint Ventures

Part "A": Subsidiaries

Particulars	Sobha Developers (Pune) Limited	Sobha Highrise Ventures Private Limited	Sobha Assets Private Limited	Sobha Tambaram Developers Limited	Sobha Nandambakkam Developers Limited	Sobha Construction Products Private Limited	Sobha Contracting private Limited*	Kilai Builders Private Limited**	Sobha Interiors Private Limited**	Kuthavakkam Builders Private Limited**	Kuthavakkam Realtors Private Limited**
Reporting Period	2019-20	2019-20	2019-20	2019-20	2019-20	2019-20	2019-20	2019-20	2019-20	2019-20	2019-20
Reporting Currency	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million
Share Capital	0.526	206.00	0.100	0.500	0.500	10.000	0.100	0.500	6.000	0.500	0.500
Reserve and Surplus	2,113.508	453.82	(0.152)	83.080	39.995	(0.238)	(1.219)	(0.606)	16.578	(19.193)	(25.994)
Total Assets	2,217.220	903.15	84.212	114.876	93.415	9.989	633.470	214.809	261.882	53.084	110.621
Total Liabilities	103.186	243.33	84.264	31.296	52.920	0.227	634.589	214.915	239.304	71.777	136.115
Investments	1,696.039	0.10	-	-	-	-	-	-	132.298	-	-
Turnover	50.569	105.73	-	7.288	9.218	-	0.086	0.603	26.937	-	7.400
Profit before Taxation	(37.387)	(12.84)	(0.015)	4.273	4.821	(0.238)	0.008	0.429	9.301	(18.922)	(25.686)
Provision for Taxation	(8.349)	(0.71)	-	1.108	1.248	-	0.483	0.157	2.029	-	-
Profit after Taxation	(29.038)	(12.13)	(0.015)	3.165	3.573	(0.238)	(0.491)	0.272	7.272	(18.922)	(25.686)
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-
% Share Holding	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

* Sobha Contracting Private Limited is a wholly owned subsidiary of Sobha Highrise Ventures Private Limited. Hence a stepdown subsidiary of Sobha Limited.

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

1. Names of subsidiaries which are yet to commence business: None
2. Names of subsidiaries which have been liquidated or sold during the year: None

Part “B”: Associates and Joint Ventures

CVS Tech Park Private Limited, an associate of Sobha Limited was incorporated on 5th March 2018.

Particulars	CVS Tech Park Private Limited
Reporting Period	2019-20
Reporting Currency	₹ in Million
Share Capital	0.10
Reserve and Surplus	-
Total Assets	0.12
Total Liabilities	0.02
Investments	-
Turnover	-
Profit before Taxation	(0.02)
Provision for Taxation	-
Profit after Taxation	(0.02)
Proposed Dividend	-
% Share Holding	49%

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

Ravi PNC Menon
Chairman

J.C Sharma
Vice Chairman and Managing Director

Subhash Bhat
Chief Financial Officer

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Place: Bengaluru
Date : June 27, 2020

Notice of Annual General Meeting

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the Members of Sobha Limited will be held on Friday, the 7th August, 2020 at 3:00 P.M. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt:

   (a) The standalone financial statements of the Company which includes the Audited Balance Sheet as at March 31, 2020, the Statement of Profit and Loss for the financial year ended as on that date and the Cash Flow Statement together with reports of the Board of Directors and the Statutory Auditors thereon.

   (b) The consolidated financial statements of the Company which includes the Audited Balance Sheet as at March 31, 2020, the Statement of Profit and Loss for the financial year ended as on that date and the Cash Flow Statement together with reports of the Statutory Auditors thereon.

2. To declare 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.

SPECIAL BUSINESS:

4. Ratification of remuneration payable to Cost Auditors:

   To consider and if thought fit, to pass with or without modification(s), the following resolution as an *Ordinary Resolution:*

   "RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, including any amendment or re-enactment thereof and any other law for the time being in force, the approval of the members of the Company be and is hereby accorded for the payment of remuneration not exceeding ₹175,000 (Rupees One lakh and seventy five thousand only) plus reimbursement of out of pocket expenses and taxes as may be applicable from time to time to M/s. Srinivas and Co., Cost Accountants (Firm Registration No: 000278), the Cost Auditors of the Company for the financial year 2019-20.

   RESOLVED FURTHER THAT any of the Directors or the Company Secretary and Compliance Officer of the Company be and are hereby severally authorised to do all such acts, deeds, things, matters, and to execute all such documents as may be required to give effect to this Resolution."

