SOBHA

PASSION AT WORK

Date: June 12, 2024

| To<br>The Deputy Manager<br>Department of Corporate Services<br>BSE Limited<br>PJ Towers, Dalal Street<br>Mumbai – 400 001<br>**Scrip Code: 532784** | To<br>The Manager<br>The National Stock Exchange of India Limited<br>Exchange Plaza, Plot No C/1, G Block<br>Bandra Kurla Complex<br>Mumbai – 400 051<br>**Scrip Code: SOBHA** |
|---|---|

Dear Sirs/Madam(s),

**Subject: Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 -Letter of Offer for the issue of shares on rights basis.**

This is in furtherance to our intimation dated January 22, 2024 and dated June 12, 2024, whereby the Company had informed that the Board of Directors of the Company (the "Board"), inter alia, approved the proposal for issuance of equity shares of the Company by way of rights issue to the eligible equity shareholders of the Company as on the record date.

Pursuant to the above, please find enclosed Letter of Offer in connection with the rights issue. We request you to take the aforesaid Letter of Offer on records and to disseminate it to your members.

**FOR SOBHA LIMITED**

BIJAN KUMAR DASH

Digitally signed by BIJAN KUMAR DASH
Date: 2024.06.12 22:25:36 +05'30'

**Bijan Kumar Dash**
**Company Secretary & Compliance Officer**
**Membership No. ACS 17222**

Please scan this QR Code to view the Letter of Offer

*Letter of Offer*
*Dated June 12, 2024*
*For Eligible Equity Shareholders only*

# SOBHA LIMITED

Our Company was originally incorporated as 'Sobha Developers Private Limited' on August 7, 1995, under the Companies Act, 1956 at Bangalore, Karnataka, pursuant to a certificate of incorporation dated August 7, 1995, issued by the Registrar of Companies, Karnataka at Bangalore ("**RoC**"). Subsequently, pursuant to conversion from a private company to a public company, the name of our Company was changed to 'Sobha Developers Limited' and a fresh certificate of incorporation dated June 2, 2006, was issued by the RoC under the Companies Act, 1956. Thereafter, the name of our Company was changed to 'Sobha Limited' and a fresh certificate of incorporation dated August 18, 2014, consequent on change of name was issued by the RoC under the Companies Act, 2013. For details in relation to the change in name of our Company and the address of our registered office, see "*General Information*" beginning on page 54.

**Registered and Corporate Office**: SOBHA, Sarjapur-Marathahalli, Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore 560 103, Karnataka, India
**Tel**: +91 80 4932 0000; **Contact Person**: Bijan Kumar Dash, Company Secretary and Compliance Officer
**E-mail**: rights.issue@sobha.com; **Website**: www.sobha.com
**Corporate Identity Number**: L45201KA1995PLC018475

**PROMOTERS OF OUR COMPANY: PNC MENON, SOBHA MENON AND RAVI PNC MENON**

**FOR PRIVATE CIRCULATION TO ELIGIBLE EQUITY SHAREHOLDERS OF SOBHA LIMITED (OUR "COMPANY" OR THE "ISSUER") ONLY**

**ISSUE OF UP TO 12,107,981* PARTLY PAID-UP EQUITY SHARES OF FACE VALUE OF ₹10 EACH OF OUR COMPANY ("RIGHTS EQUITY SHARES") FOR CASH AT A PRICE OF ₹1,651 PER RIGHTS EQUITY SHARE (INCLUDING A PREMIUM OF ₹1,641 PER RIGHTS EQUITY SHARE) ("ISSUE PRICE") AGGREGATING UP TO ₹19,990.28 MILLION* ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS IN THE RATIO OF 6 RIGHTS EQUITY SHARES FOR EVERY 47 FULLY PAID-UP EQUITY SHARE HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON WEDNESDAY, JUNE 19, 2024 ("RECORD DATE") (THE "ISSUE"). FOR FURTHER DETAILS, SEE "*TERMS OF THE ISSUE*" BEGINNING ON PAGE 356.**

**Assuming full subscription in the Issue, Allotment and receipt of all Call Monies with respect to the Rights Equity Shares. Subject to finalisation of Basis of Allotment. For further details on Payment Schedule, see "Terms of the Issue - Payment Terms" on page 376.*

**PAYMENT SCHEDULE FOR THE RIGHTS EQUITY SHARES**

| Due Date | Amount payable per Rights Equity Share* | | |
|---|---|---|---|
| | Face Value (₹) | Premium (₹) | Total (₹) |
| On Application | 5.00 | 820.50 | 825.50 |
| Not more than two subsequent Calls, with terms and conditions such as the number of Calls and the timing and quantum of each Call as may be decided by our Board/ Rights Issue Committee from time to time to be completed on or prior to December 31, 2025 | 5.00 | 820.50 | 825.50 |
| **Total (₹)** | **10.00** | **1,641.00** | **1,651.00** |

**For further details on Payment Schedule, see "Terms of the Issue - Payment Terms" on page 376.*

**WILFUL DEFAULTERS OR FRAUDULENT BORROWERS**

Neither our Company nor our Promoters or any of our Directors have been or are identified as Wilful Defaulters or Fraudulent Borrowers.

**GENERAL RISKS**

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**") nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer. Specific attention of investors is invited to the section "*Risk Factors*" beginning on page 17 before making investment in this Issue.

**COMPANY'S ABSOLUTE RESPONSIBILITY**

Our Company, having made all reasonable inquiries, accepts responsibility for, and confirms that this Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

**LISTING**

The Equity Shares of our Company are listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**", and together with BSE, the "**Stock Exchanges**"). Our Company has received "in-principle" approvals from BSE and NSE for listing the Rights Equity Shares through their letters dated June 3, 2024 and May 31, 2024, respectively. Our Company will also make applications to BSE and NSE to obtain trading approvals for the Rights Entitlements as required under the SEBI ICDR Master Circular. For the purposes of the Issue, the Designated Stock Exchange is BSE Limited.

| LEAD MANAGERS TO THE ISSUE | | REGISTRAR TO THE ISSUE |
|---|---|---|
| JM FINANCIAL | BOBCAPS TRUST \| INNOVATION \| EXCELLENCE | LINKIntime |
| **JM Financial Limited**<br>7th Floor, Cnergy<br>Appasaheb Marathe Marg<br>Prabhadevi, Mumbai 400 025<br>Maharashtra, India<br>**Tel**: +91 22 6630 3030<br>**E-mail**: sobha.rights@jmfl.com<br>**Website**: www.jmfl.com<br>**Investor Grievance ID**: grievance.ibd@jmfl.com<br>**Contact Person**: Prachee Dhuri<br>**SEBI Registration No.**: INM000010361 | **BOB Capital Markets Limited**<br>1704, B Wing, 17th Floor, Parinee Crescenzo<br>Plot No. C –38/39, G Block, Bandra Kurla Complex<br>Bandra (East), Mumbai 400 051<br>Maharashtra, India<br>**Tel:** : +91 22 6138 9353<br>**E-mail**: sobha.rights@bobcaps.in<br>**Website:** www.bobcaps.in<br>**Investor Grievance ID:** investorgrievance@bobcaps.in<br>**Contact Person:** Nivedika Chavan<br>**SEBI Registration Number:** INM000009926 | **Link Intime India Private Limited**<br>C-101, 247 Park<br>L.B.S. Marg, Vikhroli West<br>Mumbai 400 083, Maharashtra, India<br>**Tel:** +91 810 811 4949<br>**E-mail:** sobha.rights2024@linkintime.co.in<br>**Website:** www.linkintime.co.in<br>**Investor grievance email:**<br>sobha.rights2024@linkintime.co.in<br>**Contact Person:** Shanti Gopalkrishnan<br>**SEBI Registration No.:** INR000004058 |

**ISSUE PROGRAMME**

| ISSUE OPENS ON | LAST DATE FOR ON MARKET RENUNCIATION* | ISSUE CLOSES ON** |
|---|---|---|
| FRIDAY, JUNE 28, 2024 | MONDAY, JULY 1, 2024 | THURSDAY, JULY 4, 2024 |

**Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat accounts of the Renouncees on or prior to the Issue Closing Date.*

***Our Board or the Rights Issue Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

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TABLE OF CONTENTS

## SECTION I – GENERAL

## DEFINITIONS AND ABBREVIATIONS

*This Letter of Offer uses certain definitions and abbreviations which, unless the context otherwise indicates, or implies or unless otherwise specified, shall have the meaning as provided below.*

*References to any legislation, act, regulation, rule, guideline, clarification or policy shall be to such legislation, act, regulation, rule, guideline or policy as amended, supplemented or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision. The words and expressions used in this Letter of Offer, but not defined herein shall have the meaning ascribed to such terms under the SEBI ICDR Regulations, the SEBI LODR Regulations, the Companies Act, the SCRA, the Depositories Act, and the rules and regulations made thereunder.*

*The following list of capitalised terms used in this Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive. However, terms used in the sections entitled "Summary of this Letter of Offer", "Financial Statements", "Our Business", "Statement of Possible Special Tax Benefits", "Outstanding Litigations and Defaults", "Terms of the Issue" on pages 15, 127, 105,78,340 and 356 respectively, shall, unless indicated otherwise, have the meanings ascribed to such terms in the respective sections/ chapters.*

### General Terms

| Term | Description |
|---|---|
| "Company", "Our Company", "the Company", "the Issuer" or "Sobha" | Sobha Limited, a public limited company, incorporated under the Companies Act, 1956 and having its registered office at SOBHA, Sarjapur-Marathahalli, Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore 560 103, Karnataka, India |
| "We", "Our", "Us", or "our Group" | Unless the context otherwise indicates or implies or unless otherwise specified, refers to our Company along with our Subsidiaries and Joint Venture, as applicable, on a consolidated basis |

### Company Related Terms

| Term | Description |
|---|---|
| "Articles of Association" or "Articles" | Articles of association of our Company, as amended from time to time |
| "Auditors" or "Statutory Auditors" | The current statutory auditors of our Company, M/s Walker Chandiok & Co. LLP |
| Audited Consolidated Financial Statements | Together, FY 2024 Audited Consolidated Financial Statements and FY 2023 Audited Consolidated Financial Statements |
| Audit Committee | Audit committee of our Board of Directors |
| "Board of Directors" or "Board" or "our Board" | The board of directors of our Company. For details, see "*Our Management - Board of Directors*" on page 123 |
| Chairman and Non-Executive Non-Independent Director | The chairman and non-executive non-independent Director of our Company, Ravi PNC Menon. For details, see "*Our Management - Board of Directors*" on page 123 |
| "Chief Financial Officer" or "CFO" | The chief financial officer of our Company, Yogesh Bansal. For details, see "*Our Management - Details of Key Managerial Personnel and Senior Management Personnel*" on page 125 |
| Company Secretary and Compliance Officer | The company secretary and compliance officer of our Company, Bijan Kumar Dash. For details, see "*Our Management - Details of Key Managerial Personnel and Senior Management Personnel*" on page 125 |
| Directors | The directors on our Board, as may be appointed from time to time. For details, see "*Our Management - Board of Directors*" on page 123 |
| Equity Shares | Equity shares of face value of ₹10 each of our Company |
| FY 2024 Audited Consolidated Financial Statements | The audited consolidated financial statements of our Company as at and for the year ended March 31, 2024, which comprises the consolidated balance sheet as at March 31, 2024, the consolidated statement of profit and loss for the year ended March 31, 2024, including other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the years then ended, and notes to the consolidated financial statements, including significant accounting policies and other explanatory information |
| FY 2023 Audited Consolidated Financial Statements | The audited consolidated financial statements of our Company as at and for the year ended March 31, 2023, which comprises the consolidated balance sheet as at March 31, 2023, the consolidated statement of profit and loss for the year ended March 31, 2023, including other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the years then ended, and notes to the consolidated financial statements, including significant accounting policies and other explanatory information |
| Group Companies | Group companies of our Company as determined in terms of Regulation 2(1)(t) of SEBI ICDR Regulations |
| Independent Director | The non-executive, independent Directors of our Company, appointed as per the Companies Act, 2013 and the SEBI LODR Regulations. For details of our Independent Directors, see "*Our Management - Board of Directors*" on page 123 |
| "Joint Venture" or "JV" | Joint venture of our Company, being Kondhwa Projects LLP |

| Term | Description |
|---|---|
| Key Managerial Personnel | Key managerial personnel of our Company determined in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations, and as disclosed in "*Our Management - Details of Key Managerial Personnel and Senior Management*" on page 125 |
| Managing Director and Executive Director | The managing director and executive Director of our Company, Jagadish Nangineni. For details, see "*Our Management*" beginning on page 123 |
| Materiality Threshold | An amount equivalent to or in excess of 5% of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of our Company, which is determined to be ₹ 54.42 million, adopted by the Rights Issue Committee through its resolution dated May 28, 2024 in conformity with the 'Policy for Determination of Materiality of Events' framed in accordance with Regulation 30 of the SEBI LODR Regulations and adopted by our Board, and above which all outstanding civil and tax proceedings involving our Company and our Subsidiaries and all outstanding proceedings in relation to violation of statutory regulations by our Company and our Subsidiaries have been disclosed in the section "*Outstanding Litigation and Defaults*" beginning on page 340 |
| "Memorandum of Association" or "Memorandum" | Memorandum of association of our Company, as amended from time to time |
| Nomination and Remuneration Committee | Nomination and remuneration committee of our Board of Directors |
| Non-Executive Independent Directors | The non-executive independent Directors of our Company, appointed as per the Companies Act, 2013 and the SEBI LODR Regulations. For details of our Non-Executive Independent Directors, see "*Our Management - Board of Directors*" on page 123 |
| Non-Executive Non-Independent Directors | The non-executive non-independent Directors of our Company, appointed as per the Companies Act, 2013 and the SEBI LODR Regulations. For details of our Non-Executive Independent Directors, see "*Our Management - Board of Directors*" on page 123 |
| Promoters | The promoters of our Company, PNC Menon, Sobha Menon and Ravi PNC Menon |
| Promoter Group | Unless the context requires otherwise, the promoter group of our Company as determined in accordance with Regulation 2(1)(pp) of the SEBI ICDR Regulations |
| Registered and Corporate Office | The registered office of our Company located at SOBHA, Sarjapur-Marathahalli, Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore 560 103, Karnataka, India |
| Rights Issue Committee | Rights Issue Committee, being the committee of our Board of Directors constituted for purposes of the Issue, consisting of Jagadish Nangineni, Anup Sanmukh Shah and Raman Mangalorkar |
| Senior Management | Senior management personnel of our Company determined in accordance with Regulation 2(1)(bbbb) of the SEBI ICDR Regulations, and as disclosed in "*Our Management - Details of Key Managerial Personnel and Senior Management Personnel*" on page 125 |
| Stakeholders' Relationship Committee | Stakeholders' relationship committee of our Board of Directors |
| Subsidiaries | Subsidiaries of our Company being:<br><br>1. Sobha Assets Private Limited;<br>2. Sobha City;<br>3. Sobha Construction Products Private Limited<br>4. Sobha Developers (Pune) Limited;<br>5. Sobha Highrise Ventures Private Limited;<br>6. Sobha Nandambakkam Developers Limited;<br>7. Sobha Tambaram Developers Limited; and<br>8. C.V.S. Tech Park Private Limited<br><br>The step-down subsidiaries of our Company, being:<br><br>1. Kilai Builders Private Limited;<br>2. Kuthavakkam Builders Private Limited;<br>3. Kuthavakkam Realtors Private Limited;<br>4. Sobha Contracting Private Limited;<br>5. Sobha Interiors Private Limited;<br>6. Valasai Vettikadu Realtors Private Limited;<br>7. Vavaloor Realtors Private Limited;<br>8. Vayaloor Builders Private Limited;<br>9. Vayaloor Developers Private Limited;<br>10. Vayaloor Properties Private Limited; and<br>11. Vayaloor Real Estate Private Limited<br><br>Our Company does not have a material subsidiary as defined under the SEBI LODR Regulations. |

**Issue Related Terms**

| Term | Description |
|---|---|
| "Abridged Letter of Offer" or "ALOF" | The abridged letter of offer to be sent to the Eligible Equity Shareholders with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act |
| Additional Rights Equity Shares | The Rights Equity Shares applied for or allotted under this Issue in addition to the Rights Entitlement |
| "Allotment" or "Allot" or "Allotted" | Allotment of Rights Equity Shares pursuant to the Issue |
| Allotment Account(s) | The account(s) opened with the Banker(s) to the Issue, into which the amounts blocked by ASBA in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act, 2013 |
| Allotment Account Bank | Bank which are clearing members and registered with SEBI as bankers to an issue and with whom the Allotment Accounts will be opened, in this case being, Axis Bank Limited |
| Allotment Advice | The note or advice or intimation of Allotment sent to each successful Applicant who has been or is to be Allotted the Rights Equity Shares pursuant to the Issue after approval of the Basis of Allotment by the Designated Stock Exchange |
| Allotment Date | Date on which the Allotment is made pursuant to the Issue |
| Allottee(s) | Person(s) to whom the Rights Equity Shares are Allotted pursuant to the Issue |
| "Applicant(s)" or "Investor(s)" | Eligible Equity Shareholder(s) and/or Renouncee(s) who are entitled to make an application for the Rights Equity Shares pursuant to the Issue in terms of this Letter of Offer |
| Application | Application made through submission of the Application Form or plain paper application to the Designated Branch(es) of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, to subscribe to the Rights Equity Shares at the Issue Price |
| Application Form | Unless the context otherwise requires, an application form (including online application form available for submission of application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Applicant to make an application for the Allotment of Rights Equity Shares in the Issue |
| Application Money | Aggregate amount payable at the time of Application i.e. ₹825.50 per Rights Equity Share in respect of the Rights Equity Shares applied for in the Issue at the Issue Price, constituting 50% of the Issue Price |
| "Application Supported by Blocked Amount" or "ASBA" | Application (whether physical or electronic) used by Applicant(s) to make an application authorizing the SCSB to block the Application Money in an ASBA Account maintained with the SCSB |
| ASBA Account | An account maintained with SCSBs and as specified in the Application Form or plain paper Application, as the case may be, by the Applicant for blocking the amount mentioned in the Application Form or in the plain paper Application |
| ASBA Circulars | Collectively, SEBI circular bearing reference number SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular bearing reference number CIR/CFD/DIL/1/2011 dated April 29, 2011 and the SEBI ICDR Master Circular (to the extent it pertains to the rights issue process) and any other circular issued by SEBI in this regard and any subsequent circulars or notifications issued by SEBI in this regard |
| Banker to the Issue | Collectively, the Allotment Account Bank and the Refund Bank to the Issue |
| Banker to the Issue Agreement | Agreement dated June 12, 2024, entered into by and among our Company, the Registrar to the Issue, the Lead Managers and the Banker to the Issue for among other things, collection of the Application Money from Applicants/Investors and transfer of funds to the Allotment Account, on the terms and conditions thereof |
| Basis of Allotment | The basis on which the Rights Equity Shares will be Allotted to successful Applicants in consultation with the Designated Stock Exchange in this Issue, as described in "*Terms of the Issue*" beginning on page 356 |
| BOBCAPS | BOB Capital Markets Limited |
| Call(s) | Notices to be issued by our Company to the holders of the Rights Equity Shares as on the Call Record Dates for making payment of the Call Monies |
| Call Money(ies) | Balance amount payable by the holders of Rights Equity Shares pursuant to the Payment Schedule, being ₹825.50 per Rights Equity Share, which constitutes 50% of the Issue Price, after payment of the Application Money, which is payable in not more than two subsequent Calls, with terms and conditions such as the number of Calls and the timing and quantum of each Call as may be decided by our Board/ Rights Issue Committee from time to time, to be completed on or prior to December 31, 2025<br><br>For further details, see "*Terms of this Issue*" beginning on page 356 |
| Call Record Date(s) | Record date(s) fixed by our Company for the purpose of determining the names of the holders of Rights Equity Shares for the purpose of issuing of the Call(s) |
| "Controlling Branches" or "Controlling Branches of the SCSBs" | Such branches of the SCSBs which coordinate with the Lead Managers, the Registrar to the Issue and the Stock Exchanges, a list of which is available on SEBI's website, updated from time to time, or at such other website(s) as may be prescribed by the SEBI from time to time |
| Demographic Details | Details of Investors including the Investor's address, PAN, DP ID, Client ID, bank account details and occupation, where applicable |
| Depository(ies) | NSDL and CDSL or any other depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as amended from time to time read with the Depositories Act, 1996 |

| Term | Description |
|---|---|
| Designated Branch(es) | Such branches of the SCSBs which shall collect the Applications, used by the ASBA Investors and a list of which is available on the website of SEBI and/or such other website(s) as may be prescribed by the SEBI from time to time |
| Designated Stock Exchange | BSE Limited |
| Eligible Equity Shareholder(s) | Equity Shareholders as on the Record Date. Please note that only those Equity Shareholders who have provided an Indian address to our Company are eligible to participate in the Issue. For further details, see "*Notice to Investors*" and "*Restrictions on Purchases and Resales*" beginning on pages 10 and 382, respectively |
| "Equity Shareholder(s)" or "Shareholders" | Holder(s) of the Equity Shares of our Company |
| Fraudulent Borrower | Fraudulent Borrower(s) as defined under Regulations 2(1)(lll) of the SEBI ICDR Regulations |
| Issue | This issue of up to 12,107,981* Rights Equity Shares of face value of ₹10 each of our Company for cash at a price of ₹1,651 per Rights Equity Share (including a premium of ₹1,641 per Rights Equity Share) aggregating up to ₹19,990.28* million on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of 6 Rights Equity Shares for every 47 Equity Shares held by the Eligible Equity Shareholders on the Record Date<br><br>**Assuming full subscription in the Issue, Allotment and receipt of all Call Monies with respect to the Rights Equity Shares. Subject to finalization of the Basis of Allotment.*<br><br>On Application, Investors will have to pay ₹825.50 (50% of the Issue Price) per Rights Equity Share. The balance amount (after payment of the Application Money), ₹825.50 (50% of the Issue Price) per Rights Equity Share, will be payable by the Rights Equity Shareholders in not more than two subsequent Calls, with terms and conditions such as the number of Calls and the timing and quantum of each Call as may be decided by our Board/ Rights Issue Committee from time to time, to be completed on or prior to December 31, 2025, pursuant to the Payment Schedule |
| Issue Agreement | Issue agreement dated June 12, 2024, between our Company and the Lead Managers, pursuant to which certain arrangements are agreed to in relation to the Issue |
| Issue Closing Date | Thursday, July 4, 2024 |
| Issue Materials | Collectively, this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and any other material relating to the Issue |
| Issue Opening Date | Friday, June 28, 2024 |
| Issue Period | The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/Investors can submit their Applications, in accordance with the SEBI ICDR Regulations |
| Issue Price | ₹1,651 per Rights Equity Share<br><br>On Application, Investors will have to pay ₹825.50 (50% of the Issue Price) per Rights Equity Share. The balance amount (after payment of the Application Money), ₹825.50 (50% of the Issue Price) per Rights Equity Share, will be payable by the Rights Equity Shareholders in not more than two subsequent Calls, with terms and conditions such as the number of Calls and the timing and quantum of each Call as may be decided by our Board/ Rights Issue Committee from time to time, to be completed on or prior to December 31, 2025, pursuant to the Payment Schedule |
| Gross Proceeds | The gross proceeds raised through the Issue |
| Issue Size | The issue of up to 12,107,981 Rights Equity Shares aggregating up to ₹19,990.28* million<br><br>**Assuming full subscription in the Issue, Allotment and receipt of all Call Monies with respect to the Rights Equity Shares. Subject to finalization of the Basis of Allotment.* |
| JM Financial | JM Financial Limited |
| Lead Managers | JM Financial and BOBCAPS |
| "Letter of Offer" or "LOF" | This letter of offer dated June 12, 2024, filed with the Stock Exchanges and SEBI |
| Listing Agreements | The uniform listing agreements entered into between our Company and the Stock Exchanges in terms of the SEBI LODR Regulations |
| Minimum Subscription | The minimum subscription to be received in the Issue shall be at least 90% of the Issue, in accordance with Regulation 86 of the SEBI ICDR Regulations |
| Monitoring Agency | ICRA Limited |
| Monitoring Agency Agreement | Agreement dated June 12, 2024, between our Company and the Monitoring Agency in relation to monitoring of Gross Proceeds |
| Multiple Application Forms | More than one application form submitted by an Eligible Equity Shareholder/Renouncee in respect of the same Rights Entitlement available in their demat account. However, additional applications in relation to Additional Rights Equity Shares with/without using additional Rights Entitlements will not be treated as multiple applications |
| Net Proceeds | Gross Proceeds less the estimated Issue related expenses. For further details, see "*Objects of the Issue*" beginning on page 61 |
| Off Market Renunciation | The renunciation of Rights Entitlements undertaken by the Investor by transferring its Rights Entitlements through off market transfer through a depository participant in accordance with the SEBI ICDR Master Circular, circulars issued by the Depositories from time to time and other applicable laws. |