5. Appointment of Ms. Srivathsala Kanchi Nandagopal as a Non-Executive Independent Director of the Company:

   To consider and if thought fit, to pass with or without modification(s), the following resolution as an *Ordinary Resolution:*

   "RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014, including any statutory modification(s) or re-enactment thereof for the time being in force and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Ms. Srivathsala Kanchi Nandagopal (DIN: 06465469), who was appointed as an Additional Director in the capacity of a Non-Executive Independent Director with effect from 4th January, 2020 be and is hereby appointed as a Non-Executive Independent Director of the Company for a term of five years commencing from 4th January, 2020.

   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 and take all such actions as may be necessary, proper and expedient to give effect to this resolution."

6. Issue of Non-Convertible Debentures on private placement basis:

   To consider, and if thought fit, to pass with or without modification(s), the following resolution as a *Special Resolution:*

   "RESOLVED THAT pursuant to the provisions of Section 42, 71 and other applicable provisions, if any, of the Companies Act, 2013, relevant rules made thereunder and any other law for the time being in force and the provisions contained in the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations 2008, the guidelines issued by the Securities and Exchange Board of India (SEBI), and subject to the approval, permissions and sanctions of the lenders of the Company, SEBI, Stock Exchanges, Reserve Bank of India (RBI), Government of India and other concerned authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of the aforementioned authorities while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company, the approval of the members be and is hereby accorded to the Board of Directors of the Company to offer or invite subscription for secured or unsecured redeemable non-convertible debentures including but not limited to other debt securities, in one or more series or tranches, aggregating up to ₹ 700,00,00,000 (Rupees Seven Hundred Crores Only), on a private placement basis, on such terms and conditions as the Board of Directors may, from time to time, determine and consider proper and beneficial to the Company.

   RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the members hereby authorise the Board of Directors to do all such acts, deeds, matters and things, settle all question, difficulties or doubts that may arise in regard to the issue or allotment of such Debentures, utilisation of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board of Directors may in its absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

7. Amendment to Memorandum of Association of the Company:

   To consider, and if thought fit, to pass with or without modification(s), the following resolution as a *Special Resolution:*

   "RESOLVED THAT pursuant to the provisions of Section 4, 13 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder and subject to all the applicable laws and regulations (including any statutory amendment(s) or modification(s) or re-enactment(s) there off or the time being in force), the approval of the Members be and is hereby accorded for modification, substitution, addition and deletion in Clause III i.e. the Objects Clause of the Memorandum of Association of the Company as follows:

   A. The existing title of Clause III Part A of the Memorandum of Association of the Company be deleted and substituted with the following words:

      THE OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION:

   B. The following sub clause No. 7 be inserted after the existing sub clause No. 6 of Clause III (A).

   7. To act as an agent, middleman, or a broker for the purpose of selling, leasing, renting, rental housing or dealing, appraising, maintaining, operating and marketing of any real estate property, land, housing projects, buildings, blocks, flats, apartments, bungalows, row houses, hutments, industrial estates, factories, workshops, godowns,

warehouses, hotels, stores, offices, shops, places of sports, entertainment, hospitals garages, business premises, plots, plotted lands and structures whether Industrial, residential or commercial either individually or as joint venture or collaboration with any other person; Construction and development of real estate infrastructure projects encompassing activities that range from the renovation and re-lease of existing buildings to the purchase of raw land and the sale of improved land or parcels to others such as residential, commercial, or industrial property either individually or as joint venture or collaboration with any other person and to rent, lease or sell the same and realize cost in lumpsum or easy installments or by hire purchase system and otherwise.

C. The existing title of Part B of Clause III of the Memorandum of Association of the Company be deleted and substituted with the following words:

MATTERS WHICH ARE NECESSARY FOR FURTHERANCE OF THE OBJECTS SPECIFIED IN CLAUSE III(A):

D. The title of the existing Part C of Clause III of the Objects Clause of the Memorandum of Association of the Company i.e. "THE OTHER OBJECTS NOT INCLUDED IN (A) AND (B) ABOVE ARE" be deleted and the objects mentioned in Part C be included under the ambit of Part B of Clause III and be serially re-numbered as sub-clauses 31 to 40.

RESOLVED FURTHER THAT any one of the Directors and/or Company Secretary of the Company be and are hereby severally authorised to sign all such forms and returns and other documents and to do all such acts, deeds and things as may be necessary to give effect to the above resolution."

By Order of the Board of Directors
For Sobha Limited

Vighneshwar G Bhat
Company Secretary
& Compliance Officer

Place: Bangalore
Date: 27th June, 2020

NOTES:

1. Pursuant to Circular Nos. 14/2020, 17/2020, 20/2020 dated April 8, 2020, April 13, 2020 and May 5, 2020 repectively, issued by the Ministry of Corporate Affairs (MCA) and Circular No. HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by the Securities and Exchange Board of India (hereinafter collectively referred to as 'Circulars'), the Annual General Meeting of the Company ("AGM") is convened through Video Conferencing / Other Audio Visual Means (VC/OAVM).

2. In terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards issued by the Institute of Company Secretaries of India, additional information on directors seeking appointment/re-appointment is provided separately.

3. Statement pursuant to the provisions of Section 102(1) of the Companies Act, 2013 is annexed to and forms part of this Notice.

4. **SINCE THIS AGM IS BEING HELD PURSUANT TO THE CIRCULARS THROUGH VC / OAVM, PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS WILL NOT BE AVAILABLE FOR THE AGM AND HENCE, THE PROXY FORM AND ATTENDANCE SLIP ARE NOT ANNEXED TO THIS NOTICE.**

5. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC /OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to nagendradrao@gmail.com with a copy marked to evoting@nsdl.co.in.

6. Since the AGM being held through VC/OAVM, the Route Map is not attached to this Notice.

7. **VOTING THROUGH ELECTRONIC MEANS**

   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.

8. The Results declared along with the Scrutinizer's Report shall be placed on the website of the Company and on the website of NSDL.

9. Detailed instructions on the e-voting procedure:

   A. For shareholders receiving e-mail communication from NSDL.

      i. Members may note that the Notice of the Twenty Fifth Annual General Meeting and the Annual Report 2020 will be available on the Company's website www.sobha.com. The Notice of Annual General Meeting shall also be available on the website of NSDL viz. www.evoting.nsdl.com. The Company has published a Public Notice by way of advertisement in Kannada newspaper and in an English newspaper with the required details of 25th AGM, for information of the Members.

      ii. The e-voting period shall commence on Tuesday, 4th August, 2020 at 9.00 AM and ends on Thursday, 6th August, 2020 at 5.00 PM. The e-voting Module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by a shareholder, it cannot be changed subsequently.

      iii. The e-voting module shall be disabled by NSDL for voting thereafter. Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.

      iv. Facility of joining the AGM through VC / OAVM shall be available for 1,000 members on first-come-first-served basis. However, the participation of promoters, directors, key managerial personnel, chairpersons of Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Auditors are not restricted on first-come-first served basis.

      v. The Board of Directors has appointed Mr. Nagendra D Rao, Practising Company Secretary (Membership No. 5553, COP No. 7731) and in his absence Mr. Natesh K, Practising Company Secretary (Membership No. 6835, COP No. 7277) as the Scrutinizer for conducting the remote e-voting and poll process in accordance with law and in a fair and transparent manner. The Scrutinizer shall within a period not exceeding 48 hours from the conclusion of the annual general meeting, prepare a Consolidated Scrutinizer's Report of the votes cast in favour or against, if any, and submit it forthwith to the Chairman of the Company.

      vi. The Results declared along with the Scrutinizer's Report shall be placed on the website of the Company and on the website of NSDL.

      vii. The Members who have cast their vote by remote e-voting prior to the AGM may also attend / participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.

viii. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.

ix. The details of the process and manner for remote e-voting are explained herein below:

For shareholders receiving e-mail communication from NSDL

Step 1

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

4. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-voting and you can proceed to Step 2 i.e. cast your vote electronically.

5. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	**Your User ID is:**
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company. For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

6. Your password details are given below:

   a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

   c) Retrieval of 'initial password'

      (i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. The .pdf file contains your 'User ID' and your 'initial password'.

      (ii) If your email ID is not registered, please follow steps mentioned below for those shareholders whose email IDs are not registered.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

   a) Click on **"Forgot User Details/ Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   b) **Physical User Reset Password?"** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2

1. After successful login as mentioned in Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

3. Select "EVEN" of Sobha Limited.

4. Now you are ready for e-Voting as the Voting page opens.

5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

6. Upon confirmation, the message "Vote cast successfully" will be displayed.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

x. Instructions for Members for Voting during the AGM:

1. The procedure for remote e-voting during the AGM is same as the instructions mentioned above for remote e-voting since the Meeting is being held through VC / OAVM.

2. The e-voting window shall be activated upon instructions of the Chairman of the Meeting during the AGM.

3. E-voting during the AGM is integrated with the VC platform and no separate login is required for the same.

General Guidelines:

1. Institutional Shareholders (i.e., other than individuals, HUF, NRI etc.) are required to send a scanned copy (PDF/ JPG format) of the Board Resolution/ Authority Letter together with an attested specimen signature of the duly authorised signatory (ies) who are authorized to vote, to the Scrutinizer through E-mail: nagendradrao@gmail.com with a copy marked to evoting@nsdl.co.in

2. Members who have acquired the shares of the Company after the dispatch of the Notice of Annual General Meeting and whose name appear in the Register of Members of the Company or in the Register of Beneficial owners maintained by the depositories as on the cut-off date i.e. 31st July, 2020 will be eligible to cast their vote through remote e-voting.