<table>
<tr><th>Term</th><th>Description</th></tr>
<tr><td></td><td>Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date i.e. Thursday, July 4, 2024</td></tr>
<tr><td>On Market Renunciation</td><td>The renunciation of Rights Entitlements undertaken by the Investor by trading its Rights Entitlements over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI ICDR Master Circular, circulars issued by the Stock Exchanges from time to time and other applicable laws, on or before Monday, July 1, 2024</td></tr>
<tr><td>Payment Schedule</td><td>The payment schedule in relation to the Issue price of the Rights Equity Shares is as follows:
<table>
<tr><th>Due Date*</th><th>Face Value (₹)</th><th>Premium (₹)</th><th>Total (₹)</th></tr>
<tr><td>On Application</td><td>5.00</td><td>820.50</td><td>825.50 (1)</td></tr>
<tr><td>Not more than two subsequent Calls, with terms and conditions such as the number of Calls and the timing and quantum of each Call as may be decided by our Board/ Rights Issue Committee from time to time, to be completed on or prior to December 31, 2025</td><td>5.00</td><td>820.50</td><td>825.50 (2)</td></tr>
<tr><td>Total (₹)</td><td>10.00</td><td>1,641.00</td><td>1,651.00</td></tr>
</table>
(1) Constitutes 50% of the Issue Price.<br>
(2) Constitutes 50% of the Issue Price.<br><br>
*For further details on Payment Schedule, see “Terms of the Issue – Payment Terms” on page 376.</td></tr>
<tr><td>Record Date</td><td>Designated date for the purpose of determining the Equity Shareholders who would be eligible to apply for the Rights Equity Shares in the Issue subject to terms and conditions set out in the Issue Materials, to be decided prior to the filing of this Letter of Offer, being Wednesday, June 19, 2024</td></tr>
<tr><td>Refund Bank</td><td>The Banker to the Issue with whom the refund account will be opened, in this case being Axis Bank Limited</td></tr>
<tr><td>Registrar Agreement</td><td>Agreement dated June 12, 2024, between our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue</td></tr>
<tr><td>“Registrar to the Issue” or “Registrar”</td><td>Link Intime India Private Limited</td></tr>
<tr><td>Renouncee(s)</td><td>Person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders on renunciation in accordance with the SEBI ICDR Master Circular</td></tr>
<tr><td>Renunciation Period</td><td>The period during which the Eligible Equity Shareholders can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on Monday, July 1, 2024, in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date</td></tr>
<tr><td>Rights Entitlement(s)</td><td>Number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date, in this case being 6 Rights Equity Shares for every 47 Equity Shares held by an Eligible Equity Shareholder on the Record Date</td></tr>
<tr><td>Rights Entitlement Letter</td><td>Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible on the website of our Company</td></tr>
<tr><td>Rights Equity Shares</td><td>Equity Shares of our Company to be Allotted pursuant to this Issue, on a partly paid-up basis on Allotment</td></tr>
<tr><td>Rights Equity Shareholders</td><td>Holder of the Rights Equity Shares pursuant to this Issue</td></tr>
<tr><td>SCSB(s)</td><td>Self-certified syndicate banks registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34, or such other website as updated from time to time</td></tr>
<tr><td>Stock Exchanges</td><td>Stock exchanges where the Equity Shares are presently listed i.e. BSE and NSE</td></tr>
<tr><td>Transfer Date</td><td>The date on which the Application Money blocked in the ASBA Account will be transferred to the Allotment Account(s) in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange</td></tr>
<tr><td>Wilful Defaulter</td><td>Wilful defaulter as defined under Regulation 2(1)(lll) of the SEBI ICDR Regulations</td></tr>
<tr><td>Working Days</td><td>All days on which commercial banks in Mumbai are open for business. Further, in respect of the Issue Period, working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. Furthermore, in respect of the time period between the Issue Closing Date and the listing of Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI</td></tr>
</table>

## Conventional and General Terms or Abbreviations

| Term/Abbreviation | Description/ Full Form |
|---|---|
| “₹” or “Rs.” or “Rupees” or “INR” | Indian Rupee |
| AIF(s) | Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 |

| Term/Abbreviation | Description/ Full Form |
|---|---|
| "AS" or "Accounting Standards" | Accounting standards issued by the ICAI |
| Average Sales Realization | Average sales realization is defined as declared sale value divided by new sales area |
| BSE | BSE Limited |
| Calendar Year | Calendar year ending December 31 |
| Category I AIF | AIFs who are registered as "Category I Alternative Investment Funds" under the SEBI AIF Regulations |
| Category I FPIs | FPIs who are registered as "Category I foreign portfolio investors" under the SEBI FPI Regulations |
| CBDT | Central Board of Direct Taxes, Government of India |
| CDSL | Central Depository Services (India) Limited |
| Central Government | Central Government of India |
| Client ID | The client identification number maintained with one of the Depositories in relation to the demat account |
| Companies Act | Companies Act, 1956 and the Companies Act, 2013, as applicable |
| Companies Act, 1956 | The Companies Act, 1956 along with the relevant rules made thereunder |
| Companies Act, 2013 | The Companies Act, 2013 along with the relevant rules made thereunder |
| CRISIL MI&A | CRISIL Market Intelligence & Analytics, a division of CRISIL Limited |
| CRISIL Report | Report titled "*Assessment of residential real estate industry in selected markets in India*" issued in May 2024 by CRISIL MI&A and which is exclusively prepared for the purposes of the Issue, and is commissioned and paid for by our Company, pursuant to an engagement letter dated January 10, 2024 and will also be available on the website of our Company at www.sobha.com/investor-relations/#rights from the date of this Letter of Offer until the Issue Closing Date |
| Depositories Act | Depositories Act, 1996 |
| DIN | Director Identification Number |
| "DP" or "Depository Participant" | Depository participant as defined under the Depositories Act |
| DP ID | Depository Participant's Identification number |
| DPIIT | Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry (formerly Department of Industrial Policy and Promotion) |
| EPS | Earnings per share |
| FDI | Foreign direct investment |
| FEMA | Foreign Exchange Management Act, 1999 |
| FEMA Rules | Foreign Exchange Management (Non-debt Instruments) Rules, 2019 |
| "Financial Year" or "Fiscal Year" or "Fiscal" or "FY" | Period of 12 months ending March 31 of that particular year |
| FDI Policy | Consolidated Foreign Direct Investment Policy notified by DPIIT through notification dated October 28, 2020 issued by DPIIT, effective from October 15, 2020 |
| FIR | First information report |
| FPI | Foreign portfolio investors as defined and registered under the SEBI FPI Regulations |
| FVCI | Foreign Venture Capital Investors as defined and registered under the SEBI FVCI Regulations |
| GAAP | Generally Accepted Accounting Principles in India |
| Government | Central Government and/ or the State Government, as applicable |
| GST | Goods and services tax |
| ICAI | Institute of Chartered Accountants of India |
| IEPF | Investor Education and Protection Fund |
| IFRS | International Financial Reporting Standards issued by the International Accounting Standards Board |
| Ind AS | Indian Accounting Standards as specified under section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards) Rules 2015 |
| India | Republic of India |
| Income-Tax Act | Income Tax Act, 1961 |
| ISIN | International Securities Identification Number |
| IST | Indian Standard Time |
| IT | Information Technology |
| Mutual Fund | Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 |
| NACH | National Automated Clearing House |
| NBFC | Non-banking financial company |
| Net Debt | Net Debt refers to the sum of non-current borrowing, current borrowing, interest accrued but not due on borrowings (including debentures) reduced by cash and cash equivalent and bank balance |
| Net Debt to Equity Ratio | Net Debt / Equity Ratio is calculated as net debt divided by total equity |
| Net Worth | Equity attributable to owners of our Company |
| NRE | Non-Resident External |
| NRE Account | Non-resident external account |
| NRI | A person resident outside India, who is a citizen of India and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016 |
| NRO | Non-Resident Ordinary |
| NRO Account | Non-resident ordinary account |
| NSDL | National Securities Depository Limited |
| NSE | National Stock Exchange of India Limited |

| Term/Abbreviation | Description/ Full Form |
|---|---|
| OCBs | A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA |
| OCI | Overseas Citizen of India |
| PAN | Permanent Account Number |
| Profit after Tax Margin | Profit after Tax Margin is calculated by dividing profit after tax for the year by total income |
| RBI | Reserve Bank of India |
| Regulation S | Regulation S under the U.S. Securities Act |
| RoC | Registrar of Companies, Karnataka at Bangalore |
| RTGS | Real Time Gross Settlement |
| Sales | Sale of residential/ commercial units for any period is reported basis threshold collection |
| SCRA | Securities Contracts (Regulation) Act, 1956 |
| SCRR | Securities Contracts (Regulation) Rules, 1957 |
| SEBI | The Securities and Exchange Board of India |
| SEBI Act | The Securities and Exchange Board of India Act, 1992 |
| SEBI AIF Regulations | Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 |
| SEBI FPI Regulations | The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 |
| SEBI FVCI Regulations | Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 |
| SEBI ICDR Regulations | The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 |
| SEBI ICDR Master Circular | SEBI master circular bearing number SEBI/HO/CFD/PoD- 2/P/CIR/2023/00094 dated June 21, 2023 |
| SEBI LODR Regulations | The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 |
| SEBI Takeover Regulations | The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 |
| SEBI VCF Regulations | The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as repealed and replaced by the SEBI AIF Regulations |
| Stock Exchanges | BSE and NSE |
| State Government | Government of a State of India |
| UPI | Unified Payment Interface |
| USD | United States Dollar |
| "U.S." or "USA" or "United States" | United States of America, its territories or possessions, any state of the United States, and the District of Columbia |
| US GAAP | Generally accepted accounting principles in the U.S. |
| U.S. Securities Act | U.S. Securities Act of 1933, as amended. |
| VCFs | Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations or the SEBI AIF Regulations, as the case may be |

**Industry Related Terms**

| Term/Abbreviation | Description/ Full Form |
|---|---|
| GDP | Gross domestic product |
| CAGR | Compound annual growth rate |
| NNI | Net national income |
| PFCE | Private final consumption expenditure |
| Msf | Million square feet |
| FSI | Floor space index |
| IGBC | Indian Green Building Council |
| EV | Electric vehicle |
| Completed Projects | Residential or commercial projects where the land (or rights thereto) has been acquired, the design, development pre-construction, and construction activities have been completed in accordance with the approved business plan of the project. |
| Ongoing Projects | Residential or commercial projects where the land, or rights thereto, has been acquired, the design development and pre-construction activities have been completed in accordance with the approved business plan of the project, and the key approvals for commencement of development of the project have been obtained from the competent authority and the construction has commenced but not yet completed |
| Forthcoming Projects | Projects in respect of which (i) all title or development/re-development rights or other interest in the land is held either directly or indirectly by our Company or such subsidiaries of our Company or where development right agreements are in the process of execution or executed; and/or (ii) preliminary management development/re-development plans/designs are in place; and/or (iii) requisite applications for approvals and conversion of usage, if applicable, have been made; and/or (iv) architects have been identified and they have commenced planning; and/or (v) in respect of which, no construction, sales or development activities have commenced |

| Term/Abbreviation | Description/ Full Form |
|---|---|
| Saleable Area / Estimated Saleable Area | Total carpet area/estimated carpet area along with proportionate loading of common areas which includes area under various services and amenities provided |
| Developable Area | Super built up area/ saleable area sold to customer plus common area, car parking, service area, storage area, internal roads and common amenities |

## NOTICE TO INVESTORS

The distribution of this Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter and any other offering material (collectively, the "**Issue Materials**") and issue of Rights Entitlement as well as Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form may come or who receive Rights Entitlement and propose to renounce or apply for Rights Equity Shares in the Issue are required to inform themselves about and observe such restrictions. For more details, see "*Restrictions on Purchases and Resales*" beginning on page 382.

Pursuant to the requirements of the SEBI ICDR Regulations and other applicable laws, the Rights Entitlements will be credited to the demat account of the Eligible Equity Shareholders (being the Equity Shareholders as on the Record Date), however, the Issue Materials will be sent/ dispatched only to such Eligible Equity Shareholders who have provided an Indian address to our Company and only such Eligible Equity Shareholders are permitted to participate in the Issue. In case such Eligible Equity Shareholders, who have provided an Indian address to our Company, have provided their valid e-mail address to our Company, the Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their valid e-mail address, then the Issue Materials will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them. Those overseas Eligible Equity Shareholders who do not update our records with their Indian address or the address of their duly authorised representative in India, prior to the date on which we propose to dispatch the Issue Materials, shall not be sent any of the Issue Materials.

The credit of Rights Entitlement does not constitute an offer, invitation to offer or solicitation for participation in the Issue, whether directly or indirectly, and only dispatch of the Issue Material shall constitute an offer, invitation or solicitation for participation in the Issue in accordance with the terms of the Issue Material. Further, receipt of the Issue Materials (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in (i) the United States or (ii) any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer and any other Issue Materials must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed, in part or full. Accordingly, persons receiving a copy of the Issue Materials should not distribute or send the Issue Materials in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations, or would subject our Company or its affiliates or the Lead Managers or their affiliates to any filing or registration requirement (other than in India). If Issue Material is received by any person in any such jurisdiction or the United States, they must not seek to subscribe to the Rights Equity Shares. For more details, see "*Restrictions on Purchases and Resales*" beginning on page 382.

Investors can also access this Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of our Company, the Registrar, the Lead Managers and the Stock Exchanges.

Our Company, the Lead Managers, and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, in the event the Issue Materials have been sent on the registered email addresses of such Eligible Equity Shareholders.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer is being filed with SEBI and the Stock Exchanges. Accordingly, the Rights Equity Shares may not be offered or sold, directly or indirectly, and the Issue Materials may not be distributed, in whole or in part, in (i) the United States or (ii) any jurisdiction other than India except in accordance with legal requirements applicable in such jurisdiction.

Any person who purchases or renounces the Rights Entitlements or makes an application to acquire the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed that such person is outside the United States and is authorized to purchase or sell the Rights Entitlements or acquire Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates or the Lead Managers or their respective affiliates to make any filing or registration (other than in India). In addition, each purchaser or seller of Rights Entitlements and the Rights Equity Shares will be deemed to make the representations, warranties, acknowledgments and agreements set forth in the "*Restrictions on Purchases and Resales*" section beginning on page 382.

Our Company, in consultation with the Lead Managers, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or any other jurisdiction where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting the Application Form is outside the United States and such person is eligible to subscribe for the Rights Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; or (iii) where either a registered Indian address is not provided; or (iv) where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

Neither the receipt of this Letter of Offer nor any sale of Rights Equity Shares hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer or the date of such information. The contents of this Letter of Offer should not be construed as legal, tax, business, financial or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Rights Equity Shares or Rights Entitlements. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of the Rights Equity Shares or Rights Entitlements. In addition, neither our Company nor the Lead Managers or their affiliates are making any representation to any offeree or purchaser of the Rights Equity Shares regarding the legality of an investment in the Rights Entitlements or the Rights Equity Shares by such offeree or purchaser under any applicable laws or regulations.

Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

The Rights Entitlements and the Rights Equity Shares have not been approved or disapproved by any regulatory authority, nor has any regulatory authority passed upon or endorsed the merits of the offering of the Rights Entitlements, the Rights Equity Shares or the accuracy or adequacy of this Letter of Offer. Any representation to the contrary is a criminal offence in certain jurisdictions.

The Issue Materials are supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

## NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**U.S SECURITIES ACT**") AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE RIGHTS EQUITY SHARES ARE ONLY BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES IN "OFFSHORE TRANSACTIONS" AS DEFINED IN AND IN RELIANCE ON REGULATION S UNDER THE U.S. SECURITIES ACT TO ELIGIBLE EQUITY SHAREHOLDERS LOCATED IN JURISDICTIONS WHERE SUCH OFFER AND SALE IS PERMITTED UNDER THE LAWS OF SUCH JURISDICTIONS. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, YOU SHOULD NOT FORWARD OR TRANSMIT THIS LETTER OF OFFER INTO THE UNITED STATES AT ANY TIME.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. No Application Form should be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under this Letter of Offer or where any action would be required to be taken to permit the Issue. Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch this Letter of Offer or the Abridged Letter of Offer and Application Form only to Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who purchases or sells Rights Entitlements or makes an application for Rights Equity Shares will be deemed to have represented, warranted and agreed, by accepting the delivery of this Letter of Offer, that it is not and that at the time of subscribing for the Rights Equity Shares or the purchase or sale of Rights Entitlements, it will not be, in the United States and is authorized to purchase or sell the Rights Entitlement and subscribe to the Rights Equity Shares in compliance with all applicable laws and regulations.

The Rights Entitlements and the Rights Equity Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any U.S. federal or state securities commission or any other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements, the Rights Equity Shares or the accuracy or adequacy of this Letter of Offer. Any representation to the contrary is a criminal offence in the United States.

In making an investment decision, investors must rely on their own examination of our Company and the terms of the Issue, including the merits and risks involved.

# PRESENTATION OF FINANCIAL INFORMATION AND OTHER INFORMATION

## Certain Conventions

Unless otherwise specified or the context otherwise requires, all references in this Letter of Offer to (i) the 'US' or 'U.S.' or the 'United States' are to the United States of America, its territories and possessions, any state of the United States, and the District of Columbia; (ii) 'India' are to the Republic of India and its territories and possessions; and (iii) the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, Central or State, as applicable.

Unless otherwise specified, any time mentioned in this Letter of Offer is in Indian Standard Time ("**IST**"). Unless indicated otherwise, all references to a year in this Letter of Offer are to a Calendar Year. Unless stated otherwise, all references to page numbers in this Letter of Offer are to the page numbers of this Letter of Offer. In this Letter of Offer, references to the singular also refer to the plural and one gender also refers to any other gender, where applicable.

## Financial Data

Unless otherwise stated, or unless the context requires otherwise, the financial information for Fiscal 2024 used in this section is derived from our audited consolidated financial statements as of and for the year ended March 31, 2024 while financial information used in this section for Fiscal 2023 is derived from our audited consolidated financial statements as of and for the year ended March 31, 2023. For details, see "*Financial Statements*" on page 127. References to a "Fiscal" in this section are as of and for the relevant year ended March 31.

FY 2024 Audited Consolidated Financial Statements included in this Preliminary Placement Document are yet to be placed before the Shareholders at the next annual general meeting of our Company, which will be scheduled in accordance with the Companies Act, 2013.

Our Company prepares its financial statements in accordance with Ind AS, Companies Act and other applicable statutory and/or regulatory requirements. Our Company publishes its financial statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited.

In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures. All figures in decimals have been rounded off to the second decimal and all the percentage figures have been rounded off to two decimal places. Further, any figures sourced from third-party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

Unless stated otherwise, throughout this Letter of Offer, all figures have been expressed in Rupees, in million.