3. Such members may obtain the Login ID and Password by sending a request to any of the following e-mail ids:

   a) To NSDL at evoting@nsdl.co.in

   b) To the Registrar and Share Transfer Agents at evoting@linkintime.co.in

   c) To the Company at investors@sobha.com

4. However, if a member is already registered with NSDL for remote e-voting, then he/ she can use his/her existing User ID and Password for casting your vote. If he/she do not remember his/her password, he/she can reset his/her password by using the '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 their vote.

5. Shareholders can update their mobile numbers and e-mail IDs in the user profile details of the folio which may be used for sending communication(s) regarding the NSDL e-voting system in the future.

6. In case of any queries, shareholders may refer to 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.

7. All documents referred to in the accompanying Notice and Statement annexed thereto shall be open for inspection at the Registered Office of the Company during normal business hours on any working day till the date of the Annual General Meeting.

DIVIDEND

1. The Register of Members and the Share Transfer Books of the Company shall remain closed on 25th July, 2020.

2. The dividend if approved by the members at the Annual General Meeting will be deposited in a separate bank account within 5 days from the date of the Annual General Meeting and the same will be paid to the shareholders as per the provisions of the Companies Act 2013 and MCA General Circular No. 20/2020 dated 5th May, 2020.

INVESTOR CLAIMS

1. Members who have not yet encashed their dividend warrants for earlier years are requested to write to the Secretarial Department at the Registered and Corporate Office of the Company or send an e-mail to: investors@sobha.com to claim the dividend. Details of unclaimed dividend as on 31.03.2020 are available in the 'Investors Section' of the website of the Company www.sobha.com.

2. During the financial year 2020-21, the Company will be required to transfer to the Investor Education and Protection Fund, the dividend declared in the Annual General Meeting of the Company held on July 05, 2013 and which is lying unclaimed with the Company for a period of seven years from the date of transfer to the Unpaid Dividend Account.

3. Allottees who have not yet claimed the equity shares allotted to them during the Initial Public Offer (IPO) of the Company are requested to make their claim to the Secretarial Department at the Registered and Corporate Office of the Company or send an e-mail to investors@sobha.com. Details of unclaimed equity shares are available in the 'investors section' of the website of the Company www.sobha.com.

INVESTOR SERVICING

1. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, Link Intime India Pvt. Ltd for assistance in this regard.

2. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with the Company in case the shares are held by them in physical form.

3. Members who have not registered there email ID are requested to register their email IDs. Further, the members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone / mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in

electronic form and to Sobha Limited in case the shares are held by them in physical form.

4. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Members are requested to submit the said details to their DP in case the shares are held by them in electronic form and to Sobha Limited in case the shares are held in physical form.

5. All Investor Queries / Complaints / Grievances may be addressed to the Secretarial Department at the Registered and Corporate Office of the Company or by sending an e-mail to investors@sobha.com. Members can also write to M/s Link Intime India Private Limited, the Registrar and Share Transfer Agents of the Company, having their office at 247, LBS Marg, Vikhroli (West), Mumbai - 400083 or send an e-mail to rnt.helpdesk@linkintime.co.in.

OTHERS

1. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website www.sobha.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively.

2. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

3. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates.

A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to sobhadivtax@linkintime.co.in on or before July 24, 2020. Further no tax shall be deducted on the dividend payable to a resident individual shareholders if the total amount of dividend to be received from the Company during the Financial Year 2020-21 does not exceed ₹ 5,000/-. Shareholders may note that, in case PAN is not updated with the Depository Participant/Register of the Company, the tax will be deducted at a higher rate of 20%.

Non-resident shareholders can avail beneficial tax rates under Double Tax Avoidance Agreement [DTAA] i.e. tax treaty between India and their country of residence. Non-resident shareholders are required to provide details on applicability of beneficial tax rates and provide following documents:

- Copy of PAN card, if any, allotted by Indian Income Tax Authorities duly self attested by the member.
- Copy of Tax Residency Certificate [TRC] for the FY 2020-21 obtained from the revenue authorities of country of tax residence duly attested by the member.
- Self Declaration in Form 10-F.
- No-PE [permanent establishment] certificate.
- Self Declaration of beneficial ownership by the non-resident shareholder.
- Lower withholding Tax certificate, if any, obtained from the Indian Tax Authorities.

The members/shareholders are required to provide above documents/declarations by sending an E-mail to sobhadivtax@linkintime.co.in on or before July 24, 2020. The aforesaid documents are subject to verification by the Company and in case of ambiguity, the Company reserves its right to deduct the TDS as per the rates mentioned in the Income Tax Act, 1961.

In case of Foreign Institutional Investors / Foreign Portfolio Investors, tax will be deducted under Section 196D of the Income Tax Act @20% plus applicable Surcharge and Cess.

4. Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 directs listed companies to send soft copies of the annual report to those shareholders who have registered their e-mail addresses. Sections 101 and 136 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Companies (Accounts) Rules, 2014 permit prescribed companies to send a notice and financial statements through electronic mode. In view of the same, shareholders are requested to update their e-mail IDs with their Depository Participants where shares are held in dematerialised mode and where the shares are held in physical form to update the same in the records of the Company in order to facilitate electronic servicing of annual reports and other documents.

5. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at investors@sobha.com from August 1, 2020 (9:00 a.m. IST) to August 3, 2020 (5:00 p.m. IST). Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

EXPLANATORY STATEMENT ANNEXED TO NOTICE

[PURSUANT TO PROVISIONS OF SECTION 102(1) OF THE COMPANIES ACT, 2013]

Item No. 4

In terms of Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014 as may be amended from time to time, the Company is required to get its cost records audited.

The Board of Directors, based on the recommendation of the Audit Committee, have appointed M/s. Srinivas and Co, Cost Accountants (Firm Registration No: 000278) as the Cost Auditors of the Company for the financial year 2019-20. Further, the Board of Directors, on the recommendations of the Audit Committee, have approved the payment of remuneration not exceeding ₹175,000 (Rupees One lakh and seventy five thousand only) plus out of pocket expenses and taxes as may be applicable from time to time to the Cost Auditors for undertaking the cost audit of the Company for the financial year 2019-20.

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, 2020.

None of the Directors or Key Managerial Personnel or their relatives are in any way interested or concerned, financially or otherwise in this Resolution except to the extent of their shareholding in the Company.

The Board of Directors recommends the Ordinary Resolution set out in Item No. 4 for approval by the Members.

Item No. 5:

Basis the recommendation of Nomination, Remuneration and Governance Committee, the Board of Directors, by passing a Circular Resolution on 4th January, 2020 appointed Ms. Srivathsala Kanchi Nandagopal (DIN: 06465469), as an Additional Director of the Company pursuant to Section 161(1) of the Companies Act, 2013, in the capacity of Non-Executive Independent Director with effect from 4th January, 2020. Ms. Srivathsala holds office up to the date of the ensuing Annual General Meeting and is eligible to be appointed as a Director of the Company.

Ms. Srivathsala is an Entrepreneur, Strategic Business Advisor, Financial Planner, Active Angel Investor, Startup expert and a Mentor. She is the founder of Four organisations, viz. Fintrans Investment Advisors Private Limited, one of India's Leading Financial Planning Firms, Wintrans Consultancy Private Limited, a Business Consultancy and a Start up advisory firm, Eleasee Private Limited, which aims to provide electric vehicle leasing and fleet management service to its customers and Vandyam Prasada Foods Private Limited, a social enterprise which delivers Sattvik food to Senior citizens and other believers in Sattvik food in Bangalore at their door step.

As a part of her endevour to make everyone financially wise, she has published more than 100 newsletters and e-books, addressed a cross-section of investors from the corporate sector to banking industry and pensioners. Ms. Srivathsala serves as strategic advisor for startups across multiple industry domains. She is mentor at Prahlad Kakkar's Institute of Branding and Entrepreneurship, IIT Bombay and Kharagpur. She has conducted various Training and Awareness Programs on Entrepreneurship and Financial Literacy for corporates, public and Students. She is a noted speaker on the topic of Financial Planning and Entrepreneurship in reputed forums such as Times Foundation, The Christ University and many IT companies.

Ms. Srivathsala is a Certified Financial Planner and an Accounting Technician from The Institute of Chartered Accountant of India, besides holding a Master's Degree in Commerce from the Bangalore University.

Ms. Srivathsala holds the position of Independent Director at PDL, a subsidiary of Diageo India.

Ms. Srivathsala has given her consent to act as a Non-Executive 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, as per the declarations received by the Company, she is not disqualified under Section 164 of the Companies Act, 2013. In terms of Regulation 25(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, she has confirmed that she is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact her ability to discharge her duties.

Ms. Srivathsala does not hold any equity shares in the Company. The draft letter of appointment containing the terms and conditions of the appointment of Ms. Srivathsala 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. The disclosures relating to Ms. Srivathsala, as required under the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 and Secretarial Standards issued by the Institute of Company Secretaries of India, is set out as an Annexure to the Notice.

Except Ms. Srivathsala, none of the other Directors or Key Managerial Personnel or their relatives are in any way interested or concerned, financially or otherwise in this Resolution.

The Board of Directors recommends the Ordinary Resolution set out in Item No. 5 for approval by the Members.

Item No.6:

The Company in order to execute various projects, both residential and contractual, has to borrow money from banks and other financial institutions as a means of finance. The Company has currently availed project-specific or general purpose borrowings from various banks and financial institutions to finance the execution of the projects of the Company.