## Non-GAAP Measures

We have included certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance (collectively "**Non-GAAP Financial Measures**", and each, a "**Non-GAAP Financial Measure**") in this Letter of Offer, which are Profit After Tax Margin, EBITDA, EBITDA Margin, Net Debt and Net Debt to Equity Ratio. These are supplemental measures of our performance and liquidity that are not required by, or presented in accordance with, Ind AS, IFRS or US GAAP. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, IFRS or US GAAP. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of similar companies, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. In addition, these Non-GAAP measures are not standardised terms, hence a direct comparison of these Non-GAAP Measures between companies may not be possible. Other companies may calculate these Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Accordingly, these non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other real estate companies. For further details, see *"Risk Factors – We have in this Letter of Offer included certain non-GAAP financial and operational measures and certain other industry measures related to our operations and financial performance that may vary from any standard methodology. We rely on certain assumptions and estimates to calculate such measures, therefore such measures may not be comparable with financial, operational or industry related statistical information of similar nomenclature computed and presented by other similar companies."* on page 44.

### Market and Industry Data

Unless stated otherwise, market, industry and demographic data used in this Letter of Offer has been obtained from the report titled "*Assessment of residential real estate industry in selected markets in India*" dated May 2024 prepared by CRISIL Market Intelligence & Analytics, a division of CRISIL Limited ("**CRISIL MI&A**" and such report, the "**CRISIL Report**"), which has been prepared exclusively for the purpose of understanding the industry in connection with the Issue and commissioned and paid for by our Company, pursuant to the engagement letter dated January 10, 2024. The CRISIL Report will be available on the website of our Company at www.sobha.com/investor-relations/#rights from the date of this Letter of Offer until the Issue Closing Date. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Report and included in this Letter of Offer with respect to any particular year, refers to such information for the relevant calendar year. CRISIL is an independent agency which has no relationship with our Company, our Promoters, our Directors, or the Lead Managers.

"*CRISIL Market Intelligence & Analytics (**CRISIL MI&A**), a division of CRISIL Limited (**CRISIL**) has taken due care and caution in preparing this report (**Report**) based on the information obtained by CRISIL from sources which it considers reliable (**Data**). Forecasts, estimates and other forward-looking statements contained in this Report are inherently uncertain and could fluctuate due to changes in factors underlying their assumptions, or events or combinations of events that cannot be reasonably foreseen. Actual results and future events could differ materially from such forecasts, estimates, predictions, or such statements. This Report is not a recommendation to invest/disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Sobha Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL MI&A operates independently of and does not have access to information obtained by CRISIL Ratings Limited, which may, in its regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL MI&A and not of CRISIL Ratings Limited. No part of this Report may be published/reproduced/extracted in any form without CRISIL's prior written approval.*"

The excerpts of the CRISIL Report are disclosed in this Letter of Offer and there are no parts, information, data (which may be relevant for the proposed Issue), left out or changed in any manner. The extent to which the industry and market data presented in this Letter of Offer is meaningful depends upon the reader's familiarity with, and understanding of, the methodologies used in compiling such information. There are no standard data gathering methodologies in the industry in which our Company conducts business and methodologies, and assumptions may vary widely among different market and industry sources. Such information involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors – Industry information included in this Letter of Offer has been derived from an industry report prepared by CRISIL Market Intelligence & Analytics, a division of CRISIL Limited exclusively commissioned and paid for by us for such purpose.*" on page 44. Accordingly, no investment decision should be solely made on the basis of such information.

### Currency of Presentation

All references to

- 'INR', '₹', 'Indian Rupees' and 'Rupees' are to the legal currency of the Republic of India; and
- 'US$', 'USD', '$' and 'U.S. dollars' are to the legal currency of the United States of America.

Please note:

- One billion is equal to 1,000,000,000 or 10,000 lakhs
- One million is equal to 1,000,000 or 10 lakhs;
- One crore is equal to 10 million or 100 lakhs; and
- One lakh is equal to 100,000.

### Conversion Rates for Foreign Currency:

The conversion rate for the following foreign currencies are as follows:

| Name of the Currency | As of March 31, 2024 (in ₹)* | As of March 31, 2023 (in ₹)* |
|---|---|---|
| 1 USD | 83.37 | 82.21 |

*Source: www.fbil.org.in*
**If the reference rate is not available on a particular date due to a public holiday, exchange rates of the previous Working Day has been disclosed. The reference rates are rounded off to two decimal places.*

## FORWARD LOOKING STATEMENTS

Certain statements contained in this Letter of Offer that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'expected to', 'intend', 'is likely', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company's expected financial conditions, result of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Letter of Offer that are not historical facts. These forward-looking statements contained in this Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our Company's expectations include, among others:

1. Our business and profitability are significantly dependent on the performance of the real estate market in India and particularly in Bengaluru, Karnataka which contributed 66.12% and 63.45% of our total Sales in Fiscal 2024 and Fiscal 2023, respectively.
2. Our Company is currently involved in proceedings initiated by the Directorate of Enforcement in relation to alleged non-compliances with the Prevention of Money Laundering Act, 2002.
3. We intend to utilise ₹2,100.28 million from the Net Proceeds for purchase of equipment and machinery, and ₹2,123.58 million from the Net Proceeds towards funding certain project related expenses for Ongoing Projects and Forthcoming Projects.
4. We propose to utilise ₹6,585.86 million from the Net Proceeds towards funding acquisition of unidentified land parcels and general corporate purposes.
5. Our businesses and manufacturing facilities are subject to operational risks, including compliance with, and changes in, environmental, health, safety and labour laws and regulations.
6. Our financing agreements impose certain restrictions on our operations, including in our ability to prepay our borrowings.
7. Our Statutory Auditors have included emphasis of matters in our Audited Consolidated Financial Statements as of and for Fiscal 2023 and as of and for Fiscal 2024.
8. We may provide guarantees to lenders on behalf of our Subsidiaries.
9. Our auditors have, in their audit report on the financial statements as of and for the year ended March 31, 2023, reported a key audit matter on restatement adjustments having been made to our historical audited financial statements for Fiscal 2022 included as comparative financial information in the financial statements for Fiscal 2023.
10. We depend significantly on our residential and commercial real estate business, the success of which is dependent on our ability to anticipate and respond to customer requirements.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the sections entitled "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 17, 105 and 315, respectively.

The forward-looking statements contained in this Letter of Offer are based on the beliefs of our Company's management, as well as the assumptions made by, and information currently available to, the management of our Company. Whilst our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Letter of Offer or the respective dates indicated in this Letter of Offer, and our Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

In accordance with SEBI and Stock Exchange requirements, our Company and the Lead Managers will ensure that the Eligible Equity Shareholders are informed of material developments until the time of the grant of listing and trading permissions for the Rights Equity Shares by the Stock Exchanges.

## SUMMARY OF THIS LETTER OF OFFER

The following is a general summary of certain disclosures included in this Letter of Offer and is neither exhaustive, nor does it purport to contain a summary of all the disclosures in this Letter of Offer or all details relevant to the prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Letter of Offer, including, the sections entitled "*Risk Factors*", "*Capital Structure*", "*Objects of the Issue*", "*Our Business*", "*Outstanding Litigation and Defaults*" and "*Financial Statements*" beginning on pages 17, 59, 61, 105, 340 and 127, respectively.

### Primary Business of our Company

We are one of the few vertically integrated real estate companies in India known for providing residential homes in India (*Source: CRISIL Report*) as well as manufacturing construction related products. For further details, please see "*Our Business*" beginning on page 105.

### Objects of the Issue

Our Company intends to utilize the Net Proceeds from the Issue towards funding of the following objects:

*(in ₹ million)*

| Particulars | Estimated amount (up to)** |
|---|---|
| Repayment or prepayment, in full or in part, of certain borrowings availed by our Company | 9,050.00 |
| Funding certain project related expenses for Ongoing Projects and Forthcoming Projects | 2,123.58 |
| Purchase of equipment and machinery | 2,100.28 |
| Funding acquisition of unidentified land parcels and general corporate purposes* | 6,585.86 |
| **Total Net Proceeds**** | **19,859.72** |

* *Subject to finalisation of Basis of Allotment and Allotment. The amount utilised for funding acquisition of unidentified land parcels will not exceed 25% of the Gross Proceeds and collectively with the general corporate purposes will not exceed 35% of the Gross Proceeds.*
***Assuming full subscription in the Issue, Allotment and receipt of Call Monies with respect to the Rights Equity Shares. Subject to finalization of the Basis of Allotment.*

For further details, please see *"Objects of the Issue"* beginning on page 61.

### Intention and extent of participation by our Promoters and Promoter Group with respect to (i) their Rights Entitlement; and (ii) their intention to subscribe over and above their Rights Entitlement

Our Promoters and Promoter Group have confirmed (i) that they shall subscribe to the full extent of their Rights Entitlement in the Issue and have also confirmed that they shall not renounce their Rights Entitlements; (ii) that they shall subscribe to Rights Equity Shares for the additional Rights Entitlements (over and above their Rights Entitlements), if any, which are renounced in their favour or purchased by them using the secondary market platform of the Stock Exchanges or through an off-market transaction in compliance with the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended; (iii) their intention to subscribe to additional Rights Equity Shares, if any, which may remain unsubscribed in the Issue or to ensure subscription to the extent of at least Minimum Subscription, each as may be applicable, subject to the subscription to additional Rights Equity Shares under (ii) and (iii) above~~,~~ being made to the extent that: (a) it does not result in any obligation on our Promoters and other members of our Promoter Group to make an "open offer" in accordance with the SEBI Takeover Regulations; and (b) the aggregate shareholding of our Promoters and Promoter Group being compliant with the minimum public shareholding requirements under the SCRR and the SEBI LODR Regulations.

The acquisition of Rights Equity Shares by our Promoters and other members of our Promoter Group in this Issue shall be eligible for exemption from open offer requirements in terms of Regulation 10(4)(a) and 10(4)(b) of the SEBI Takeover Regulations, and the Issue shall not result in a change of control of the management of our Company in accordance with provisions of the SEBI Takeover Regulations. Our Company is in compliance with Regulation 38 of the SEBI LODR Regulations and will continue to comply with the minimum public shareholding requirements under applicable law, pursuant to this Issue.

### Summary of outstanding litigation and defaults

A summary of outstanding legal proceedings involving our Company and our Subsidiaries as on the date of this Letter of Offer is set forth in the table below:

| Nature of Cases | Number of Cases | Amount involved* (₹ in million) |
|---|---|---|
| **Litigations involving our Company** | | |
| **By our Company** | | |
| Civil proceedings where the amount involved is equivalent to or in excess of the materiality threshold of ₹ 54.42 million ("**Materiality Threshold**") | 3 | 9,867.98 |
| Other proceedings involving our Company which, if they result in an adverse outcome would | Nil | Nil |

| Nature of Cases | Number of Cases | Amount involved* (₹ in million) |
|---|---|---|
| materially and adversely affect the operations or the financial position of our Company | | |
| **Against our Company** | | |
| Proceedings involving issues of moral turpitude or criminal liability | 2 | Nil |
| Civil and tax proceedings where the amount involved is equivalent to or in excess of the Materiality Threshold | 14 | 5,442.33 |
| Proceedings before regulatory authorities involving material violation of statutory regulations | 1 | 2,016.05 |
| Matters involving economic offences where proceedings have been initiated | Nil | Nil |
| Other proceedings involving our Company which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company against our Company | Nil | Nil |
| **Litigations involving our Subsidiaries** | | |
| **By our Subsidiaries** | | |
| Civil proceedings where the amount involved is equivalent to or in excess of the Materiality Threshold | 1 | 9,640.48 |
| Other proceedings involving our Subsidiary which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company | Nil | Nil |
| **Against our Subsidiaries** | | |
| Proceedings involving issues of moral turpitude or criminal liability | Nil | Nil |
| Civil and tax proceedings where the amount involved is equivalent to or in excess of the Materiality Threshold | 3 | 249.49 |
| Proceedings before regulatory authorities involving material violation of statutory regulations | Nil | Nil |
| Matters involving economic offences where proceedings have been initiated | Nil | Nil |
| Other proceedings involving our Subsidiary which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company | Nil | Nil |

**To the extent quantifiable*

For further details, see "*Outstanding Litigation and Defaults*" beginning on page 340.

**Risk Factors**

For details, see "*Risk Factors*" beginning on page 17. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue.

**Contingent liabilities**

For details regarding our contingent liabilities as per Ind AS 37 as at March 31, 2024, see "*Financial Statements – Note 39*" and "*Risk Factors – Our contingent liabilities could adversely affect our financial condition if they materialize*" on pages 196 and 39, respectively.

**Related party transactions**

For details of the related party transactions, as per the requirements under applicable Indian Accounting Standards, i.e., Ind AS 24 - Related Party Disclosures, entered into by our Company for Fiscal 2024 and Fiscal 2023, see "*Financial Statements – FY 2024 Audited Consolidated Financial Statements – Note 35 – Related Party Transactions*" on page 188 and *Financial Statements – FY 2023 Audited Consolidated Financial Statements – Note 35 – Related Party Transactions*" on page 283, respectively.

**Issue of Equity Shares for consideration other than cash**

Our Company has not made any issuances of Equity Shares for consideration other than cash in the last one year immediately preceding the date of filing this Letter of Offer.

## SECTION II: RISK FACTORS

*An investment in equity shares involves a high degree of risk. You should carefully consider each of the following risk factors and all other information set forth in this Letter of Offer, including the uncertainties described below, before making an investment in the Equity Shares. Investors should read this section together with "Industry Overview", "Our Business" and Management's Discussion and Analysis of Financial Condition and Results of Operations" as well as the financial statements, including the notes thereto, and other financial information included in this Letter of Offer.*

*The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also materially adversely affect our business, prospects, results of operations, financial condition and cash flows. If any or some combination of the following risks, or other risks that we do not currently know about or believe to be material, actually occur, our business, results of operations, financial condition and cash flows could suffer, the trading price of, and the value of your investment in our equity shares could decline, and you may lose all or part of your investment. In making an investment decision, investors must rely on their own examination of our Company and the terms of this Issue, including the merits and risks involved.*

*In this section, unless the context otherwise requires, indicates or implies, references to "we", "us", or "our" are to Sobha Limited and its consolidated Subsidiaries or Joint Venture, while references to the "Company" are to Sobha Limited on a standalone basis.*

*Our financial year ends on March 31 of each year, so all references to a particular Fiscal are to the 12 months ended March 31 of that year. Unless otherwise stated, or unless the context requires otherwise, the financial information for Fiscal 2023 and 2024 used in this section is derived from our audited consolidated financial statements as of and for the year ended March 31, 2023 and as of and for the year ended March 31, 2024, respectively, which are included in "Financial Statements" on page 127. References to a "Fiscal", "Year" and "Fiscal Year" in this section are as of and for the relevant year ended March 31.*

*Industry and market data used in this section is derived from the industry report titled "Assessment of residential real estate industry in selected markets in India" dated May 2024 prepared by CRISIL Market Intelligence & Analytics, a division of CRISIL Limited ("**CRISIL MI&A**" and such report, the "**CRISIL Report**"), which has been prepared exclusively for the purpose of understanding the industry in connection with the Issue and commissioned and paid for by our Company, pursuant to the engagement letter dated January 10, 2024. The CRISIL Report will be available on the website of our Company at www.sobha.com/investor-relations/#rights from the date of this Letter of Offer until the Issue Closing Date. For further details, see "Presentation of Financial Information and Other Information - Market and Industry Data" on page 13.*

*This Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Letter of Offer. For details, see "Forward-Looking Statements" on page 14.*

### INTERNAL RISKS

1. ***Our business and profitability are significantly dependent on the performance of the real estate market in India and particularly in Bengaluru, Karnataka which contributed 66.12% and 63.45% of our total Sales in Fiscal 2024 and Fiscal 2023, respectively. Varying market conditions in Bengaluru, Karnataka, may affect our ability to ensure sale of our projects and the pricing of units in such projects, which may adversely affect our results of operations and financial condition.***

   While we have gradually expanded our geographical presence across India, however, our real estate development activities are focused in and around Bengaluru, Karnataka, which may perform differently from, and may be subject to market conditions and regulatory developments that are different from, real estate markets in other parts of India or the world.

   The table below provides details of our sales contribution in the periods indicated:

| Geography | Fiscal 2024 | | Fiscal 2023 | |
|---|---|---|---|---|
| | Amount (₹ million) | Percentage of Total Sales (%) | Amount (₹ million) | Percentage of Total Sales (%) |
| Bengaluru, Karnataka[1] | 43,929.51 | 66.12% | 32,980.07 | 63.45% |
| Gurugram, Haryana | 8,299.79 | 12.49% | 10,553.49 | 20.30% |
| Kerala[2] | 9,579.26 | 14.42% | 3,770.57 | 7.25% |
| GIFT City, Gujarat | 2,196.34 | 3.31% | 1,575.55 | 3.03% |
| Tamil Nadu[3] | 982.70 | 1.48% | 941.25 | 1.81% |
| Hyderabad, Telangana | 1,028.09 | 1.55% | 1,451.75 | 2.79% |
| Pune, Maharashtra | 425.42 | 0.64% | 704.96 | 1.36% |

| Geography | Fiscal 2024 | | Fiscal 2023 | |
|---|---|---|---|---|
| | Amount (₹ million) | Percentage of Total Sales (%) | Amount (₹ million) | Percentage of Total Sales (%) |
| **Total** | **66,441.11** | **100.00%** | **51,977.64** | **100.00%** |

(1) *Bengaluru includes Mysuru.*
(2) *Kerala includes Kochi, Thrissur, Calicut and Trivandrum.*
(3) *Tamil Nadu includes Chennai and Coimbatore.*

The following table sets out our Saleable Area for Ongoing Projects location wise as of March 31, 2024:

| S No. | Key Location – Ongoing Projects* | Saleable Area (million sq. ft.)** | As a percentage of Saleable Area (%) |
|---|---|---|---|
| 1. | Bengaluru, Karnataka | 14.57 | 59.76% |
| 2. | Gurugram, Haryana | 1.84 | 7.55% |
| 3. | Kochi, Kerala | 2.58 | 10.58% |
| 4. | Thrissur, Kerala | 1.46 | 5.99% |
| 5. | Calicut, Kerala | 0.06 | 0.25% |
| 6. | Trivandrum, Kerala | 0.43 | 1.76% |
| 7. | Chennai Tamil Nadu | 0.30 | 1.23% |
| 8. | Coimbatore, Tamil Nadu | 0.02 | 0.08% |
| 9. | GIFT City, Gujarat | 1.83 | 7.51% |
| 10. | Pune, Maharashtra | 0.64 | 2.62% |
| 11. | Hyderabad, Telangana | 0.65 | 2.67% |
| **TOTAL** | | **24.38** | **100.00%** |

* *Includes projects under various business model such as on area share, own projects, revenue share projects, joint ventures, and development management projects.*
** *Details are disclosed only for the ongoing portions of the projects as some of the phases of these projects may be classified as Completed Projects or Forthcoming Projects, as applicable.*

The following table sets out our Estimated Saleable Area for Forthcoming Projects location wise as of March 31, 2024:

| S No. | Key Location – Forthcoming Projects* | Estimated Saleable Area (million sq. ft.)** | As a percentage of Estimated Saleable Area (%) |
|---|---|---|---|
| 1. | Bengaluru, Karnataka | 6.88 | 38.94% |
| 2. | Gurugram, Haryana | 7.36 | 41.65% |
| 3. | Kochi, Kerala | 0.92 | 5.21% |
| 4. | Calicut, Kerala | 0.81 | 4.58% |
| 5. | Trivandrum, Kerala | 0.21 | 1.19% |
| 6. | Chennai Tamil Nadu | 0.19 | 1.08% |
| 7. | Coimbatore, Tamil Nadu | 0.27 | 1.53% |
| 8. | Pune, Maharashtra | 1.00 | 5.66% |
| 9. | Thrissur, Kerala | 0.03 | 0.17% |
| **Total** | | **17.67** | **100.00%** |

* *Includes projects under various business model such as on area share, own projects, revenue share projects, and development management projects.*
** *Details are disclosed only for the forthcoming portions of the projects as some of the phases of these projects may be classified as Completed Projects or Ongoing Projects, as applicable.*

The real estate market in the Bengaluru, Karnataka region may be affected by various factors outside our control, including prevailing local and economic conditions, changes in the supply and demand for properties comparable to those we develop, changes in the applicable governmental regulations, demographic trends, employment and income levels and interest rates, regional natural disasters, water shortage crisis, among other factors. These factors may contribute to fluctuations in real estate prices, rate of sales and the availability of land in such region and could also adversely affect the demand for and valuation of our Ongoing and Forthcoming projects. Consequently, our business, results of operations and financial condition have been and will continue to be heavily dependent on the performance of and the prevailing conditions affecting the real estate market in the Bengaluru, Karnataka.

2. ***Our Company is currently involved in proceedings initiated by the Directorate of Enforcement ("ED") in relation to alleged non-compliances with the Prevention of Money Laundering Act, 2002 ("PMLA"). While our Company has preferred an appeal before the Hon'bl Appellate Tribunal, New Delhi ("Tribunal") to set aside a provisional attachment order ("PAO") issued by the ED and confirmed by the Adjudicating Authority, New Delhi ("AA"), we cannot assure you, that such PAO will be set aside, which could adversely affect our business, financial condition, results of operations, prospects and reputation.***

Pursuant to an investigation conducted by ED, it has been alleged that our Company and others committed the offence of cheating under section 420 of the IPC and were in possession of proceeds of crime under section 3 of the PMLA amounting to ₹ 2,016.05 million by allegedly causing financial loss to the Government of Haryana due to development of certain land parcels located in Haryana in breach of the terms and conditions provided in the license obtained by the landowner.

Subsequently, the ED has issued a PAO attaching certain assets of our Company. The AA, by means of a show cause notice dated January 10, 2023 ("**SCN**") asked our Company to show cause why the PAO should not be confirmed. While our Company responded to the SCN, the PAO was subsequently confirmed by the AA by way of an order. Our Company has preferred an appeal ("**Appeal**") before the Tribunal to set aside such order and the matter is pending as of the date of this Letter of Offer. For details, see "*Outstanding Litigation and Defaults – Litigation involving our Company –Litigation against our Company – Criminal Proceedings – 2*" and "*Outstanding Litigation and Defaults – Litigation involving our Company –Litigation against our Company – Proceedings before regulatory authorities involving material violations of statutory regulations*" on page 340 and 344, respectively.

In case the Appeal is not allowed by the Tribunal, our Company will have the right to appeal before an appropriate judicial forum including, an intra court appeal to the division bench of the Hon'ble High Court of Delhi and the Hon'ble Supreme Court of India. However, in the event that such appeals made by our Company are also not allowed, it may be held liable to pay monetary penalties, confiscation of attached assets and imprisonment, in accordance with applicable law. Any adverse developments in the ED proceedings may have an adverse impact on the reputation of our Company. Further, we have not included any material adverse impact on account of these proceedings in our financial statements as of and for the year ended March 31, 2024 or for earlier periods including the recoverability of land advance given against provisionally attached land parcels with a value of ₹ 2,016.05 million. In the event there are any adverse developments in the ED proceedings, it may have an adverse impact on the financial position of our Company. Our Statutory Auditors have also included emphasis of matters in our Audited Consolidated Financial Statements as of and for Fiscal 2024 in relation to the above matter. Also see " - *Our Statutory Auditors have included emphasis of matters in our Audited Consolidated Financial Statements as of and for Fiscal 2023 and as of and for Fiscal 2024. There is no assurance that our auditors' reports for any future fiscal periods will not contain qualifications, matters of emphasis or other observations which could subject us to additional liabilities due to which our reputation and financial condition may be adversely affected.*" on page 23.

***3. We propose to utilise ₹ 6,585.86 million from the Net Proceeds towards funding acquisition of unidentified land parcels and general corporate purposes. The project acquisition process is a time-consuming process which requires exhaustive set of diligence procedures to assess the title and is influenced by other factors. Inability to finalize such activities in a timely manner may adversely affect our business and future growth.***

Our Company proposes to deploy ₹6,585.86 million from the Net Proceeds towards funding acquisition of unidentified land parcels and general corporate purposes, in a manner as approved by our Board or Rights Issue Committee from time to time, subject to such utilisation not individually exceeding 25%, and collectively not exceeding 35% of the Gross Proceeds, in compliance with the SEBI ICDR Regulations. Although we have identified certain locations in which our Company intends to acquire land parcels or land development rights utilising the Net Proceeds for funding acquisition of unidentified land parcels, specifically in Bengaluru, National Capital Region, Hyderabad, Mumbai and in Tamil Nadu, Kerala and Gujarat, our Company has not identified the specific projects/lands which will be funded from the Net Proceeds and accordingly, there are no definitive arrangements for such potential acquisitions. Such acquisitions will depend upon our future business plans, market conditions, our analysis of economic trends and business requirements, competitive landscape, regulatory conditions as well as general factors affecting our results of operations, financial condition and access to capital. The costs of acquisition will vary depending on various factors, such as, location of land in prime areas or otherwise, profile of the population in the surrounding areas, type of project that can be developed, general economic conditions and the extent of negotiations between us and the parties from whom we propose to acquire the project. Further, the cost of acquisition would include various other components, such as upfront costs/deposits to be paid to counter parties, rentals to flat-owners, construction related costs, channel partner commission, cost of title searches, stamp duty, taxes, legal fees, cost of conversion of the status of land, payment of premium, and the cost of obtaining approvals. Considering that we have not identified the land parcels which are proposed to be acquired from the Net Proceeds, the proposed deployment of funds from may vary from year to year. In the event of any underlying irregularities with respect to title or use of land for which we have, we may not be able to pursue such project which could have an adverse effect on our brand, business prospects and financial performance. Further, the project acquisition process is a time-consuming process which requires exhaustive set of diligence procedures to assess the title and is influenced by other factors. Inability to finalize such activities in a timely manner may delay our deployment of the Net Proceeds and adversely affect our business and future growth. For further details, see "*Objects of the Issue – Funding acquisition of unidentified land parcels and general corporate purposes*" on page 74.

***4. We intend to utilise ₹2,100.28 million from the Net Proceeds for purchase of equipment and machinery, and ₹2,123.58 million from the Net Proceeds towards funding certain project related expenses for Ongoing Projects and Forthcoming Projects. Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and we have not entered into any definitive arrangements to utilize certain portions of the Net Proceeds of the Issue. We have relied on the quotations received from third parties for estimation of the cost for our capital expenditure requirements and have not been independently appraised by a bank or a financial institution.***

We intend to use the Net Proceeds of the Issue for the purposes described in the section titled "*Objects of the Issue*" on page 61. The objects of the Issue comprise, among others, (i) funding certain project related expenses for Ongoing Projects and Forthcoming Projects, and (ii) purchase of equipment and machinery.

Under (i) above, our Company proposes to deploy a portion of the Net Proceeds towards (a) payment of selling commission to channel partners; (b) payment under existing joint development agreement; and (c) payment of external development charges.

However, in relation to (a) above, on cancellation of booking by proposed buyers prior to execution of the relevant sale agreement and prior to fulfilment of certain pre-conditions to invoice raising by the channel partners, no selling commission will be payable to such channel partners. Accordingly, in the event of such cancellation, our Company will be required to identify other channel partners for identified or other projects, to whom payment is due, and re-allocate the amount of Net Proceeds towards such channel partners. Inability to identify such channel partners in a timely manner may delay our deployment of the Net Proceeds and could adversely affect our business and future growth. Separately, we rely significantly on our channel partners to market and source our business. Any disruption in our relationship with these channel partners, their failure to identify viable opportunities, any unethical or illegal behaviour by the channel partners, could adversely affect our business, financial condition, results of operations and reputation.

Further, in relation to (c) above, for two projects in relation to which our Company is proposing to pay external development charges ("**EDC**") to the Department of Town and Council Planning, Government of Haryana, i.e., for projects located in Sector 99 and Sector 63A, our Company is yet to receive the license, subsequent to which such EDC payment is supposed to be made. Accordingly, any delay in obtaining such license or non-receipt of such license, will require our Company to re-allocate the Net Proceeds towards EDC payment for other projects. Further, in case of any change in the total area over which we have obtained development rights, for the projects for which we are proposing to pay EDC from the Net Proceeds, will reduce the EDC payable and therefore, also require our Company to re-allocate the Net Proceeds towards EDC payment for other projects. Inability to identify such projects in a timely manner may delay our deployment of the Net Proceeds and could adversely affect our business and future growth. Further, EDC can either be paid upfront within a specified time period from the date of execution of the agreement or a repayment schedule with interest accruing instalments is applicable, and any unforeseen delay in payments may result in a higher interest on the principal amounts payable by us.

Additionally, our Company recovers all project related expenses from purchasers of the properties developed by our Company. In case our Company fails to launch any project and sell the properties, our Company will be unable to recover costs incurred towards such project, which may adversely affect our business, financial condition, results of operations and prospects.

Under (ii) above, we intend to utilise a portion of the Net Proceeds for funding our capital expenditure requirements which includes, *inter alia*, purchase of equipment and machinery in relation to our (a) real estate operations, and (b) contractual engineering, procurement and construction capabilities for institutional customers. We are yet to place orders for the total capital expenditure. There can be no assurance that we will be able to place orders for such equipment and machinery, in a timely manner or at all. We have not entered into any definitive agreements to utilize the Net Proceeds for this object of the Issue and have relied on the quotations received from third parties for estimation of the cost. While we have obtained the quotations from various vendors in relation to such capital expenditure, all of these quotations are valid for a certain period of time and may be subject to revisions, and other commercial and technical factors. Additionally, in the event of any delay in placement of such orders, the proposed schedule implementation and deployment of the Net Proceeds may be extended or may vary accordingly. We cannot assure you that we will be able to undertake such capital expenditure within the cost indicated by such quotations or that there will not be cost escalations. For details, see "*Objects of the Issue*" on page 61.

The objects of the Issue have not been appraised by any bank or financial institution, and our funding requirement is based on current conditions, internal estimates, estimates received from the third party agencies and are subject to changes in external circumstances or costs, or in other financial condition, business or strategy. Based on the competitive nature of our industry, we may have to revise our business plan and/ or management estimates from time to time and consequently our funding requirements may also change. Such internal estimates may differ from the value that would have been determined by third party appraisals, which may require us to reschedule or reallocate our expenditure, subject to applicable laws. In case of increase in actual expenses or shortfall in requisite funds, additional funds for a particular activity will be met by any means available to us, including internal accruals and additional equity and/or debt arrangements, and may have an adverse impact on our business, results of operations, financial condition and cash flows. Accordingly, investors in the Equity Shares will be relying on the judgment of our management regarding the application of the Net Proceeds.

Our Company, in accordance with the applicable law and to attain the objects set out above, will have the flexibility to deploy the Net Proceeds. We have appointed ICRA as the Monitoring Agency for monitoring the utilization of Gross Proceeds in accordance with Regulation 82 of the SEBI ICDR Regulations and the Monitoring Agency will submit its report to us on a quarterly basis in accordance with the SEBI ICDR Regulations which will be uploaded on the website of our Company and will also be intimated on the websites of the Stock Exchanges.

5. ***Our businesses and manufacturing facilities are subject to operational risks, including compliance with, and changes in, environmental, health, safety and labour laws and regulations, which could adversely affect the development of our projects and our financial condition.***

We are subject to environmental, health and safety regulations in the ordinary course of our business. If we face any environmental concerns during the development of a project or if the government introduces more stringent regulations, we may incur delays in our estimated timelines and may need to incur additional expenses. We are subject to various national and local laws and regulations relating to the protection of the environment that may require a current or previous owner of a property to investigate and clean-up hazardous or toxic substances at a property. Under these laws, owners and operators of property may be liable for the costs of removal or remediation of certain hazardous substances or other regulated materials on or in such property. Such laws often impose such liability without regard to whether the owner or operator knew of, or was responsible for, any environmental damage or pollution and the presence of such substances or materials. The cost of investigation, remediation or removal of these substances may be substantial. Environmental laws may also impose compliance obligations on owners and operators of real property with respect to the management of hazardous materials and other regulated substances. Failure to comply with these laws can result in penalties or other sanctions.

For example, certain litigations have been filed against us in the past by the forest department, Bengaluru on certain real estate projects undertaken by the us. Further, for one of our Completed Projects i.e., Sobha City, Bengaluru, the 'no objection certificate' from the fire department was found to be defective on resubmission of application for renewal of the approval. However, the relevant authority has cancelled the occupancy certificate for this Completed Project and we have subsequently filed an appeal with the Karnataka Appellate Tribunal challenging such cancellation. Thereafter, the Karnataka Appellate Tribunal has ordered a stay on such cancellation. The matter is currently pending as on the date of this Letter of Offer. Any adverse developments in these proceedings or any such cancelation of our material approvals or non-compliance with applicable laws may have an adverse impact on the reputation of our Company and may also affect the business prospects of our Company.

We are required to obtain and maintain a number of statutory and regulatory permits, licenses and approvals under central, state and local government rules in India, for each of our manufacturing units. While we apply for such approvals, we cannot assure you that such approvals will be issued or granted to us in a timely manner, or at all. For instance, we have recently shifted Interior factory to a different premise within the RIICO Industrial Area, Bhiwandi, Rajasthan. We have applied for renewed approvals including factory's license under the Factories Act, 1948 ("factory's license") and consent to operate under the Air (Prevention & Control of Pollution) Act, 1981. Further, the address for our glazing factory located in Kancheepuram, Tamil Nadu is incorrect in our factory's license, and we are in the process of applying for rectification of address in the factory's license. If we do not receive such approvals or are not able to obtain rectification of such approvals in a timely manner, our business, results of operations and financial condition may be adversely affected.

Environmental reports that we may request a third party to prepare with respect to any of our properties may not reveal (i) all environmental liabilities, (ii) that any prior owner or operator of our properties did not create or comply any material environmental condition not known to us or (iii) that a material environmental condition does not otherwise exist as to any one or more of our properties. There also exists the risk that material environmental conditions, liabilities or compliance concerns may have arisen after the review was completed or may arise in the future. Further, future laws, ordinances or regulations and future interpretations of existing laws, ordinances or regulations may impose additional material environmental liability. We may be subject to liabilities or penalties relating to environmental matters, which could adversely affect the development of our projects and consequently our financial condition.

The adoption of stricter health, safety and environmental laws and regulations, stricter interpretation of existing laws, increased governmental enforcement of laws or other developments in the future may require that we make additional capital expenditures, incur additional expenses or take other actions in order to remain compliant and maintain our current operations. Complying with these laws, and changes in such laws or regulations or terms of approval may increase our compliance costs and adversely affect our business, financial condition, cash flows and results of operations.

6. ***Our financing agreements impose certain restrictions on our operations, including in our ability to prepay our borrowings, and our failure to comply with operational and financial covenants may adversely affect our reputation, business and financial condition.***

As of March 31, 2024, our total non-current borrowings were ₹ 7,163.49 million and our current borrowings were ₹ 11,971.60 million. Our funding requirements historically have been met from various sources such as term loans, working capital facilities, letters of credit, bank guarantees, commercial papers and other financial instruments.

We cannot assure you that we will be able to raise additional financing on acceptable terms in a timely manner or at all. While there have been no such instances where we were unable to renew arrangements or obtain additional financing on terms which were not favourable to us in the last two Fiscals, however, we cannot assure you that such arrangements in our favour will continue going forward. Our failure to renew arrangements for existing funding or to obtain additional financing on acceptable terms and in a timely manner could adversely impact our ability to incur capital expenditure, our business, results of operations and financial condition.

Our borrowing costs and our access to capital and loan markets depend on our credit ratings. These ratings are assigned by rating agencies, which may downgrade or withdraw their ratings or place us on "credit watch" with negative implications at any time.

Our Company's borrowings credit ratings as of the date of this Letter of Offer are set forth below:

| Nature of Instrument | Name of Credit Rating Agency | Credit Rating Assigned |
|---|---|---|
| Term loan | India Ratings & Research | IND AA-/Stable |
| Fund-based working capital limit | | IND AA-/Stable/Ind A1+ |
| Non-fund based working capital limit | | IND AA-/Stable/Ind A1+ |
| Term loan, fund based working capital limit and non-fund based working capital limit | ICRA Limited | [ICRA]A+ |

While there have been no downgrade in our credit ratings in the last two years, however, any reduction in our credit ratings could increase our borrowing costs and limit our access to the capital and loan markets. This, in turn, could reduce our earnings and adversely affect our liquidity. Further, any downgrade in our credit ratings may also trigger an event of default or acceleration of certain of our current or future borrowings.

Additionally, there are certain restrictive covenants in the arrangements we have entered into with the lenders. Under the terms of some of our debt agreements, our Company is required to send an intimation to its lenders for creating, assuming or incurring any additional long-term indebtedness. While we have obtained the consents from and intimated relevant lenders for this Issue, some of our financing agreements require us to take prior written consent of our lenders for effecting, *inter alia*, transfer of controlling interest, change in the capital structure or shareholding pattern of our Promoters and Shareholders, modification to the memorandum and articles of association of our Company, and any drastic change in the management set-up of our Company. Additional restrictive covenants require us, among other things, to ensure that the loans are utilized for the purpose they have been sanctioned as specified in the facility documents, to maintain security cover and/or receivable cover as the lender may stipulate from time to time, and to keep the mortgaged properties adequately insured against certain risks. Further, some of our arrangements with the lenders permit them to withdraw or recall undrawn/ un-availed portion of their loans without giving prior notice to us and the lender may impose overdue interest at the specified rates in the event of any default or may vary the interest rates, without giving prior notice to us. Additionally, the loan agreements provide that we cannot create any further charges or encumbrances over mortgaged property and that we may not part with hypothecated property or any part thereof without the prior written consent of the lender. Under certain loan agreements, we are restricted from re-paying the promoters/partners their contributions, until such loans are outstanding.

Further, we intend to use ₹ 9,050 million from the Net Proceeds towards repayment or prepayment, in full or in part, of certain borrowings availed by our Company. Where applicable, to the extent of any prepayment of such borrowings, we also require consents from the respective lenders under our financing agreements. We have obtained requisite consents from respective lenders for prepayment of certain loans. Additionally, the loans which we are proposing to repay/ prepay from the Net Proceeds are subject to prepayment penalties ranging from 1% to 4% on the outstanding amount or amount proposed to be prepaid, where such prepayment penalties, if any, are proposed to be paid from our internal accruals. For further details of prepayment conditions in relation to this specific object, please see "*Objects of the Issue - Repayment or prepayment, in full or in part, of certain borrowings availed by our Company*" on page 62.

Failure to meet the conditions listed above or obtain consents from lenders, as may be required, could invoke certain penalty clauses or any other consequence of events of default set out in the respective financing arrangement, which could have significant consequences for our business. Compliance with the various terms of such financing arrangements, however, is subject to interpretation and it may be possible for a lender to assert that we have not complied with all applicable terms under our existing financing documents in a timely manner or at all. Any failure to comply with the requirement to obtain a consent, or other condition or covenant under our financing agreements that is not waived by our lenders or is not otherwise cured by us, may lead to a termination of our credit facilities, acceleration of all amounts due under such facilities and trigger cross default provisions under certain of our other financing agreements, and may materially and adversely affect our ability to conduct our business and operations or implement our business plans

We cannot assure you that we will be able to obtain additional financing at terms favourable to us in the future. Any additional funding that we require to finance our project expenditures, if met by way of additional debt financing, may place restrictions on us which may, among other things, increase our vulnerability to general adverse economic and industry conditions, limit our ability to pursue our growth plans, require us to dedicate a substantial portion of our cash flow from operations to make payments on our debt, thereby reducing the availability of our cash flow to finance project expenditures, meet working capital requirements and use for other general corporate purposes, and limit our flexibility in planning for, or reacting to changes in our business and our industry, which would adversely affect our financial condition and results of operations.

7. ***Our Statutory Auditors have included emphasis of matters in our Audited Consolidated Financial Statements as of and for Fiscal 2023 and as of and for Fiscal 2024. There is no assurance that our auditors' reports for any future fiscal periods will not contain qualifications, matters of emphasis or other observations which could subject us to additional liabilities due to which our reputation and financial condition may be adversely affected.***

Our Statutory Auditors have included the following emphasis of matters in our Audited Consolidated Financial Statements as of and for Fiscal 2023 and as of and for Fiscal 2024:

***Fiscal 2024***

*"We draw attention to Note 39(5) of the accompanying consolidated financial Statement regarding the search operation carried out by the Income Tax Department ('the department') at various business premises of the Holding Company and certain other group companies during March 2023. During the current year, the Holding Company has received demand orders from the department for AY 2016-17 and AY 2022-23, in respect of disallowances of certain expenses and addition of certain incomes, against which subsequent to the year end, the Holding Company has filed an appeal before the Hon'ble Commissioner of Income Tax (Appeals), Bengaluru. Given the uncertainty and pending outcome of the legal proceedings, the Holding Company, considering all available records and facts known to it including the independent legal review and opinion from external legal counsels obtained by it, has determined that no adjustments are required to the consolidated financial statement in respect of the aforesaid demand orders.*

*Our opinion is not modified in respect of this matter."*

***Fiscal 2023***

*"We draw attention to Note 39(5) to the accompanying Consolidated Financial Statements regarding the search operation carried out by the Income Tax Department at various business premises of the Holding Company and certain other group companies during March 2023. As the Holding Company and certain other group companies have not received any communication on the findings of the investigation by the Income Tax department till date, the impact of this matter on the accompanying consolidated financial statements for the year ended 31 March 2023 and the adjustments, (if any) required to these accompanying consolidated financial Statement, is presently not ascertainable. Our opinion is not modified in respect of this matter."*

The opinion of our Statutory Auditors are not modified in respect of these matters. There is no assurance that our auditors' reports for any future fiscal periods will not contain qualifications, matters of emphasis or other observations which could subject us to additional liabilities due to which our reputation and financial condition may be adversely affected.

8. ***We may provide guarantees to lenders on behalf of our Subsidiaries, and any failure to repay such loans by third parties, may affect our business, results of operations and financial condition.***

In certain cases we may provide guarantees to lenders for financing provided to our Subsidiaries As of March 31, 2024, we provided ₹ 998.74 million of guarantees for repayment of their outstanding principal amount of indebtedness to lenders on behalf of our Subsidiaries. In the event our Subsidiaries are not able to repay such loans we may be required to repay the loans availed, which may affect our business, results of operations and financial condition.

9. ***Our auditors have, in their audit report on the financial statements as of and for the year ended March 31, 2023, reported a key audit matter on restatement adjustments having been made to our historical audited financial statements for Fiscal 2022 included as comparative financial information in the financial statements for Fiscal 2023.***

M/s Walker Chandiok & Co. LLP ("**WCC**") were appointed as our statutory auditors for a period of five years from August 10, 2022 and have audited our standalone and consolidated financial statements for Fiscal 2023 on which they have issued an unmodified opinion pursuant to their report dated May 29, 2023. Prior to Fiscal 2023, our financial statements were audited by other auditors. As part of the audit for Fiscal 2023, our Company has made restatements relating to (i) capitalisation of borrowing cost; (ii) accounting for Joint Development Arrangement (JDAs) (not being jointly controlled operations); (iii) accounting for significant financing element in customer contracts and various other restatements. For further information, see "*Financial Statements – FY 2023 Audited Consolidated Financial Statements – Note 45 –Restatement*" on page 309. WCC has undertaken certain audit procedures and accordingly, made restatement adjustments to the audited Fiscal 2022 financial statements in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. Such restated figures were included as comparative numbers in the audited financial statements for Fiscal 2023. As a result of these restatement adjustments implemented during the audit of our Fiscal 2023 financial statements, our historical audited financial statements for Fiscal 2022, on which our previous auditors have issued an audit opinion, are not comparable with our audited financial statements for Fiscal 2023 and subsequent periods.

Accordingly, undue reliance should not be placed on the restated figures for Fiscal 2022 appearing as comparative financial information in our Audited Consolidated Financial Statements for Fiscal 2023.