The Board of Directors envisages a continued need for the funding requirements of the Company to be met through various components, i.e. equity, project loans, general purpose corporate loans, borrowings from financial institutions, debentures etc. A mix of these instruments will result in optimum utilisation of funds at an optimum cost and help meet the various business requirements of the Company. The Board is therefore, contemplating the feasibility of borrowing money through further issue of Non-Convertible Debentures.

In terms of Rule 14 of The Companies (Prospectus and Allotment of Securities) Rules, 2014, the issue of Non-Convertible Debentures on a private placement basis requires previous approval of the members of the Company by way of a Special Resolution and such an approval shall be valid for all the offers or invitation for such Debentures during the year.

Accordingly, approval of the members is being sought to enable the Board of Directors to offer or invite subscriptions for non-convertible debentures aggregating up to ₹ 700,00,00,000 (Rupees Seven Hundred Crores Only) as may be required and such approval shall be valid for a year.

None of the Directors or the Key Managerial Personnel or their relatives are in any way interested or concerned, financially or otherwise, in this Resolution except to the extent of their shareholding in the Company.

The Board recommends the Special Resolution set-out in Item 6 of the Notice for approval by the members.

Item No. 7:

The main objects is proposed to be altered as the Company looks towards new and emerging areas of business which could be feasible and more profitable for the Company as part of diversification of business plans.

Since there is no enabling provision in the Memorandum of Association of the Company, the Objects clause of the Company is required to be altered. Accordingly, it is proposed to insert a new object as stated in sub clause 7 of Clause III (A) in the main object clause of the Memorandum of Association of the Company.

In view of the said requirements, the Objects Clause is proposed to be amended as follows:

i. The Objects Clause will now have 2 parts viz. Part A – “THE OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION” and Part B – “MATTERS WHICH ARE NECESSARY FOR FURTHERANCE OF THE OBJECTS SPECIFIED IN CLAUSE III(A)”.

ii. New sub-clause numbered 7 will be added to the existing Part A (main objects) to enable the Company to widen the scope of its business activities.

iii. The title of the existing Part C – “THE OTHER OBJECTS NOT INCLUDED IN (A) AND (B) ABOVE ARE” is proposed to be deleted and the ten (10) sub-clauses falling under the existing Part C are to be included under the ambit of Part B of Clause III and are to be re-numbered.

Copies of the existing and amended Memorandum of Association will be available for inspection by shareholders during business hours at the registered office of the Company for 21 days before the Annual General Meeting and can also be viewed on the Company’s website at www.sobha.com

Any alteration of the Memorandum of Association of the Company requires approval of the shareholders of the Company by means of a Special Resolution under section 13 of the Companies Act, 2013.

The alteration of objects clause of the Memorandum of Association is an item required to be transacted by means of postal ballot under the provisions of section 110 of the Companies Act, 2013 read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014.

However, in terms of the proviso to section 110 of the Companies Act, 2013 introduced as per the Companies (Amendment) Act, 2017, read with Rule 20 and 22 of the Companies (Companies Management and Administration) Rules, 2014 including any statutory modifications and amendments thereto, approval of shareholders for any item of business required to be transacted by means of postal ballot may be transacted at a general meeting by a company which is required to provide the facility of voting by electronic means to its shareholders. The Company, being a listed Company is required to provide the facility of voting by electronic means to its shareholders and hence, may obtain the approval of its shareholders to the alteration of the objects clause of the Memorandum of Association at the Annual General Meeting. The Board of Directors vide its resolution dated June 27, 2020 has accorded its approval to the proposed alteration of the Memorandum of Association.

None of the Directors and Key Managerial Personnel (KMP) or relatives of directors and KMPs are concerned or interested in the Resolution in Item No. 7 of the accompanying Notice.

The Board recommends the Special Resolution set out in Item No. 7 of the Notice for approval by the shareholders.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING ELECTION /RE-ELECTION AT THE ANNUAL GENERAL MEETING PURSUANT TO SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS), REGULATIONS 2015 AND SECRETARIAL STANDARDS ON GENERAL MEETINGS:

Name of Director	Mr. Ravi PNC Menon	Ms. Srivathsala Kanchi Nandagopal
Age	39 Years	43 years
Date of First Appointment	June 08, 2004	Appointed as Additional Director in the capacity of Non-executive Independent Director of the Company effective 4th January, 2020.
Qualifications	Bachelor of Science in Civil Engineering from Purdue University, USA	She is a Certified Financial Planner and an Accounting Technician from The Institute of Chartered Accountant of India, besides holding a Master's Degree in Commerce from the Bangalore University.
No. of Board Meetings attended during the financial year 2019-20	6	2
Expertise in specific functional areas	Mr. Ravi PNC Menon oversees the overall management and functioning of the Company. His responsibilities in the Company encompass product delivery, project execution, technology advancements, quality control and enhancement, process and information technology and customer satisfaction. He supervises the performance of various departments in the organisation such as Project Management, Design and Engineering, Sales & Marketing, Quality Safety & Technology, Purchase, Estimation, Cost Audit, Value Engineering, Landscaping, Human Resources etc. Mr. Menon specifically aims at scaling the delivery levels of the Company, adhering to quality standards, launching new product lines and strengthening the customer relationship management function.	She is an Entrepreneur, Strategic Business Advisor, Financial Planner, Active Angel Investor, Startup expert and a Mentor. More details are provided elsewhere in this Notice.
Details of remuneration	Remuneration paid and payable is in accordance with the approval of shareholders granted vide special resolution passed in the Annual General Meeting held on 9th August 2019. The remuneration paid for the financial year 2019-20 is disclosed in the Corporate Governance Report that forms part of the Annual Report.	She is entitled for the sitting fees for attending the Board Meeting and the Committee Meeting if any where she is a member. Further, she is also entitle for the Commission as may be decided by the Board from time to time, pursuant to the approval given by the shareholders at the Annual General Meeting held on 9th August, 2019.
Directorship and membership of Committees of the Board held in other listed companies	None.	She is a Director in one listed Company and has membership of two Committees.
Directorships held in other public limited companies	Sobha Assets Private Limited & Sobha Highrise Ventures Private Limited [Subsidiaries of Sobha Limited, a public company]	Pioneer Distilleries Limited
Relationship with other Directors and Key Managerial Personnel	None.	None.
Number of shares in the Company held as on 27th June, 2020.	31,05,400	NIL
Terms and conditions of appointment	The terms and conditions of appointment continue to be governed by the approval of shareholders granted vide special resolutions passed in the Annual General Meeting held on 3rdAugust, 2016 and Annual General Meeting held on 9th August, 2019.	The terms and conditions of appointment shall be governed by the resolution as set out in the notice of this Annual General Meeting.

Glossary

ADR
American Depository Receipts

BBS
Bar Bending Schedule

BSE
BSE Limited

CAGR
Compounded Annual Growth Rate

CDSL
Central Depository Services (India) Limited

CEO
Chief Executive Officer

CFO
Chief Financial Officer

CIN
Corporate Identification Number

CPD
Concretes Product Division

CREDAI
Confederation of Real Estate Developers Association of India

CRM
Customer Relationship Management

CSR
Corporate Social Responsibility

Demat
Dematerialised Account

DG
Diesel Generator

DIN
Director Identification Number

EBITDA
Earnings before Interest, Depreciation and Amortisation

ECS
Electronic Clearing System

EHS
Environment, Healt & Safety

EPS
Earnings Per Share

ERP
Enterprise Resource Planning

EVEN
E-Voting Event Number

FII
Foreign Institutional Investors

FSI
Floor Space Index

GDP
Gross Domestic Product

GDR
Global Depository Receipts

HUF
Hindu Undivided Family

HVAC
Heating, Ventilating and Air Conditioning

ICRA
ICRA Limited [Formerly Investment Information and Credit Rating Agency of India Limited]

IEPF
Investor Education and Protection Fund

IPO
Initial Public Offer

ISIN
International Securities Identification Number

ISO
International Organization for Standardization

IT / ITES
Information Technology / Information Technology Enabled Services

JD / JV
Joint Development / Joint Venure

KMP
Key Managerial Personnel

LED
Light-emitting diode

Listing Regulations
SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

MCA
Ministry of Corporate Affairs, New Delhi

MD&A
Management Discussion & Analysis

MEP
Mechanical, Electrical and Plumbing

NCR
National Capital Region

NEAPS
NSE Electronic Application Processing System

NECS
National Electronic Clearing System

NEFT
National Electronic Fund Transfer

NRI
Non Resident Indian

NSDL
National Securities Depository Limited

NSE
National Stock Exchange of India Limited

OHSAS
Occupational Health Safety Assessment Series

PAT
Profit after Tax

PBDIT
Profit before Depreciation, Interest and Tax

PBIT
Profit before Interest and Tax

PBT
Profit before Tax

PV Cells
Photovoltaic Cells

QST
Quality, Safety and Technology

R&D
Research and Development

R&T Agents
Registrar and Share Transfer Agents

RBI
Reserve Bank of India

RERA
Real Estate (Regulation and Development) Act, 2016

ROCE
Return on Capital Employed

ROE
Return on Equity

RTGS
Real Time Gross Settlement

SBA
Super Built-up Area

SCORES
SEBI Complaint Redress System

SEBI
Securities and Exchange Board of India

VFD
Variable Frequency Drive

WTD
Whole-time Director

Y-O-Y
Year-on-Year

Fiscal 2020 Highlights

Q1 - 2020

- Revenues of ₹ 11,931 million with a PBT of ₹ 1,424 million and PAT of ₹ 909 million
- Collections of ₹ 8,904 million
- Average cost of debt as end of Q1-20 stood at 9.80%
- Sold 1.06 million square feet of area total valued at ₹ 7,777 million (Sobha Share value of ₹ 6,606 million)
- Completed 0.24 million square feet of Real Estate projects and 0.06 million square feet of contractual projects, totalling 0.30 million square feet of developable area during Q1-20.
- Launched 2 new projects during the quarter. A row houses project, 'SOBHA Verdure' in Coimbatore with a total saleable area of 0.10 million square feet. Second is an apartment project 'SOBHA Nesara' in Pune, with a total saleable area of 0.51 million square feet