***10. We depend significantly on our residential and commercial real estate business, the success of which is dependent on our ability to anticipate and respond to customer requirements. If we fail to anticipate and respond to customers' residential and commercial requirements, our business and prospects could be adversely affected.***

We depend significantly on our residential and commercial real estate business which contributed a significant proportion to our revenue. The table below provides split of revenue from operations generated from real estate operations, contract manufacturing and other income (excluding unwinding of discount on refundable deposits & interest income on refundable deposits) for the periods indicated:

| Particulars | Fiscal 2024 | | Fiscal 2023 | |
|---|---|---|---|---|
| | Amount(₹ million) | Percentage of Revenue from operations (%) | Amount(₹ million) | Percentage of Revenue from operations (%) |
| Real Estate | 24,138.33 | 75.80% | 25,372.14 | 75.19% |
| Contractual and Manufacturing (net of inter segment revenues) | 6,831.13 | 21.45% | 7,729.00 | 22.91% |
| Unallocable finance and other income | 875.95 | 2.75% | 641.00 | 1.90% |
| **Total** | **31,845.41** | **100.00%** | **33,742.14** | **100.00%** |

We rely on our ability to understand the preferences of our customers and to accordingly develop projects that suit their tastes and preferences. In our experience, customers are seeking better housing and better amenities in new residential developments. As a result, our ability to anticipate and understand the demands of the prospective customers is critical to the success of our residential real estate development business. If we fail to anticipate and respond to customers' requirements, we could lose current or potential customers to competitors, which in turn could adversely affect our business and prospects.

The table below provides overview of our Ongoing Projects and Forthcoming Projects under the "*Sobha*" brand as of March 31, 2024:

| Particulars* | Ongoing Projects | | | Forthcoming Projects | |
|---|---|---|---|---|---|
| | Number of Projects | Saleable Area (Million Square Feet)** | Developable Area (Million Square Feet)** | Number of Projects | Total Estimated Saleable/Leasable Area (Million Square Feet)*** |
| Apartments* | 57 | 21.99 | 31.45 | 13 | 15.01 |
| Plots | 2 | 0.34 | 0.50 | 2 | 0.31 |
| Row Houses | 2 | 1.30 | 1.20 | - | - |
| Villas | 8 | 0.75 | 1.17 | 2 | 0.18 |
| Floors | - | - | - | 1 | 1.35 |
| Commercial | - | - | - | 3 | 0.82 |
| **Total** | **69** | **24.38** | **34.32** | **21** | **17.67** |

**Includes apartments of varying sizes*

*** Details are disclosed only for the ongoing portions of the projects as some of the phases of these projects may be classified as Completed Projects or Forthcoming Projects, as applicable.*

**** Details are disclosed only for the forthcoming portions of the projects as some of the phases of these projects may be classified as Completed Projects or Ongoing Projects, as applicable.*

The growth of the Indian economy has also led to changes in the way businesses operate in India, resulting in a substantial change in the nature of commercial customers' demands. The growth and success of our commercial business depends on the provision of high quality office space to attract and retain customers who are willing and able to pay rent or purchase price at suitable levels, and on our ability to anticipate the future needs and expansion plans of these customers. Therefore, our ability to anticipate and understand the demands of the prospective customers is critical to the success of our commercial real estate development business. If we fail to anticipate and respond to commercial customer requirements, we could lose current or potential customers to competitors, which in turn could adversely affect our business and prospects.

11. ***Unsold inventory in our projects if not sold in a timely manner adversely affects our business, results of operations and financial condition.***

As of March 31, 2024, we had unsold inventory in residential projects. The table below provide details of our total inventory unsold for our residential projects as of March 31, 2024:

| Inventory Status | In Million Square Feet(1) |
|---|---|
| Unsold Area – Completed Projects | 0.22 |
| Unsold Area – Ongoing Projects – offered for sale | 5.17 |
| Unsold Area – Ongoing Projects – not offered for sale | 2.16 |
| Forthcoming Projects | 16.85 |
| Total inventory unsold | 24.40 |

(1) *Saleable Area / leaseable area for the Forthcoming Projects may vary subject to approvals*

If we are unable to sell such inventory at acceptable prices and in a timely manner, our business, results of operations and financial condition could be adversely affected.

12. ***Some or all of our Ongoing Projects and Forthcoming Projects may not be completed by their expected completion dates, or at all, which may adversely affect our business, reputation and results of operations.***

Our Ongoing Projects and Forthcoming Projects may be subject to changes and modifications from our currently estimated management plans and timelines as a result of several factors, including:

- defects or challenges to land titles;
- failure or delay in securing necessary statutory or regulatory approvals and permits for us to develop our projects;
- inability to complete our projects in agreed time;
- lack of availability of financing;
- occurrence of force majeure events including natural disasters and weather conditions;
- legal proceedings initiated against us, landowners or development partners by individuals or regulatory authorities seeking to restrain development of our projects;
- outbreak of infectious diseases such as COVID-19; and
- regulatory changes such as changes in development regulations and challenges in interpreting and complying with them.

Such changes and modifications to our timelines may have a significant impact on our Ongoing Projects and Forthcoming Projects, and consequently, we may not develop these projects as contemplated, or at all, which may have an adverse effect on our business, reputation and results of operations.

In the event there are any revisions made to existing development plans, approvals, permits or licenses granted for our Ongoing Projects by relevant authorities, then we may, as a result of such revisions, be required to seek approval from existing customers, if and to the extent required by law, of such project, undertake unplanned rework, including demolition on such projects or re-apply for and obtain key regulatory approvals. Such occurrences may result in time and cost overruns, including customer complaints and claims under the regulatory framework of RERA, which may have an adverse effect on our business, reputation and results of operations. While there have been no such instances of time and cost overrun for any of our projects in the last two Fiscals, we cannot assure you that such instances will not happen in future which could impact our business, reputation and cash flows.

In accordance with RERA and the sale agreements into which we enter with our customers, if the promoter of the project fails to complete the project or is unable to give possession in accordance with the terms of the sale agreement, it shall be liable on demand to the allottees to return the amount received by it and in case the allottee does not wish to withdraw from the project, the allottee shall be paid interest for every month of delay, till handing over possession, at the prescribed rate. Additionally, the allottee shall be entitled to know stage-wise schedule of completion of the project, in accordance with the terms and conditions in the sale agreement. Further, a buyer of a residential unit may also terminate his arrangements with us if we fail to deliver the unit as per the timelines mentioned under the sale agreement, and we may be liable to refund the amount along with interest. While there have been no such instances of any penalty being paid to customers in the last two Fiscals, any penalty in the event of delays may adversely affect the overall profitability of the project and adversely affect our business, results of operations and financial condition.

Further, while there have been no such instances of revocation of RERA registration for any of our projects in the last two Fiscals, we cannot assure that any such instance will not occur going forward which may adversely impact our business, cash flows and results of operations.

13. ***Some of our projects are in the preliminary stages of planning and require us to obtain approvals or permits. Any failure to obtain the necessary approvals in time, or at all, may result in delays in developing our Ongoing Projects and Forthcoming Projects.***

As of March 31, 2024, we had 69 Ongoing and 21 Forthcoming Projects. Our building plans in relation to some of our Forthcoming Projects where designs are in place and approvals are yet to come and in some cases are yet to be applied. To successfully execute each of these projects, we are required to obtain statutory and regulatory approvals, and permits and applications need to be made at appropriate stages of the projects with various government authorities. For example, we are required to obtain the approval of building plans and layout plans, no-objection certificates for construction of high-rise projects, environmental consents, coastal regulation zone clearance, wildlife clearance, consent to operate, consent to establish, conversion from agricultural land to non-agricultural and fire safety clearances, as applicable. Further, we may be required to renew certain of our existing approvals. We cannot assure you that the relevant authorities will issue such approvals or renewals in a timely manner, or at all. Consequently, we may be unable to monetize land which we acquire within our anticipated timeframe. Any delay or failure to obtain the required approvals or renewals in accordance with our plans may adversely affect our ability to implement our Ongoing Projects and Forthcoming Projects, or to exploit the development potential of such land parcels and adversely affect our business and prospects. Additionally, we are yet to obtain occupancy certificate/ completion certificate for all or part of units of certain Completed Projects. For instance, we have applied for occupancy certificate before relevant authorities for five Completed Projects and the applications are currently pending. Further, we are yet to apply for occupancy certificate for two Completed Projects, where construction is completed and we have applied for fire clearance for both such projects, for which the applications are currently pending. Any delay in obtaining occupancy certificate may adversely affect our ability to monetize such completed project.

Further, although we have been able to obtain the necessary approvals in the past, we cannot assure you that we will be able to obtain approvals in relation to our new projects, at such times or in such form as we may require, or at all. While we believe we are in compliance in all material respects with all applicable environmental, health and safety laws and regulations, the discharge of hazardous substances or other pollutants into the air, soil or water may nevertheless cause us to be liable to the GoI or to third parties. In addition, we may be required to incur costs to remedy the damage caused by such discharges, pay fines or other penalties for non-compliance, which may adversely affect our financial condition and results of operations.

We may also encounter difficulties in fulfilling the conditions precedent and conditions subsequent to the existing approvals or any approvals that we may require in the future, some of which may be onerous and may require us to incur expenditure that we may not have anticipated. There may also be delays on the part of the administrative bodies in reviewing our applications and granting approvals or the approvals issued to us may be suspended or revoked in the event of noncompliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. If we fail to obtain or renew, or experience delays in obtaining or renewing, the requisite governmental approvals, or if any approvals are suspended or revoked, the schedule of development and the sale of our projects could be substantially disrupted or impeded, which could have an adverse effect on our business, prospects, financial condition and results of operations. Whilst there have been no such instances in the last two Fiscals, we cannot assure you that such instances will not happen going forward which may adversely affect our business, results of operations and cash flows.

Further, there is a part of our land reserves for which we do not yet have the requisite approvals to commence development. This part is not included in our Ongoing Projects or Forthcoming Projects, although we envisage developing such land reserves in the longer term. When we set out to actually develop such land reserves, we will need to seek approvals and permissions from granting authorities at the relevant time, which may not be obtained in time or at all. Any failure to obtain requisite approvals and permissions in time or at all, may result in our failure to develop our land reserves in accordance with our future long-term plans and exploit the estimated development potential on such land parcels, which may prejudice our growth strategy and could have an adverse effect on our business and prospects. In addition, we have not obtained title search opinions for our land parcels, to the extent not forming part of our Ongoing Projects and Forthcoming Projects. Any potential dispute over the title to such land parcels, including between third parties, may impede our ability to develop projects on such land parcels in the future.

In addition, certain land parcels may fall, wholly or partly, under eco-sensitive zones, green zones and forest zones, for which we are required to obtain special permission to develop the said property, apart from the non-agriculture land order. We cannot assure you that such permissions will be obtained in a timely manner or at all.

14. ***There are certain delays in payment of statutory dues by us. Any further delay in payment of statutory dues may attract financial penalties from the respective government authorities and in turn may have an adverse impact on our financial condition and cash flows.***

While we have been generally regular in depositing statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, goods and service tax, value added tax, cess and other material statutory dues, as applicable with appropriate authorities, however, there have been slight delays in few cases.

However, no undisputed amounts payable in respect thereof were outstanding in Fiscal 2023 and Fiscal 2024 for a period of more than six months from the date they became payable.

While these delays have not resulted in any fines, penalties or disciplinary action by the relevant regulators, there can be no assurance that such defaults/ delay may not arise in the future. This may lead to financial penalties from respective government authorities which may have a material adverse impact on our financial condition and cash flows.

However, there have been certain instances were statutory dues were not deposited with the appropriate authorities on account of disputes. The table below provide details of statutory dues which were not deposited on account of a dispute for Fiscal 2023 and Fiscal 2024:

| Name of the statute | Nature of the dues | Gross Amount (₹ million) | Amount paid under protest (₹ million) | Period to which the amount related (Financial Year) | Forum where dispute is pending |
|---|---|---|---|---|---|
| **Fiscal 2024** | | | | | |
| Karnataka Value added tax, 2003 | Demand of Tax, Interest and/or penalty | 683.68 | 207.74 | 2007-08 to 2017-18 | High Court of Karnataka |
| Kerala Value added tax, 2003 | Demand of Tax, Interest and/or penalty | 63.20 | 13.66 | 2010-11,2012-13 and 2013-14 | Appeal filed with VAT Appellate Tribunal at Trivandrum. |
| Andhra Pradesh, Value added tax, 2005 | Demand of Tax, Interest and/or penalty | 40.00 | 16.28 | 2004-05 and 2006-07 to 2007-08 | Sales Tax Appellate Tribunal, Andhra Pradesh |
| Customs Act, 1962 | Demand of Tax, Interest and/or penalty | 1.30 | - | 2010-11 | Central Excise and Service Tax Appellate Tribunal, Bengaluru |
| Income Tax Act, 1961 | Demand of Tax, Interest and/or penalty | 573.90 | 78.29 | 2010-11, 2015-16 2017-18, 2019-20, 2020-21 and 2021-22 | Commissioner of Income Tax , Bengaluru |
| Income Tax Act, 1961 | Demand of Tax, Interest and/or penalty | 383.35 | - | 2013-14 | Deputy Commissioner of Income tax, Bengaluru |
| Finance Act,1994 (Service Tax provisions) | Demand of Tax, Interest and/or penalty | 560.34 | 125.78 | 2006-07 to 2017-18 | Central Excise and Service Tax Apellate Tribunal, Bengaluru |
| The West Bengal, Value added tax, 2003 | Demand of Tax, Interest and/or penalty | 1.86 | 0.86 | 2009-10 | WBCTO Appellate and Revision Board |
| Goods and Service Tax Act, 2017 | Demand of Tax, Interest and/or penalty | 0.90 | 0.09 | 2017-18 | Additional Commissioner (Appeals), Bhubaneswar |
| Goods and Service Tax Act, 2017 | Demand of Tax, Interest and/or penalty | 1.7 | 0.17 | 2018-19 | Joint Commissioner (Appeals), Bhubaneswar |
| Goods and Service Tax Act, 2017 | Demand of Tax, Interest and/or penalty | 13.6 | 1.36 | July 2017 to March 2022 | Additional Commissioner (Appeals), Cochin |
| **Fiscal 2023** | | | | | |
| Karnataka Value added tax, 2003 | Demand of Tax, Interest and/or penalty | 683.68 | 207.74 | 2007-2008 to 2017-2018 | High Court of Karnataka |
| Kerala Value added tax, 2003 | Demand of Tax, Interest and/or penalty | 63.20 | 13.66 | 2010-2011 and 2012-2013 to 2013-2014 | Appeal filed with VAT Appellate Tribunal at Trivandrum |
| Andhra Pradesh, Value added tax, 2005 | Demand of Tax, Interest and/or penalty | 40.00 | 16.28 | 2004-2005 and 2006-2007 and 2007-2008 | Sales Tax Appellate Tribunal, Andhra Pradesh |

| Name of the statute | Nature of the dues | Gross Amount (₹ million) | Amount paid under protest (₹ million) | Period to which the amount related (Financial Year) | Forum where dispute is pending |
|---|---|---|---|---|---|
| Customs Act, 1962 | Demand of Tax, Interest and/or penalty | 1.30 | - | 2010-2011 | Central Excise and Service Tax Appellate Tribunal, Bangalore |
| Income Tax Act, 1961 | Demand of Tax, Interest and/or penalty | 101.46 | 12.89 | 2010-2011, 2017-2018 and 2019-2020 to 2020-2021 | Commissioner of Income Tax, Bangalore |
| Income Tax Act, 1961 | Demand of Tax, Interest and/or penalty | 8.21 | - | 2008-2009 to 2009-2010 | ITAT- Income tax appellate tribunal |
| Income Tax Act, 1961 | ITAT- Income tax appellate tribunal | 406.33 | - | 2013-2014 and 2015-2016 | Deputy Commissioner of Income tax, Bangalore |
| Finance Act,1994 (Service Tax provisions) | Demand of Tax, Interest and/or penalty | 560.34 | 125.78 | 2006-2007 to 2017-2018 | Central Excise and Service Tax Appellate Tribunal, Bangalore |
| The West Bengal, Value added tax, 2003 | Demand of Tax, Interest and/or penalty | 1.86 | 0.86 | 2009-2010 | WBCTO Appellate and Revision Board |

We cannot assure you that we will be successful in these cases which may result us to pay the remaining amount that are due along with interest, which may adversely impact our business, results of operations and cash flows.

15. ***We have entered into certain credit facilities that are repayable on demand. Any unexpected demand for repayment of such facilities by the lenders may adversely affect our business, financial condition, cash flows and results of operations.***

Some of our borrowings such as cash credit facilities, letters of credit and bank guarantees are drawn on facilities that are repayable on demand in accordance with their respective terms. The table below sets forth our borrowings payable on demand as a percentage of our total borrowings as of the dates stated:

| Particulars | As of March 31, 2024 | | As of March 31, 2023 | |
|---|---|---|---|---|
| | Amount (₹ million) | As a percentage of total current borrowings and non-current borrowings (%) | Amount (₹ million) | As a percentage of total current borrowings and non-current borrowings (%) |
| Borrowings payable on demand | 6,306.16 | 32.96% | 6,317.85 | 31.53% |

*Note: For Fiscal 2024, and Fiscal 2023, total non-current borrowings were ₹ 7,163.49 million and ₹ 6,134.59 million, respectively while our total current borrowings were ₹ 11,971.60 million, and ₹ 13,900.90 million, respectively.*

Any failure to service such indebtedness, comply with a requirement to obtain lender consent or otherwise perform such obligations under such financing agreements (including unsecured borrowings) may lead to such borrowing being repayable on demand, termination of one or more of our credit facilities or penalties and acceleration of amounts due under such credit facilities, which may adversely affect our business, financial condition, results of operations and prospects. While there have been no instances in the last two Fiscals of any loans or facilities being recalled by lenders, nor a failure to comply with covenants in financing agreements, we cannot guarantee that we will be able to service our loans or comply with such covenants or other covenants in the future.

16. ***Our Company and Subsidiaries are involved in certain legal and other proceedings and we cannot assure you that our Company, and/or Subsidiaries will be successful in any of these legal actions. Any adverse outcome in such proceedings could affect our business, results of operations and financial condition.***

Our Company and Subsidiaries are impleaded in a number of legal proceedings that, if determined against our Company or our Subsidiaries, could have an adverse effect on our business, results of operations, cash flows and financial condition. For further information, see "*Outstanding Litigation and Defaults*" on page 340.

A summary of material outstanding legal proceedings involving our Company and our Subsidiaries, as on the date of this

Letter of Offer, including the aggregate approximate amount involved to the extent ascertainable, is set out below:

| Nature of Cases | Number of Cases | Amount Involved* (₹ in million) |
|---|---|---|
| **Litigations involving our Company** | | |
| **By our Company** | | |
| Civil proceedings where the amount involved is equivalent to or in excess of the materiality threshold of ₹ 54.42 million (“**Materiality Threshold**”) | 3 | 9,867.98 |
| Other proceedings involving our Company which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company | Nil | Nil |
| **Against our Company** | | |
| Proceedings involving issues of moral turpitude or criminal liability | 2 | Nil |
| Civil and tax proceedings where the amount involved is equivalent to or in excess of the Materiality Threshold | 14 | 5,442.33 |
| Proceedings before regulatory authorities involving material violation of statutory regulations | 1 | 2,016.05 |
| Matters involving economic offences where proceedings have been initiated | Nil | Nil |
| Other proceedings involving our Company which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company against our Company | Nil | Nil |
| **Litigations involving our Subsidiaries** | | |
| **By our Subsidiaries** | | |
| Civil proceedings where the amount involved is equivalent to or in excess of the Materiality Threshold | 1 | 9,640.48 |
| Other proceedings involving our Subsidiary which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company | Nil | Nil |
| **Against our Subsidiaries** | | |
| Proceedings involving issues of moral turpitude or criminal liability | Nil | Nil |
| Civil and tax proceedings where the amount involved is equivalent to or in excess of the Materiality Threshold | 3 | 249.49 |
| Proceedings before regulatory authorities involving material violation of statutory regulations | Nil | Nil |
| Matters involving economic offences where proceedings have been initiated | Nil | Nil |
| Other proceedings involving our Subsidiary which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company | Nil | Nil |

* *to the extent quantifiable*

The Income Tax authorities have disputed the tax computation for certain years, which are pending before various forums. Any income, which may arise out of such litigations will be recognised only on the receipt basis/ or where right to receive such income is clearly established. There are various disputes pending with the authorities of customs, service tax and value added tax. Further, the Income Tax Department conducted a search activity under Section 132 of the Income Tax at the premises of the Company and certain group companies during March 2023. Our Company cooperated with the Income Tax Department and has received notices under Section 148 of the Income Tax Act requiring our Company to refile the Income Tax returns for the assessment year 2015-2016, 2017-2018, 2018-2019, 2019-2020, 2020-2021 and 2021-2022. Our Company has filed returns for assessment years 2020-2021 and 2021-2022 and is in the process of filing returns for the other years. Additionally, during Fiscal 2024 our Company has received demand orders for assessment year 2016-2017 under Section 147 read with Section 143(3) and Section 148B of the Income Tax Act, dated March 29, 2024 raising a demand of ₹ 131.23 million (which was subsequently reduced to nil by means of a rectification order under Section 154 of the Income Tax Act, dated May 14, 2024 on account of adjustment of credit under Section 115JAA of the Income Tax Act of tax paid in earlier years).

There are also various ongoing litigations / complaints filed against our Company and our Subsidiaries primarily in consumer redressal forum and under the Real Estate (Regulation and Development) Act, 2016. Our Company and our Subsidiaries are contesting such litigations with the respective appellate authorities.

Further, as a listed entity, we are also subject to proceedings initiated by SEBI or Stock Exchanges for any non-compliance by our Company. For instance, a show cause notice dated September 24, 2021 (“**SCN**”) was served upon our Company, three of its executive directors and its chief financial officer, (together, the “**Noticees**”) under Section 15HA of SEBI Act for alleged violation of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 (“**PFUTP Regulations**”), the SEBI Act, 1992 and the SEBI LODR Regulations. The SCN alleged that certain transactions undertaken by our Company during Fiscals 2017, 2018 and 2019 (together, the “**Investigation Period**”) were not in the interest of the minority shareholders of our Company. It was further alleged that our Company fraudulently misrepresented receivables with respect to construction of an individual’s residence during the Investigation Period which resulted in manipulated financial results and misrepresentation of tax dues and advances paid. Subsequently, the Noticees by means of an application dated November 26, 2021 (“**Settlement Application**”) proposed a settlement under the SEBI (Settlement Proceedings) Regulations, 2018. The Noticees proposed to settle the matter by paying a settlement amount of ₹29.25 million (“**Settlement Amount**”), which was recommended for settlement by a High Powered Advisory Committee (“**HPAC**”) subject to payment of the Settlement Amount by all Noticees except our Company on a joint and several liability basis. The recommendation of HPAC was approved by a panel of whole-time members of SEBI on June 29, 2022 and a notice of demand was issued to the Noticees. The Noticees remitted the Settlement Amount as per the settlement terms. Accordingly, the Adjudicating Officer passed a settlement order dated August 22, 2022 and disposed of the SCN. Any such adverse developments pursuant to SEBI or Stock Exchange actions against our Company may have an adverse impact on the reputation of our Company and may also affect the business prospects of our Company.

In the past, our Company has inadvertently filed satisfaction of charge instead of filing modification of charge while modifying a charge. Upon realizing the error which was unintentional and inadvertent, our Company has filed an application in the specified form before the Ministry of Corporate Affairs for rectification of such omission. Subsequently, we have filed a fresh form on the directions of the RoC and the correct charge has been updated on the Ministry of Corporate Affairs charge index.

Decisions which are adverse to our interests in any of the aforesaid material outstanding legal proceedings or any other proceedings involving us or our Subsidiaries, may have an adverse effect on our business, results of operations and financial condition. If the courts or tribunals rule against our Company or Subsidiaries, we may face monetary and/or reputational losses and may have to make provisions in our financial statements, which could increase our expenses and our liabilities.

***17. We enter into arrangements with land owners to acquire land or development rights and we cannot assure you that such parties have acquired ownership rights or have clean title in respect of these lands.***

We enter into sale deeds, joint development agreements (which entails entering into an agreement with the owner of the land parcel sought to be developed, with our Company and/or our Subsidiaries usually being the sole developer), MoUs, limited liability partnership agreements, co-development agreements and development management agreements, with land owners/ developers prior to the development of the particular parcel of land.

While we do follow a proper due diligence approach to verify the title over the land and undertake title diligence search, however, certain lands where we have got development rights have *lispendens* on ownership or title in respect of land that we have categorized as part of our Saleable Area. Further, in certain instances, we might not have good and clear, marketable title in cases where the name of our Company or the land owner (in cases where we have acquired developmental rights from the land owner) is not affected in the mutation entries, rectification is required in government records, discrepancies between the conveyance deed and revenue records have been observed, loans and mortgages are not discharged, encumbrance certificate is not procured, or adequate stamp duties or dues are unpaid. In addition, we may face practical difficulties in verifying such *lispendens* on the property or of the landowner or developer. As each transfer in a chain of title may be subject to such *lispendens*, the agreements we have entered into with land owners for construction on, and development of, land may be subject to various defects which we may not be aware of. Further, parties granting development rights pursuant to the development agreements, may also have litigation, bankruptcy or such other proceedings pending with respect to such land. While there have been no litigations or bankruptcy proceedings with parties granting development rights in the last two Fiscals, however, we cannot assure you that no such instances will happen in future which could adversely impact our business, results of operations and cash flows. Further, certain of the land owners/ developers with whom we enter into agreements themselves acquire land from power of attorney holders, who are authorized to transfer land on behalf of the owners of such land. We cannot assure you that such power of attorney that has been granted is valid or entitles such power of attorney holder to exercise the right to transfer or grant development rights over such land. Until clear title has been obtained, litigation is settled, conditions as imposed have been complied with or a judgment has been obtained by a court of competent jurisdiction, we may be unable to utilize such land according to the terms of such agreements, which could adversely affect our business, results of operations and financial condition.

In addition, we may not be aware of all the risks associated with acquisitions of land or property. It is often difficult for us to conduct a substantial independent due diligence review of non-public information about the target company or property. We may not have good title to some of our land as a result of inadequate stamping of conveyance deeds and non-availability or shortcomings in other acquisition documents (parent documents), or not having obtained requisite approvals from courts or concerned governmental authorities for acquisition of land or property, or may be subject to, or affected by, encumbrances of which we may not be aware. We may not therefore be able to assess or identify disputes, unregistered encumbrances or adverse possession rights over title to real property in which we have invested or may invest. Legal disputes in respect of land title can take several years and considerable expense to resolve if they become the subject of court proceedings and their outcome can be uncertain. If either we or the owner of the land which is the subject of our development agreements are unable to resolve such disputes with these claimants, we may lose our interest in the land. Further, if we are unable to comply with the terms and conditions of the development agreements, we may be exposed to risk of litigation as well as termination, and we may lose our interest in the land or property.

Currently, we are involved in certain litigations, which include title related matters related our Ongoing Projects as well as Forthcoming Project. The potential loss of title for any portion of the land involved in these projects could result in substantial financial loss. Furthermore, in certain of our Ongoing Projects where we have commenced sales, loss of title could adversely impact our reputation which could affect our ability to attract customers and investors. For further information, see "*Outstanding Litigation and Defaults – Litigation involving our Company*" on page 340.

Failure to obtain, or to prove that we hold, good title to a particular plot of land may materially prejudice the success of a development for which that plot is a critical part, may require us to write off expenditures in respect of that development and may adversely affect our property valuations and prospects. While there have been no such instances of write-off expenditures in the last two Fiscals, we cannot assure you that such instances will not happen going forward which may adversely impact our business, results of operations and cash flows.

***18. We have entered into and may enter into development agreements in the future, which do not convey the title of the immovable property to us and only the development right is transferred to us. Further, investments through development agreements involve risks, including the possibility that our development partners may fail to meet their obligations under the development agreement, causing the whole project to suffer.***

We typically develop certain of our projects through joint development agreements with land owners. Our joint development agreements confer rights on us to construct, develop, market and eventually sell the Saleable Area to third party buyers and share the area and/ or revenue with the land owner as per the commercial arrangement under the joint development agreements. Such agreements do not convey title of the immovable property to us but give us the irrevocable right to develop the same and transfer the same to third party buyers. Further, typically the development agreements require us to obtain all approvals required for the building/s construction and occupation of the building/s for the entire project, at our cost. Under these agreements, we are typically entitled to a share in the developed property in the form of constructed area or a share of the revenues or profits generated from the sale of the developed property, or a combination of the above entitlements after adjusting the amount paid earlier, if any.

The following table sets out details of Ongoing Projects and Forthcoming Projects which are being developed under joint development agreements/ collaboration agreements/ development management agreements with such third parties as of March 31, 2024:

| Category | Total number of projects | Total number of projects (joint development/ development management) | As a percentage of total number of Ongoing Projects and Forthcoming Projects (%) | Developable area (in million square feet) | Saleable Area/ Estimated Saleable Area (in million square feet) |
|---|---|---|---|---|---|
| Ongoing Projects | 69 | 39 | 56.52% | 18.44 | 12.48 |
| Forthcoming Projects | 21 | 12 | 57.14% | N.A.* | 8.97 |

** Since these are Forthcoming Projects, the developable area cannot be ascertained.*

Certain of our projects are developed on the basis of a development management arrangements, pursuant to which the land owner issues a work order to us for the purpose of construction and development of the project, as well as sales and marketing of the project, in consideration for which we get development management fees, whereas the land owner is the promoter for the purposes of RERA registration and is responsible for customer relationship management activities including allotment, agreement execution with customers. Further, in certain development management arrangements we are also obligated to fund/ finance the constructions costs of the projects to a certain extent. Further, in Fiscal 2023 and 2024, our joint development payments incurred by our Company under joint-development agreement between Bhagath Homes Private Limited and our Company was ₹ nil and ₹ 535.00 million, respectively.

All such development agreements involve risks, including the possibility that our development partners may fail to meet their obligations under the development agreement, causing the whole project to suffer. For example, the landowners may be responsible for certain financial obligations towards the development of the project, procuring certain regulatory approvals (such as approvals for change in use of the land for residential/commercial purposes), furnishing documents of title to lenders for securing financing, paying taxes and local levies on the land, curing title defects and settling title litigation within a stipulated period of time. We cannot assure you that projects that involve collaboration with third parties will be completed as scheduled, or at all, or that our ventures with these parties will be successful. For example, in Fiscal 2023, one of the customers of Sobha Assets Private Limited ("**SAPL**"), a wholly owned subsidiary of our Company terminated a project development contract entered by it and demanded compensation of ₹ 2,956.13 million in addition to forfeiture of a ₹ 227.32 million performance guarantee and ₹ 26.00 million of deposits alleging that SAPL has not commenced the contract work. The carrying value of aforesaid project related assets/receivables as at March 31, 2024 in our books (on a consolidated level) is ₹ 354.10 million. SAPL filed a claim petition against Special Agricultural Produce Market Committee for Fruits, Flowers and Vegetables ("**APMC**") before the Hon'ble Arbitral Tribunal, Bangalore presided by a sole arbitrator. Our Company and SAPL, inter alia, claimed ₹ 9,640.48 million together with interest at 12% per annum for the loss suffered by SAPL and our Company on account of the illegal termination of the Project

Development & Implementation Agreement ("**PDIA**") by APMC. APMC filed its statement of objections and a counter claim of ₹ 10,300.00 million together with interest at 18% per annum on November 29, 2023. For details, see "*Outstanding Litigation and Defaults – Litigation involving our Company – Litigation by our Company*" on page 344.

Further, our development management agreements may permit us only partial control over the operations of the development under certain circumstances. Where we do not hold the entire interest in a development, it may be necessary for us to obtain consent from a development partner before the development partner makes or implements a particular business development decision or distribute profits to us. These and other factors may cause our development partners to act in a way that is contrary to our interests, or otherwise be unwilling to fulfil their obligations under our development arrangements. Disputes that may arise between us and our development partners may cause delay in completion, suspension or complete abandonment of a project, which may adversely affect our business, results of operations and financial condition.

***19. We may be required to make certain advance payments to the owners of the land when we enter into joint development agreements. Further, we may be required to pay certain penalties or liquidated damages in the event of any delay in the completion of the development within the time frame specified in the joint development agreements.***

Under certain of our joint development agreements, we are required to provide the owners of the land with a security deposit, which is typically non-interest bearing and is expected to be refunded upon the completion of the project or adjusted either against payments to be made to the owners of land or by allotment of units in the completed project to our Company. In addition, we may also be required to provide an additional lump sum consideration and/or minimum guarantee. Sometimes, these advances are made even before any requisite approvals are obtained and/or may be made interest free. If for any reason, such approvals or permissions do not come through, we may not be able to recover such deposits, which could adversely affect our business and financial condition. The security deposit outstanding which we have paid under our joint development agreements as on March 31, 2024 is ₹ 5,543.61 million. While there have been no such instances in the last two Fiscals where we were not able to recover any such deposits, however, we cannot assure you that such instances will not happen going forward.

Further, in the event of any delay in the completion of the development within the time frame specified, subject to certain exceptions, we are required to indemnify the other parties to the development agreements and pay certain penalties or liquidated damages as specified in these agreements, which may adversely affect our business, financial condition and results of operations. In certain cases, we are also required to indemnify our counterparties for liabilities accruing to the landowner in case of injury to or death of any workmen during construction; or for any liabilities arising out of any non-payment of statutory dues in relation to the project, including labour related dues, and labour-related litigation; structural or other defects in construction and development (up to a stipulated period), and general breach of terms and misrepresentations. While there have been no such instances in the last two Fiscals, however, we cannot assure you that such instances will not happen going forward. If we are required to pay penalties or liquidated damages pursuant to such agreements, and we decline to do so, we may not be able to recover the deposits made by us to the owners of the land. In addition, if for any reason, the development agreement is terminated or the development is delayed or cancelled, we may not be able to recover such deposits, which could have an adverse effect on our business, financial condition and results of operations.

***20. We may not be able to successfully identify and acquire suitable land or development rights, which may affect our business and growth prospects.***

Our ability to identify suitable parcels of land for development is a key element of growing our business and involves certain risks, including identifying land with clean title and at locations that are preferred by our target customers. We cannot assure you that we will be able to correctly assess and identify such suitable land, whether for acquisition of land or joint development rights, and any decision based on inaccurate, incomplete or outdated information may result in certain risks and liabilities associated with the acquisition of such land or joint development rights, which could adversely affect our business and growth prospects.

We acquire parcels of land and joint development rights at various locations, which can be subsequently consolidated to form a contiguous land area, upon which we can undertake development. While in the past we have acquired contiguous parcels of land for our development activities, we may not be able to acquire such parcels of land in the future or may not be able to acquire such parcels of land on terms that are acceptable to us, which may affect our ability to consolidate these parcels of land into a contiguous land area. Failure to acquire such parcels of land may cause a delay or force us to modify our development of land that we have acquired at a certain location from the original conceived scheme of development, which may result in a reduction on the profit on our initial investment and also affect our assessment of the Developable Area of our land reserves. In connection with the acquisition of land, disputes may arise between the local government and residents as to the applicable compensation payable or residents may refuse to relocate. Such disputes could delay the resettlement process and the land acquisition and development process. We cannot assure you that such disputes would be resolved in a timely manner or at all. Additionally, we may be asked to pay premium amounts for acquiring certain large parcels of land. While there have been no instances where we had to abandon or modify our development of land in the last two Fiscals, we cannot assure you that such instances may not happen going forward.

Additionally, we may be asked to pay premium amounts for acquiring certain large parcels of land. In certain instances, the payment consideration for land acquisition is on a deferred basis, which may be pending in certain cases. If we are unable to make the deferred payment consideration on time, or at all, on our current land reserves or future land reserves, it may result in disputes and ultimately affect our ability to develop such land and may also result in a failure to realize profit on our initial investment. In addition, due to the increased demand for land in connection with the development of residential and commercial properties, we may experience increased competition in our attempt to acquire land in the geographical areas in which we operate and the areas in which we anticipate operating in the future. Increased competition may result in a shortage of suitable land that can be used for development and can increase the price of land.

Moreover, the availability of land, as well as its use and development, is subject to regulations by various local authorities. For example, if a specific parcel of land has been deemed as agricultural land, depending on its location, no commercial or residential development may be permitted beyond certain specified timelines or without the prior approval of the local authorities, as applicable. Further, certain land parcels can be subject to reservations, including reservations for railway lines, dams, freight corridors and road widening, and accordingly, such reserved areas will be deducted from the developable area. Further, certain areas may fall under eco-sensitive or buffer or green or forest zone, and due to such zoning, there may be restrictions on carrying out developmental activities in accordance with the applicable development regulations. We may also be required by applicable laws or court orders to incur expenditures and undertake activities in addition to real estate development on certain portions of our land reserves. Accordingly, our inability to acquire parcels of land or development rights or any restrictions on use of our land or development thereof may adversely affect our business and growth prospects.

***21. A failure of our internal controls over financial reporting may have an adverse effect on our business, results of operations and financial condition.***

We are responsible for establishing and maintaining adequate internal control measures commensurate with the size and complexity of our operations. Our internal or concurrent audit functions are equipped to make an evaluation of the adequacy and effectiveness of internal controls on an ongoing basis to ensure that business units adhere to our policies, compliance requirements and internal control guidelines. We are exposed to operational and financial risks arising from the potential inadequacy or failure of internal processes or systems in our businesses, and our actions may not be sufficient to guarantee effective internal controls in all circumstances. Given the size of our operations, it is possible that errors may repeat or compound before they are discovered and rectified. Our management information systems and internal control procedures that are designed to monitor our operations and overall compliance may not identify every instance of non-compliance or every suspicious transaction. If internal control weaknesses are identified, our actions may not be sufficient to correct such internal control weakness. Additionally, in the past, the National Financial Reporting Authority ("**NFRA**") had initiated action against Supreet Sachdev (the "**EP**"), who served as the engagement partner of B S R & Co. LLP, based on information received from the SEBI on May 11, 2021. According to the NFRA order, while there were several lapses in the audit conducted by the EP, one of the major lapses was to report on the uncertainty surrounding the recovery of unsecured land advances amounting to ₹1,843.13 crore, which lacked marketable title and was subject to litigation. The EP did not (a) address these issues despite recognizing weaknesses in internal controls, the absence of aging schedules, lack of monitoring, and the absence of confirmations obtained by our Company, (b) report non-provisioning against certain transactions, and (c) obtain adequate audit evidence. In order to examine the matter, NFRA requested for the audit file from the Supreet Sachdev which was submitted on September 17, 2021 and a show-cause notice dated January 5, 2023 ("**SCN**") was issued to B S R & Co. LLP and Supreet Sachdev for the statutory audit of Sobha Limited for Financial Years 2018 and 2019. Pursuant to an investigation, proceedings under Section 132(4) of the Companies Act and an order dated September 29, 2023, the NFRA found the EP guilty of professional misconduct and imposed a penalty of ₹0.50 million on him.

Please also, see " – *Our Company is currently involved in proceedings initiated by the Directorate of Enforcement ("**ED**") in relation to alleged non-compliances with the Prevention of Money Laundering Act, 2002 ("**PMLA**"). While our Company has preferred an appeal before the Hon'bl Appellate Tribunal, New Delhi ("**Tribunal**") to set aside a provisional attachment order ("**PAO**") issued by the ED and confirmed by the Adjudicating Authority, New Delhi ("**AA**"), we cannot assure you, that such PAO will be set aside, which could adversely affect our business, financial condition, results of operations, prospects and reputation.*" and " – *Our Company and Subsidiaries are involved in certain legal and other proceedings and we cannot assure you that our Company, and/or Subsidiaries will be successful in any of these legal actions. Any adverse outcome in such proceedings could affect our business, results of operations and financial condition.*" on page 18 and 28, respectively.

Failures or material weaknesses in internal controls may lead to incidents of fraud. We cannot assure you that we will be able to prevent frauds in the future or that our existing internal mechanisms to detect or prevent fraud will be sufficient. Any fraud discovered in the future may have an adverse effect on our reputation, business, results of operations and financial condition.

***22. We pay selling commission to various channel partners to source customers for our projects. Any dispute or loss of channel partners may adversely impact our business, revenue from operations and cash flows.***

As part of our real estate operations, our Company engages individual/ corporate channel partners to solicit and procure business for the projects undertaken by our Company. As of March 31, 2024, we had a distribution network of 592 active channel partners. The selling commission is generally a percentage of the sale price and typically ranges from 2% to 5% of the basic sales price of the units sold by such channel partners. The selling commission varies on a project basis and depends on several factors including market and other commercial considerations. Once the selling commission becomes payable, the channel partner is required to raise an invoice claiming the selling commission, which is thereafter verified by our Company.

The table below provides details of selling commission incurred towards our channel partners as a percentage of our revenue from operations and total expenses for Fiscal 2024 and Fiscal 2023:

| Period | Number of projects | Selling Commission (in ₹ million) | As a percentage of revenue from operations (%) | As a percentage of total expenses (%) |
|---|---|---|---|---|
| Fiscal 2024 | 74 | 933.49 | 3.01% | 2.97% |
| Fiscal 2023 | 78 | 655.62 | 1.98% | 2.01% |

In the event we are not able to continue to maintain our arrangement with our channel partners or fail to attract new channel partners for sourcing of customers for our projects, our business, revenue from operations and cash flows may be adversely impacted.

***23. We may be unable to adequately protect our intellectual property and may be subject to risks of infringement claims.***

As on the date of Letter of Offer, we had 33 registered trademarks, six copyrights and two patents. Further, our brand name '*Sobha'* together with the corporate logo is not registered in our name and is registered in the name of one of our Promoter, Sobha Menon. While we have not entered into a formal agreement for usage of the "*Sobha*" brand name and logo, we are in receipt of no-objection certificates dated December 1, 2006 and May 22, 2024 from Sobha Menon which is addressed to our Company pursuant to which non-exclusive and non-assignable rights for an unlimited period have been granted for usage of the "*Sobha*" brand name and logo. Further, certain of our Promoter Group entities also use the trademark "licensed" from Sobha Menon. In the event there is any negative publicity on account of any of our Promoter Group entities, our brand may also be impacted which may impact our business and brand value.

There can be no assurance that third parties will not infringe upon our intellectual property, causing damage to our business prospects, reputation, and goodwill. Our efforts to protect our intellectual property may not be adequate and may lead to erosion of our business value and our operations could be adversely affected. We may need to litigate in order to determine the validity of such claims and the scope of the proprietary rights of others. For instance, in the copyright certificate issued by Copyright Office, Government of India for '*Sobha Dream Series'*, there is a typographical error, which may lead to difficulty in protecting such copyright from unauthorized use. Any such litigation could be time consuming and costly and the outcome cannot be guaranteed. We may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect its intellectual property. While we have not experienced any such litigation or infringement in the last two Fiscals, we cannot assure you that no such infringement may happen going forward which may adversely impact our brand and our business.

***24. Significant increases in prices of, or shortages of, or delay or disruption in supply of labour and key building materials could affect our estimated construction cost and timelines resulting in cost overruns or less profit.***

While we procure a portion of our construction materials internally from our manufacturing facilities, a substantial portion of our building materials for our projects is sourced from third party suppliers. The prices and supply of basic building materials and other raw materials depend on factors outside our control, including cost of raw materials, general economic conditions, competition, production costs and levels, transportation costs, indirect taxes and import duties. Our ability to develop and construct projects profitably is dependent on our ability to obtain adequate and timely supply of building materials within our estimated budget. As we source our building materials from third parties, our supply chain may be interrupted by circumstances beyond our control. Poor quality roads and other transportation-related infrastructure problems, inclement weather and road accidents may also disrupt the transportation of supplies. Prices of certain building materials and, in particular, cement and steel prices, are susceptible to rapid increases. Further, we operate in a labour-intensive industry and if we or our contractors are unable to negotiate with the labour or their sub-contractors, it could result in work stoppages or increased operating costs as a result of higher than anticipated wages or benefits. In addition, it may be difficult to procure the required labour for Ongoing Projects or Forthcoming Projects. We have experienced such instances in a limited manner in the past. For example, we faced disruption in the supply of labour in 2020 including due to migration of labour as a result of the COVID-19 pandemic, which impacted several projects being executed by us during such period.