Q2 - 2020

- Revenues of ₹ 8,038 million with a PBT of ₹ 928 million and PAT of ₹ 668 million
- Collections of ₹ 9,124 million
- Average cost of debt as end of Q2-20 stood at 9.81%
- Sold 1.04 million square feet of area, total valued at ₹ 6,823 million (Sobha Share of ₹ 5,610 million)
- Completed 1.19 million square feet of Real Estate projects and 0.54 million square feet of contractual projects, totalling 1.73 million square feet of developable area during Q2-20.
- Launched one plotted development project in Chennai – "SOBHA Blossom"- measuring total saleable area of 0.18 million square feet.

Q3 - 2020

- Revenues of ₹ 9,012 million with a PBT of ₹ 1,164 million and PAT of ₹ 737 million
- Collections of ₹ 8,992 million
- Average cost of debt as end of Q3-20 stood at 9.76%
- Sold 1.07 million square feet of area, total valued at ₹ 7,261 million (Sobha Share of ₹ 6,075million)
- Completed 0.66 million square feet of Real Estate projects and 0.20 million square feet of contractual projects, totalling 0.86 million square feet of developable area during Q3-20.

Q4 - 2020

- Revenues of ₹ 9,276 million with a PBT of ₹ 814 million and PAT of ₹ 506 million
- Collections of ₹ 9,452 million
- Average cost of debt as end of Q4-20 stood at 9.69%
- Sold 0.91 million square feet of area total valued at ₹ 6,945 million (Sobha Share of ₹ 5,536 million)
- Completed 1.88 million square feet of Real Estate projects and 1.08 million square feet of contractual projects, totalling 2.96 million square feet of developable area during Q4-20.
- Launched "SOBHA Sterling Infinia" phase 1 & 2 in Bangalore with a total developable area of 0.30 million square feet.

3 Years financial highlights (Consolidated financials)

in ₹ million

Particulars	2019-20	2018-19	2017-18
Financial Performance			
Total Income	38,256.59	35,155.41	28,365.81
Profit before depreciation interest and tax (PBDIT)	8,312.66	7,467.57	5,692.99
Depreciation	722.85	623.17	544.00
Profit before interest and tax (PBIT)	7,589.81	6,844.40	5,148.99
Interest	3,258.26	2,362.20	1,977.60
Profit before tax (PBT)	4,331.55	4,482.20	3,171.40
Profit after tax (PAT)	2,821.30	2,962.39	2,164.30
Dividend			
Equity (paid/proposed)	663.92	663.92	663.92
Rate of dividend	70%	70%	70%
Financial position			
Shareholder's funds	24,312.01	22,291.10	27,699.31
Borrowed fund	31,173.61	26,038.86	23,312.65
Total	**55,485.62**	**48,329.96**	**51,011.96**
Net fixed assets	9,194.73	6,777.36	6,102.85
Investments	1,142.69	1,128.24	1,124.84
Net current and non current assets	45,512.53	39,489.47	46,305.44
Deferred tax assets/ (liability)	(311.33)	934.89	(2,521.17)
Total	**55,538.62**	**48,329.96**	**51,011.96**
Ratios			
EBIDTA Margin	21.73%	21.24%	20.07%
Pre-Tax Margin	11%	13%	11%
Post Tax Margin	7%	8%	8%
Interest coverage ratio	2.33	2.90	2.60
Net debt to EBIDTA (times)	3.64	3.25	3.86
Fixed assets to turnover ratio	24%	19%	22%
Debtors turnover ratio (Net Debtors)	-93%	-108%	-14%
Debtors turnover ratio (Gross Debtors)	10%	11%	25%
Return on Equity (ROE)	11%	12%	8%
Return on Capital Employed (ROCE)*	14%	14%	10%
Earnings per share(EPS)	29.69	31.33	22.68
Book Value	256.33	235.02	292.05
Debt/Equity Ratio	1.24	1.09	0.79
Price Earning Ratio	4.51	16.49	22.40
Price/book value	0.52	2.20	1.74

* EBIT/ Average capital employed

Figures are regrouped wherever necessary