The table below sets forth our cost of materials consumed and purchase of project materials as a percentage of our total expenses in the years indicated:

| Particulars | Fiscal 2024 | | Fiscal 2023 | |
|---|---|---|---|---|
| | Amount (₹ million) | Percentage of Total Expenses (%) | Amount (₹ million) | Percentage of Total Expenses (%) |
| Cost of materials consumed (A) | 2,890.49 | 9.19% | 3,659.79 | 11.24% |
| Purchase of project materials (B) | 9,907.75 | 31.52% | 9,554.69 | 29.33% |
| **Total C (A+B)** | **12,798.24** | **40.71%** | **13,214.48** | **40.57%** |

During periods of shortages in the supply of building materials or labour, we may not be able to complete projects according to our previously determined time frames, at our previously estimated project costs, or at all, which may adversely affect our results of operations and reputation. In addition, during periods where the prices of building materials or labour significantly increase, we may not be able to pass these price increases on to our customers, which could reduce or eliminate the profits we intend to gain from our projects. These factors could adversely affect our business, results of operations and cash flows.

25. ***We rely on independent sub-contractors for certain aspects of our projects and any failure on their part to perform their obligations could adversely affect our business, results of operations and cash flows.***

We engage with sub-contractors for certain aspects of our projects such as labour for civil, electrical and plumber works. We may only have limited control over the quality of services provided by such sub-contractors. If such sub-contractors are unable to perform their work, including completing our projects within the specifications, quality standards and time frames specified by us, at the estimated cost, or at all, we may be required to incur additional cost or time to develop the property to appropriate quality standards in a manner consistent with our development objective, which could result in reduced profits or, in some cases, significant penalties and losses which we may not be able to recover from the relevant contractor. We cannot assure you that the services rendered by any of our sub-contractors will always be satisfactory or match our requirements for quality, which may adversely affect our reputation, business, results of operations and cash flows.

The table below provides details of sub-contractors cost as a percentage of our total expenses in the years indicated:

| Particulars | Fiscal | | | |
|---|---|---|---|---|
| | 2024 | | 2023 | |
| | Amount (₹ million) | Percentage of Total Expenses (%) | Amount (₹ million) | Percentage of Total Expenses (%) |
| Sub-contractor cost | 9,230.17 | 29.36% | 8,291.69 | 25.45% |

For example, in certain of our developments, we are required to provide warranties for construction defects for the period specified under the applicable law, and may be held liable to rectify such defects without further charges. Further, we may be unable to identify appropriately experienced sub-contractors and cannot assure you that skilled sub-contractors will continue to be available at reasonable rates and in the areas in which we undertake our projects, or at all. We will require a greater supply of such services as we grow our business and expand into new cities. As a result, we may be required to make additional investments or provide additional services to ensure the adequate performance and delivery of contracted services. Any consequent delay in project execution could adversely affect our business, reputation, financial condition and results of operations. If the services of these or other contractors do not continue to be available on terms acceptable to us or at all, our business and results of operations could be adversely affected.

26. ***Certain information contained in this Letter of Offer including that in relation to our Ongoing Projects and Forthcoming Projects and the area expressed to be covered by our projects are based on management estimates and may be subject to change.***

Certain information contained in this Letter of Offer, such as the Saleable/Estimated Saleable Area, Developable Area and status of completion presented herein with regard to Completed Projects, Ongoing Projects and Forthcoming Projects are based on management plans and estimates, have not been verified by any bank or financial institution and may be subject to regulatory approvals. The square footage that we may develop in the future with regards to a particular property may differ from descriptions of property presented herein based on various factors such as prevailing market conditions, current management plans, change in laws and regulations, competition, title defects, an inability to obtain the required regulatory approvals such as zone conversion, approvals under the local township policy, changes or modifications in the development norms, approval of incentive floor space index under various regulations, transferable development rights or our understanding of development norms.

We may also change our management plans and timelines for strategic, marketing, internal planning and other reasons. Such changes and modifications may have a significant effect on our Ongoing Projects and Forthcoming Projects, and consequently, we may not develop these projects as contemplated, or at all, which may have an adverse effect on our business, results of operations and financial condition. Also see "- *Some or all of our Ongoing Projects and Forthcoming Projects may not be completed by their expected completion dates, or at all, which may adversely affect our business, reputation and results of operations.*" on page 25.

27. ***An inability to protect and further strengthen and enhance our brand and business reputation could adversely affect our business prospects and financial performance.***

Our business reputation is dependent on the "*Sobha*" brand. Various factors, some of which are beyond our control, are critical for maintaining and enhancing our brand, which may negatively affect our brand if not properly managed.

There can be no assurance that our advertising and sales promotion efforts will be successful in maintaining our brand and its perception with customers. Also, we may not necessarily increase or maintain our advertising and sales promotion efforts in proportion to our growth in the future, which may result in limited marketing initiatives. Our inability to adapt to evolving marketing trends at the same pace as our competitors may adversely affect our ability to effectively compete in terms of our brand equity. Whilst there have been no material instances of negative publicity involving us, however, we cannot assure you that we would not face such negative publicity going forward which may adversely impact our reputation and brand.

Our brand could also be harmed if our services fail to meet the expectations of our customers, if we fail to maintain our established standards or if we become the subject of any negative media coverage. Our advertising and sales promotion efforts may be costly and may fail to effectively enhance our brand or generate additional revenues. Our failure to develop, maintain and enhance our brand may result in decreased revenue and loss of potential customers, and in turn adversely affect our business, financial condition and results of operations.

28. ***Our business is capital intensive and is significantly dependent on the availability of real estate financing in India. Difficult conditions in the global capital markets and the global economy generally may adversely affect our business and results of operations and may cause us to experience limited availability of funds. We cannot assure you that we will be able to raise sufficient financing on acceptable terms, or at all.***

Our business is capital intensive, requiring substantial capital to develop and market our Ongoing Projects and Forthcoming Projects. The table set forth below highlights our cash flows from operating, investing and financing activities in the last two Fiscals:

*(amount in ₹ million)*

| | **Fiscal 2024** | **Fiscal 2023** |
|---|---:|---:|
| Net cash flows from operating activities (A) | 6,474.42 | 11,502.12 |
| Net cash flows used in investing activities (B) | (4,749.34) | (2,368.42) |
| Net cash flows used in financing activities (C) | (3,381.63) | (7,730.48) |
| **Net increase/(decrease) in cash and cash equivalents (A+B+C)** | **(1,656.55)** | **1,403.21** |

The actual amount and timing of our future capital requirements may differ from estimates as a result of, among other things, unforeseen delays or cost overruns in developing our projects, changes in business plans due to prevailing economic conditions, unanticipated expenses, regulatory changes, and engineering design changes. To the extent our planned expenditure requirements exceed our available resources, we will be required to seek additional debt or equity financing. Additional debt financing, if available, could increase our interest cost and require us to comply with additional restrictive covenants in our financing agreements. In addition, the Indian regulations on foreign investment in housing, built-up infrastructure and construction and development projects impose significant restrictions on us, including the types of financing activities we may engage in.

Our ability to obtain additional financing on favourable commercial terms, if at all, will depend on a number of factors, including:

- our results of operations and cash flows;
- the amount and terms of our existing indebtedness;

- general market conditions in the markets where we operate; and
- general condition of the debt and equity markets in India.

In addition, changes in the global and Indian credit and financial markets may affect the availability of credit to our customers and decrease in demand for our development. Our inability to obtain funding on reasonable terms, or at all, could affect our ability to develop our Ongoing and Forthcoming projects and could have an adverse effect on our business and results of operations.

***29. We undertake contractual projects for external customers. We cannot assure you that we will continue to expand our contractual projects which could have an adverse effect on our business, financial condition, cash flows and results of operations. Further, potential issues with institutional customers on contractual projects such as quality of construction or timelines could have an adverse effect on our business, financial condition, cash flows and results of operations.***

As part of our operations, we provide contractual services including project conceptualization, planning and design and engineering and execution for customers tailored for their requirements. The table below sets forth details of revenue from operations generated from contractual projects as a percentage of our revenue from operations in the periods indicated:

| Particulars | Fiscal | | | |
|---|---|---|---|---|
| | 2024 | | 2023 | |
| | Amount (₹ million) | Percentage of Revenue from Operations (%) | Amount (₹ million) | Percentage of Revenue from Operations (%) |
| Income from contractual activity | 3,088.42 | 9.97% | 3,622.51 | 10.94% |

In addition, all of our contractual projects in Fiscal 2023 were concentrated for one leading information technology company developing their campuses in Nagpur, Maharashtra and Mysuru, Karnataka. The table below provides details of contractual projects completed and ongoing for the relevant customer as a percentage of total contractual projects completed and ongoing for Fiscal 2024 and 2023.

| Period | Total completed contractual projects (million square feet) | Completed contractual projects for a particular customer (million square feet) | As a percentage of total contractual projects completed (%) | Total ongoing contractual projects (million square feet) | Ongoing contractual projects for a particular customer (million square feet) | As a percentage of total ongoing contractual projects completed (%) |
|---|---|---|---|---|---|---|
| Fiscal 2024 | 1.50 | 0.09 | 6.00% | 4.05 | 0.19 | 4.69% |
| Fiscal 2023 | 0.62 | 0.62 | 100.00% | 5.24 | 0.27 | 5.15% |

We cannot assure you that we will be successful in winning contractual projects going forward which could adversely impact our business, financial condition, cash flows and results of operations.

We face risks associated with our contractual engineering, procurement, and construction projects for institutional customers which include design, and construction amongst others. Institutional customers may raise concerns related to project timelines, quality standards, or cost overruns, leading to disputes that could potentially result in contractual breaches of the terms of the contract with such institutional customers. While there have been no such instances of any dispute or breached with any of our institutional customers in the last two Fiscals, however, we cannot assure you that no such instances will happen in future. In the event of any disputes, our business, financial condition, cash flows and results of operations could be adversely impacted.

***30. A certain portion of our Company's business is dependent and will continue to depend on our manufacturing facilities, and we are subject to certain risks in our manufacturing processes. Any slowdown or shutdown in our manufacturing operations or strikes, work stoppages or increased wage demands by our employees that could interfere with our operations could have an adverse effect on our business, financial condition, cash flows and results of operations.***

As of March 31, 2024, we had six manufacturing units located in Bengaluru, Karnataka; Bhiwandi, Maharashtra; Chennai, Tamil Nadu; and Gurugram, Haryana and cater to our internal construction material requirements as well as external customers.

The table below provides certain details in relation to our manufacturing facilities:

| S. No. | State | Address | Division | Owned/Leased |
|---|---|---|---|---|
| 1. | Karnataka | Plot No 10, Sobha Limited, Bommasandra Jigani Link Road, KIADB Industrial Area Bommasandra, Bengaluru Rural, Karnataka | Glazing | Leased |
| 2. | Karnataka | 329, Sobha Limited, Bommasandra Jigani Link Road, KIADB Industrial Area Bommasandra, Bengaluru Rural, Karnataka | Concrete | Owned |
| 3. | Karnataka | Plot No 9, Sobha Limited, Bommasandra Jigani Link Road, KIADB Industrial Area Bommasandra, Bengaluru Rural, Karnataka | Interior and Mattress | Owned |
| 4 | Tamil Nadu | SIPCOT Industrial Park, Plot No – G6, Sobha Limited, Irungulam Taluk, Sriperumbudur village, Kancheepuram, Tamil Nadu | Glazing | Leased |
| 5. | Rajasthan | RIICO Industrial Area, SP-150, RIICO Industrial Area, Bhiwandi, Alwar, Rajasthan | Interior | Leased |
| 6. | Haryana | Plot No 345, Phase V, Sector 56, HSIIDC, Kundli Industrial Area, Sonipat, Haryana | Glazing | Leased |

Our business is dependent upon our ability to manage our manufacturing facilities, which are subject to various operating risks, including those beyond our control, such as the breakdown, failure of equipment or industrial accidents, severe weather conditions and natural disasters. Any significant malfunction or breakdown of our machinery, our equipment, our reactors, our automation systems, our IT systems or any other part of our manufacturing processes or systems may entail significant repair and maintenance costs and cause delays in our operations. Slowdowns or shutdowns may result from extreme weather conditions, fire, natural catastrophes, raw material supply disruptions, legal disputes or labour unrest. In addition, there is a risk that production difficulties such as capacity constraints, mechanical and systems failures, construction/upgrade delays or delays in the delivery of machinery may occur, causing the underutilization of our manufacturing facilities and reduction in output. We cannot assure you that our manufacturing facilities will continue to remain operational at all times. Any significant manufacturing disruption could adversely affect our ability to make and sell products, which could have a material adverse effect on our business, financial condition, cash flows and results of operations. While there have been no such instances in the last two Fiscals of any significant manufacturing disruption at our manufacturing facilities, we cannot assure you that such instances will not happen going forward which may impact our business, cash flows and result of operations.

While we have put in place quality control procedures, we cannot assure that our products will always be able to satisfy our prescribed quality standards. Our quality control procedures may fail to test for all possible conditions of use or identify all defects in the manufacturing of our products. While we have not faced such challenges in in the last two Fiscals, any failure on our part to successfully maintain quality standards for our products may affect our customer relationships, which may adversely affect our business, financial condition, results of operations and prospects.

Further, adequate and cost-effective supply of electrical power, water and fuel is critical to our manufacturing facilities. Any interruption of power and fuel availability, even if short, could give rise to inefficiencies when we resume production which may have an adverse impact on our business, results of operations and financial condition.

31. ***Our operations and the work force on property sites are exposed to various hazards, which could adversely affect our business, results of operations and financial condition.***

Our operations are subject to hazards inherent in providing construction services, such as the risk of equipment failure, impact from falling objects, collision, work accidents, fire or explosion. Many of these hazards can cause injury and loss of life, severe damage to and destruction of property and equipment and environmental damage. If such hazards were to affect our projects, our business, results of operations and financial condition may be adversely affected. For example, on June 12, 2023, an incident occurred at Sobha Windsor where de-shuttered aluminium boards placed on the external platform were affected by heavy wind and rain. The strong wind propelled the board unexpectedly, causing it to fall between the structure and scaffolding. Initially hitting the scaffolding, the board then rebounded towards the ramp area, colliding with hard barricades at the podium edge. As a result, an employee standing in that area for work suffered a shoulder injury due to the impact. While subsequent to the incident, we have taken certain corrective and preventive actions, we cannot assure you that such instances will happen going forward which could impact our business and financial condition. Further, there are certain unanticipated or unforeseen risks that may arise due to adverse weather and geological conditions such as outbreaks of storms, hurricanes, lightning, floods, landslides, rockslides and earthquakes and other reasons. If such hazards were to affect our projects, our business, results of operations and financial condition may be adversely affected.

Further, we may incur additional costs for reconstruction of our projects which are damaged by hazards which may not be covered adequately or at all by the insurance coverage we maintain, and this may adversely affect our business, reputation and financial condition. Whilst there have been no such material instances in the last two Fiscals, we cannot assure you that going forward we will not incur such additional cost which may adversely affect our business and results of operations.

32. ***We may be subject to losses that may not be covered in whole or in part by existing insurance coverage. These uninsured losses could result in substantial liabilities to us that could adversely affect our business, results of operations and financial condition.***

Although we maintain insurance for our businesses that we own and operate in which cover a variety of risks, including, among others, for risks relating to fire, burglary, Directors and Officers liability and certain other losses and damages and employee related risks, not all such risks may be insured or may be possible to insure at commercially acceptable terms. In addition, there are certain types of losses, such as those due to earthquakes, floods, other natural disasters, terrorism or acts of war, which may be uninsurable or are not insurable at a reasonable premium. For example, we may incur a loss of revenue on account of pandemics such as COVID-19 and such loss may not be covered by our insurance policies. We may also be subject to claims resulting from defects. While we believe that the insurance coverage which we maintain directly or through our contractors for our business would be reasonably adequate to cover the normal risks associated with the operation of such business, we cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, nor that we have taken out sufficient insurance to cover all material losses as policies contain certain exclusions and limitations of coverage. We cannot assure you that we will be able to benefit from claims arising during the period our insurance policies are not renewed or under renewal process. Should an uninsured loss or a loss in excess of insured limits occur, we could incur liabilities or losses or lose capital invested in that property, while remaining obligated for any indebtedness or other financial obligations related to our business. Any such loss could result in substantial liabilities to us or adversely affect our ability to replace property that is destroyed or damaged, and could adversely affect our financial condition.

33. ***Our contingent liabilities could adversely affect our financial condition if they materialize.***

As at March 31, 2024, we had contingent liabilities amounting to ₹ 4,113.92 million as follows:

| Particulars | As at March 31, 2024 (₹ million) |
|---|---|
| Income tax matters in dispute | 432.38 |
| Value added tax, service tax and customs matters in dispute | 1,647.99 |
| Customer related cases and complaints | 2.00 |
| Matters before prevention of money laundering adjudicating authority | 2,016.05 |
| Other litigation | 15.50 |

For further information in relation to our contingent liabilities as per Ind AS 37 as at March 31, 2024, see "*Financial Statements*" on page 127. If these contingent liabilities materialize, it could adversely affect our financial condition, cash flows and results of operations.

34. ***Information relating to our installed capacity of our products manufactured in our facilities included in this Letter of Offer are based on various assumptions and estimates and future production and capacity may vary.***

Information relating to the installed capacity, available capacity, annual actual production and capacity utilization included in this Letter of Offer has been certified by S.V. Manohar, an independent chartered engineer by way of three certificates dated May 28, 2024 each. Our actual production may deviate from the installed capacity due to the fungibility of products manufactured at our manufacturing facilities across our divisions. The installed capacity is calculated under the assumption of producing only one specific product, without accounting for the various types of products within the same category. Therefore, the diversity in our product range within a category means that the actual production might not accurately reflect our installed capacity. These assumptions and estimates may vary significantly from the assumptions or estimates taken into account by other companies in calculating the estimated annual installed capacities of their manufacturing facilities. Consequently, this diversity in our product range precludes us from accurately determining capacity utilization, as the installed capacity does not account for the full spectrum of products within the category.

For further information, see "*Our Business*" on page 105.

35. ***We depend on our qualified personnel, including Key Managerial Personnel and Senior Management Personnel, and our ability to retain them and attract personnel when required is an important component of our success.***

Our operations are dependent on our ability to attract and retain qualified personnel. We may not be able to continuously attract or retain such personnel, or retain them on acceptable terms, given the demand for such personnel. We experienced an attrition rate of 11.41% and 14.12% for Fiscal 2023 and Fiscal 2024, respectively for employees at assistant general manager and above level. The loss of services of our qualified personnel may adversely affect our business, results of operations and financial condition. We may require a long period of time to hire and train replacement personnel when qualified personnel terminate their employment with our Company. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting the qualified employees that our business requires.

Further, our management team is integral to the success of our business. The collective experience of our Key Managerial Personnel and Senior Management Personnel in managing our business is difficult to replace. They provide expertise which enables us to make well informed decisions in relation to our business and our future prospects. We cannot assure you that we will continue to retain any or all of the key members of our management. The loss of the services of any such key members of our management team could have an adverse effect on our business and the results of our operations. The loss of our key personnel, inability to recruit new personnel or inability to manage our attrition levels could adversely affect our business by impairing our day-to-day operations and hindering the development of new projects.

***36. We do not own all our office premises and manufacturing facilities. Any termination or failure by us to renew the lease agreements in a favourable and timely manner, or at all, could adversely affect our business, cash flows, results of operations, and financial condition. Moreover, some of the agreements entered into by us may not be duly registered or adequately stamped.***

Our registered office is located in Bengaluru, Karnataka, which is owned by us while we also have offices located in Gurugram, Haryana; Chennai and Coimbatore, Tamil Nadu; Thrissur and Ernakulam, Kerala; and GIFT City, Gujarat. In addition, we also have two international sales offices located in Dubai, United Arab Emirates which is owned by us and Milan, Italy respectively. Other than our registered office and our office located in Dubai, all other offices are on leasehold properties. In addition, four of our manufacturing facilities are on lease land, which includes our glazing division manufacturing facilities in Kancheepuram, Tamil Nadu, Bengaluru, Karnataka and Sonipat, Haryana, and our interior division manufacturing facility in Alwar, Rajasthan.

The table below sets forth details of our rent expenses as a percentage of our total expenses in the periods indicated:

| Particulars | Fiscal | | | |
|---|---|---|---|---|
| | 2024 | | 2023 | |
| | Amount (₹ million) | Percentage of Total Expenses (%) | Amount (₹ million) | Percentage of Total Expenses (%) |
| Rent* | 435.44 | 1.39% | 165.38 | 0.51% |

**Rent includes rental towards scaffolding items, construction equipment's and vehicles of ₹ 303.47 and ₹ 77.89 for Fiscal Year 2024 and Fiscal Year 2023 respectively.*

The lease agreements can be terminated, and any such termination could result in any of our offices being shifted or shut down. Some of the lease agreements may expire in the ordinary course of business and while we have not faced major issues renewing the leases of our offices in the past, if these lease agreements are not renewed or not renewed on terms favourable to us, we may suffer a disruption in our operations or increased costs, or both, which may affect our business and results of operations. Furthermore, some of the agreements entered into by us may not be adequately stamped or registered with the registering authority of the appropriate jurisdiction. An instrument not duly stamped, or insufficiently stamped, shall not be admitted as evidence in any Indian court or may attract a penalty as prescribed under applicable law, which may have a material adverse effect on the continuance of our operations and business.

***37. The real estate industry in India is highly competitive and our inability to compete effectively may adversely affect our business, results of operations and financial condition.***

We face significant competition in our business from a large number of Indian real estate development companies who also operate in the same regional markets as us. The extent of the competition we face in a potential property market depends on a number of factors, such as the size and type of property development, contract value and potential margins, the complexity and location of the property development, facilities and supporting infrastructure services and the reputation of our competitors.

As part of our business plan to expand across high growth markets in prominent and growing cities in India, we face the risk that some of our competitors, who are also engaged in real estate development, may be better known in other markets, enjoy better relationships with landowners and international or domestic joint venture partners, may gain early access to information regarding attractive parcels of land and be better placed to acquire such land. Further, our competitors may commence operations in the vicinity of our Ongoing Projects and Forthcoming Projects and may offer their products at competitive prices, resulting in a decreasing of sales of our projects.

Some of our competitors are larger than us and have greater land reserves or financial resources or a more experienced management team. They may also benefit from greater economies of scale and operating efficiencies and may have greater experience in regional markets, especially in relation to local laws and regulations. We cannot assure you that we can continue to compete effectively with our competitors in the future, and failure to compete effectively may have an adverse effect on our business, results of operations and financial condition.

***38. Our business is subject to extensive government regulation with respect to land development, which may become more stringent in the future.***

The real estate sector in India is heavily regulated by the central, state and local governments. Real estate developers are required to comply with a number of requirements mandated by Indian laws and regulations, including policies and procedures established and implemented by local authorities in relation to land acquisition, transfer of property, registration, use of land and registration of project with the relevant Real Estate Regulatory Authority. Certain of these laws vary from state to state. For example, the procedure for obtaining a certificate for change of land use varies from state to state. Although we believe that our projects materially comply with applicable laws and regulations, regulatory authorities may allege non-compliance and may subject us to regulatory action in the future, including penalties, seizure of land and other civil or criminal proceedings which may affect the development of our projects, and as a result, adversely affect our business, financial condition and results of operations.

Our business is governed by various laws and regulations including, *inter alia,* the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (the "**Land Acquisition Act**"), the RERA and the rules made thereunder, the Transfer of Property Act, 1882, the Registration Act, 1908, the Indian Easements Act, 1882, National Building Code of India, 2016, the Environment (Protection) Act, 1986, the Consumer Protection Act, 2019, the Indian Stamp Act, 1899, including state specific rules. Our business could be adversely affected by any change in laws, municipal plans or interpretation of existing laws, or promulgation of new laws, rules and regulations applicable to us. In addition, such laws and regulations may change in the future, requiring the expenditure of resources and changes in development plans, among other things, which could adversely affect our business, results of operations and financial condition.

For example, determining the Saleable Area of a particular project are subject to municipal planning and land use regulations in effect in the regions in which we operate. Certain other municipal corporations require developers to reserve portions of their projects for economically weaker sections and any such imposition on us could adversely affect our business and prospects.

Further, RERA has imposed certain obligations on real estate developers, including us, such as mandatory registration of real estate projects, not issuing any advertisements or accepting advances unless real estate projects are registered under RERA, maintenance of a separate bank account for amounts realized from each real estate project and restrictions on withdrawal of amounts from such bank accounts and taking customer approval for major changes in sanction plan. Any non-compliance of the provisions of RERA or the applicable state specific legislations may result in punishments (including penalties and/or imprisonment), blacklisting of promoters and revocation of registration of our ongoing projects which may have an adverse effect on our business, results of operations and financial condition.

Certain of these regulations are new and are subject to regulatory interpretation, which is evolving. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect our business, prospects and results of operations.

***39. Our business and results of operations could be adversely affected by the incidence and rate of property taxes and stamp duties.***

As a property owning and development company, we are subject to the property tax regime in each state where our projects are located. These taxes could increase in the future, and new types of property taxes may be introduced which would increase our overall development costs and other costs. We are also subject to stamp duty for the agreements entered into in respect of the properties we buy and sell and other ancillary agreements. If these duties increase, the cost of acquiring properties will rise, and sale values could also be affected, resulting in reduction of our profitability. An increase in stamp duties could also adversely affect investor demand and may adversely affect our sales. While there have been no instances where we have received notices for inadequate payment of stamp duties, we cannot assure you that such instances will not happen in future. Any changes in the incidence or rates of property taxes or stamp duties could have an adverse effect on our financial condition and results of operations.

***40. The Government of India or state governments may exercise rights of compulsory purchase or eminent domain over our or our development partners' land, which could adversely affect our business.***

The right to own property in India is subject to restrictions that may be imposed by the Government. In particular, the Government, under the provisions of the Land Acquisition Act has the right to compulsorily acquire any land if such acquisition is for a "public purpose" after providing compensation to the owner. However, the compensation paid pursuant to such acquisition may not be adequate to compensate the owner for the loss of such property. The likelihood of such acquisitions may increase as central and state governments seek to acquire land for the development of infrastructure projects such as roads, railways, airports and townships. For example, certain parcels of land owned by us were acquired for the metro rail project in Bengaluru, Karnataka. We have filed claims for enhanced compensation which are currently pending as of the date of this Letter of Offer.

Additionally, we may face difficulties in interpreting and complying with the provisions of the Land Acquisition Act due to limited jurisprudence on them or if our interpretation differs from or contradicts any judicial pronouncements or clarifications issued by the government. Any such action in respect of any of the projects in which we are investing or may invest in the future may adversely affect our business, results of operations and financial condition.

41. ***It is difficult to compare our performance between periods, as our revenues and expenses fluctuate from period to period.***

We recognize revenue as per Ind AS 115 "Revenue from Contracts with Customers", which is applicable since April 1, 2018. This standard specifies the accounting for an individual contract and establishes a five-step model to account for revenue arising from contracts with customers, which includes, the following judgments: satisfaction of performance obligations; determination of transaction prices; transfer of control in contracts with customers; and estimation process based on allocation of transaction price to performance obligation in contracts with customers. In accordance with Ind AS 115, revenue is recognized upon determination of the satisfaction of performance obligations at a point in time and upon transfer of control of promised products to customer in an amount that reflects the consideration which the company expects to receive in exchange for those products. In applying the input method, we estimate the cost to complete the projects in order to determine the amount of revenue to be recognized. These estimates include the cost of providing infrastructure, approval cost, construction cost, cost of land and development right and the cost of meeting other contractual obligations to the customers. The revenues and profit recognized are potentially subject to adjustments in subsequent periods based on refinements in estimated costs of project completion that could affect our future revenues and profit. In addition, our revenues and costs may fluctuate from period to period due to a combination of other factors beyond our control, including completion of the project or receipt of approvals on completion from relevant authorities in a particular period, volatility in expenses such as costs to acquire land or development rights and construction costs. For instance, if we do not receive the occupation certificate for a particular project during a quarter, we will not be able to recognize revenues and corresponding expenses (which could also be significant) for such project during the quarter and would instead recognize revenue during the quarter in which we receive the occupation certificate. Therefore, we believe that period-to-period comparisons of our results of operations may not be indicative of our future performance.

42. ***If we are unable to implement our growth strategies or manage our growth, our business and results of operations could be adversely affected.***

As part of our strategy, we intend to launch new projects and continue to diversify our geographical footprint by entering new markets. For further details, see "*Our Business – Our Strategies*" on page 110. For example, during Fiscal 2023, we expanded our geographical presence by entering in Thiruvananthapuram, Kerala and Hyderabad, Telangana. However, we cannot assure you that we will be able to execute our strategies on time and within the estimated budget, or that we will meet the expectations of targeted customers. Our failure to execute our growth strategy may result in our inability to maintain prior rates of growth.

Implementation of our growth strategies require significant management resources. As we expand our operations, we may be unable to manage our business efficiently, which could result in delays, increased costs and affect the quality of our projects, and may adversely affect our reputation. Such expansion also increases the challenges involved in preserving a uniform culture, set of values and work environment across our business operations, developing and improving our internal administrative infrastructure, particularly our financial, operational, communications, internal control and other internal systems, recruiting, training and retaining management, technical and marketing personnel, maintaining high levels of customer satisfaction, and adhering to health, safety, and environmental standards. Our failure to manage our growth could have an adverse effect on our business and financial condition.

The new projects that we develop to grow our business carry significant risks including - acceptance by and sales of the new project initiatives to our customers may not be as high as we anticipate; our marketing strategies for the new projects may be less effective than planned and may fail to effectively reach the targeted consumer base; we may incur costs exceeding our expectations as a result of the continued development and launch of the new projects; we may experience a decrease in sales of certain of our existing projects as a result of the introduction of new projects nearby; and any delays or other difficulties impacting our ability, or the ability of our third party contractors and developers, to develop and construct projects in a timely manner in connection with launching the new project initiatives. If any of these risks occur, our business and results of operations could be adversely affected.

43. ***We have entered into, and will continue to enter into, related party transactions. We cannot assure you that we could not have achieved more favorable terms had such transactions not been entered into with related parties.***

We have entered into transactions with related parties in accordance with Ind AS. For further information on our related party transactions, see "*Financial Information*" on page 127. While we believe that all such transactions have been conducted on an arm's length basis and contain commercially reasonable terms, we cannot assure you that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties. It is likely that we may enter into related party transactions in the future subject to compliance with the applicable law. However, we cannot assure you that such transactions, individually or in the aggregate, will perform as expected or that we would not achieve more favorable terms if such transactions were to be entered into with related parties.

44. ***Changes in technology and any failure in our information technology systems may affect our business by making our construction and development capabilities less competitive or obsolete.***

Our future success will depend in part on our ability to respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails technical and business risks. We cannot assure you that we will be able to successfully implement new technologies or adapt our systems to emerging industry standards. Changes in technology may require us to make additional capital expenditures to upgrade our capabilities. If we are unable, for technical, financial or other reasons, to adapt in a timely manner to changing market conditions, customer requirements or technological changes, our business and results of operations could be adversely affected.

Further, our information technology systems may be vulnerable to computer viruses, privacy, hacking or similar disruptive problems which could lead to disruptions in our ability to maintain a track record and analyse the work in progress, cause loss of data and disruption in operations, including an ability to assess the progress of the projects, process financial information or manage creditors/debtors or engage in normal business activities. Fixing such problems caused by computer viruses or security breaches may require interruptions or delays, which could adversely affect our operations. Breaches of our information technology systems may result in unauthorized access to confidential information. Such breaches of our information technology systems may require us to incur further expenditure to put in place advanced security systems to prevent any unauthorized access to our networks. Whilst there have been no such instances of any unauthorized access to confidential information during the last two Fiscals, we cannot assure you that any such instances will not happen going forward which may adversely impact our brand, business and cash flows.

45. ***Our Promoters and Directors may have interests in our business other than reimbursement of expenses incurred or normal remuneration or benefits.***

Our Promoters and Directors may be deemed to be interested in our business other than reimbursement of expenses incurred or normal remuneration, commission or benefits owing to their shareholding in our Company, any guarantees extended by them, or other transactions they may separately enter into with our Company. We cannot assure you that conflicts of interest will not arise owing to such interest in our Company, or that any conflict will be resolved in our shareholders' best interests.

46. ***Our Promoters, Directors and related entities have interests in certain companies, which are in businesses similar to ours and this may result in potential conflict of interest with us.***

A potential conflict of interest may occur between our business and the business of such ventures in which our Promoters, Directors and related entities may have interest which have a similar line of business as our Company. Conflicts of interest may also arise out of common business objectives shared by us, our Promoters, Directors and/or related entities. Our Promoters, our Directors, and/or related entities may compete with us and have no obligation to direct any opportunities to us. We cannot assure you that these or other conflicts of interest will be resolved in an impartial manner.

47. ***While we have paid dividends in the last two Fiscals, however, our ability to pay dividends in the future will depend on our future earnings, cash flows, working capital requirements, capital expenditures and financial condition. Investors of Rights Equity Shares in the Issue are only entitled to dividend in proportion to the amount paid up and the voting rights (exercisable on a poll by investors) shall also be proportional to such investor's share of the paid-up equity capital of our Company.***

We have a Board approved dividend policy and we aim to follow a consistent dividend pay-out while striving to achieve a trade-off between deployment of internal accruals for growth and payment of dividend. The table below provides details of our dividend payments for Fiscal 2023 and dividend recommendation by our Board subject to approvals of the shareholders in the annual general meeting for Fiscal 2024:

| Fiscal | Rate of Dividend | Dividend amount paid/recommended per equity share (₹) |
|---|---|---|
| 2024 | 30%* | 3* |
| 2023 | 30% | 3 |

* *Recommended/ Proposed*

The amount of our future dividend payments, if any, will depend on various factors such as statutory requirements, financial requirements (including profits, reserves, earnings stability), strategic requirements and parameters like cash flows, net sales etc., accordance with applicable laws. We may decide to retain all of our earnings to finance the development and expansion of our businesses and, therefore, may not declare dividends on the Equity Shares. Additionally, in the future, we may be restricted by the terms of our financing agreements in making dividend payments unless otherwise agreed with our lenders. The amounts paid as dividends in the past are not necessarily indicative of our Company's dividend decisions in future or the dividend amounts, if any, in the future. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in the future.

Further, with respect to the present Issue, investors are only entitled to dividend in proportion to the amount paid up and the voting rights (exercisable on a poll by investors) shall also be proportional to such investor's share of the paid-up equity share capital of our Company.

48. ***We have in this Letter of Offer included certain non-GAAP financial and operational measures and certain other industry measures related to our operations and financial performance that may vary from any standard methodology. We rely on certain assumptions and estimates to calculate such measures, therefore such measures may not be comparable with financial, operational or industry related statistical information of similar nomenclature computed and presented by other similar companies.***

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance which are Profit After Tax Margin, EBITDA, EBITDA Margin, Net Debt and Net Debt to Equity Ratio ("**Non-GAAP Measures**") and among others, have been included in this Letter of Offer. These are supplemental measures of our performance and liquidity that are not required by, or presented in accordance with, Ind AS, IFRS or US GAAP. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, IFRS or US GAAP. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of similar companies, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. In addition, these non GAAP measures are not standardised terms, hence a direct comparison of these Non-GAAP Measures between companies may not be possible. Other companies may calculate these Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Accordingly, these non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other manufacturing companies.

49. ***Industry information included in this Letter of Offer has been derived from an industry report prepared by CRISIL Market Intelligence & Analytics, a division of CRISIL Limited exclusively commissioned and paid for by us for such purpose.***

We have used the CRISIL Report prepared by CRISIL MI&A pursuant to an engagement letter dated January 10, 2024 and exclusively commissioned by our Company for purposes of inclusion of such information in this Letter of Offer. The CRISIL Report is a paid report and is subject to various limitations and based upon certain assumptions, parameters and conditions that are subjective in nature. It also uses certain methodologies for market sizing and forecasting. Although we believe that the data and contents of the CRISIL Report may be considered to be reliable, there is no assurance that such information is stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In addition, statements from third parties that involve estimates, projections, forecasts and assumptions are subject to change, and actual amounts may differ materially from those included in this Letter of Offer. You should consult your own advisors and undertake an independent assessment of information in this Letter of Offer based on, or derived from, the CRISIL Report.

50. ***The Equity Shares of our Company have been placed under Long-term Stage I Additional Surveillance Measure ("ASM") framework. If our Equity Shares are placed under other stages of the ASM framework, we may face significant restrictions on trading.***

SEBI and the Stock Exchanges have introduced various pre-emptive surveillance measures in order to enhance market integrity and safeguard the interests of investors, including ASM and Graded Surveillance Measures ("**GSM**"). ASM and GSM are imposed on securities of companies based on various objective criteria such as significant variations in price and volume, concentration of certain client accounts as a percentage of combined trading volume, average delivery, securities which witness abnormal price rise not commensurate with financial health and fundamentals such as earnings, book value, fixed assets, net worth, price / earnings multiple and market capitalization, among others.

The occurrence of any of the certain factors such as high volatility in price, low trading volumes, and a large concentration of client accounts as a percentage of combined trading volume of our Equity Shares, may trigger any of the parameters prescribed by SEBI and the Stock Exchanges for placing our securities under the GSM and/or other stages of the ASM framework or any other surveillance measures, which could result in significant restrictions on trading of our Equity

Shares being imposed by SEBI and the Stock Exchanges. These restrictions may include requiring higher margin requirements, requirement of settlement on a trade for trade basis without netting off, limiting trading frequency, reduction of applicable price band, requirement of settlement on gross basis or freezing of price on upper side of trading, as well as the mentioning of our Equity Shares on the surveillance dashboards of the Stock Exchanges. The imposition of these restrictions and curbs on trading may have an adverse effect on market price, trading and liquidity of our Equity Shares and on the reputation and conditions of our Company.

**EXTERNAL RISK FACTORS**

***51. Our business is substantially affected by prevailing economic, political and other prevailing conditions in emerging markets.***

The Indian economy and securities markets are influenced by economic, political and market conditions in India and globally, including adverse geopolitical conditions such as increased tensions between India and China, the Israel-Hamas conflict and the Russia-Ukraine war. We are incorporated in India, and our operations are located in India. As a result, we are highly dependent on prevailing economic conditions in India and the other emerging markets and our results of operations and cash flows are significantly affected by factors influencing the economy in these countries. Factors that may adversely affect the economy, and hence our results of operations and cash flows, may include:

- any increase in interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing, resulting in an adverse impact on economic conditions and scarcity of financing for our expansions;
- prevailing income conditions among consumers and corporates;
- volatility in, and actual or perceived trends in trading activity on, the relevant market's principal stock exchanges;
- changes in tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in the region or globally. For example, the recent hostilities between Russia and Ukraine;
- occurrence of natural or man-made disasters;
- prevailing regional or global economic conditions, including in the relevant country's principal export markets;
- any downgrading of debt rating by a domestic or international rating agency;
- instability in financial markets; and
- other significant regulatory or economic developments in or affecting India or the emerging markets.

Further, any slowdown or perceived slowdown in the Indian economy or the economy of any emerging market, or in specific sectors of such economies, could adversely impact our business, results of operations, cash flows and financial condition and the price of the Equity Shares.

***52. The real estate industry in India has witnessed significant downturns in the past, and any significant downturn in the future could adversely affect our business, financial condition and results of operations.***

Economic developments within and outside India adversely affected the property market in India and our overall business in the recent past. The global credit markets have experienced, and may continue to experience, significant volatility and may continue to have an adverse effect on the availability of credit and the confidence of the financial markets, globally as well as in India.

Even though the global credit and the Indian real estate markets have shown signs of recovery, market volatility and economic turmoil may continue to exacerbate industry conditions or have other unforeseen consequences, leading to uncertainty about future conditions in the real estate industry. These effects include, but are not limited to, a decrease in the sale of, or pricing for, our projects, delays in the release of certain of our projects in order to take advantage of future periods of more robust real estate demand and the inability of our contractors to obtain working capital. We cannot assure you that the government's responses to the disruptions in the financial markets will restore consumer confidence, stabilize the real estate market or increase liquidity and availability of credit. Any significant downturn in future would have an adverse effect on our business, financial condition and results of operations.

***53. Property litigation is common in India and may be prolonged over several years.***

Property litigation particularly litigation with respect to land ownership is common in India (including public interest litigation) and is generally time consuming and involves considerable costs. If any property in which we have invested is subject to any litigation or is subjected to any litigation in future, it could delay a development project and/or have an adverse impact, financial or otherwise, on us.

***54. Political, economic or other factors that are beyond our control may have an adverse effect on our business and results of operations.***

The Indian economy and its securities markets are influenced by economic developments, market and consumer sentiments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located elsewhere, including India. Adverse economic developments, such as rising fiscal or trade deficit, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations

***55. Natural or man-made disasters, fires, epidemics, pandemics, acts of war, terrorist attacks, civil unrest and other events could materially and adversely affect our business.***

Natural disasters (such flooding and earthquakes), epidemics, pandemics such as COVID-19 and man-made disasters, including acts of war, terrorist attacks and other events, many of which are beyond our control, may lead to economic instability, including in India or globally, which may in turn materially and adversely affect our business, financial condition and results of operations. Our operations may be adversely affected by fires, natural disasters and/or severe weather, which can result in damage to our properties and projects and generally reduce our productivity and may require us to evacuate personnel and suspend operations. Any terrorist attacks or civil unrest as well as other adverse social, economic and political events in India or countries to which we sell or propose to sell our products could have a negative effect on us. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the price of the Equity Shares. A number of countries in Asia, including India, as well as countries in other parts of the world, are susceptible to contagious diseases and, for example, have had confirmed cases of diseases such as the highly pathogenic H7N9, H5N1, and H1N1 strains of influenza in birds and swine and more recently, the SARS-CoV-2 virus and the monkeypox virus. Another outbreak of any new variant of COVID-19 pandemic such as the new JN.1 variant or future outbreaks of SARS-CoV-2 virus or a similar contagious disease could adversely affect the global economy and economic activity in the region. As a result, any present or future outbreak of a contagious disease could have a material adverse effect on our business and the trading price of the Equity Shares.

***56. We may be affected by the insolvency law in India and any adverse application or interpretation of the Insolvency and Bankruptcy Code, 2016, as amended could in turn adversely affect our business.***

The Insolvency and Bankruptcy Code (Second Amendment) Act, 2018 ("**IBC Amendment**") which came into effect on June 6, 2018, amended the Insolvency and Bankruptcy Code, 2016 ("IBC") thereby granting homebuyers a status of 'financial creditor'. Prior to the IBC Amendment, real estate allottees were treated as an 'unsecured creditors' and they were not regarded as 'financial creditors' or as 'operational creditors', due to which, the allottees were not capable of initiating insolvency proceedings against a defaulting builder or real estate developer.

The allottees after attaining the status of financial creditor further to the IBC Amendment have the right to invoke Section 7 of the IBC for initiating corporate insolvency resolution against defaulting builders or real estate developers. The Supreme Court has upheld the retroactive application of the IBC Amendment. While no such proceeding further to the IBC Amendment has been initiated against us or any of our joint development partners in the last two Fiscals, there is no guarantee that similar proceeding will not be initiated against us or our partners, in cases where development of projects is undertaken by our partners, thereby adversely affecting our business and results of operations.

***57. Fluctuation of the Rupee against foreign currencies may have an adverse effect on the price of the Equity Shares.***

Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by Equity shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the trading price of our Equity Shares and returns on our Equity Shares, independent of our operating results.

***58. A downgrade in ratings of India, may affect our financial performance and the trading price of the Equity Shares.***

India's sovereign debt rating could be downgraded due to several factors, including changes in tax or fiscal policy or a decline in India's foreign exchange reserves, all which are outside the control of our Company. Our borrowing costs and our access to the debt capital markets depend significantly on the sovereign credit ratings of India. Any adverse revisions to India's credit ratings for domestic and overseas debt by international rating agencies may adversely impact our ability to raise additional external financing, and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures and the trading price of the Equity Shares.

***59. Significant differences exist between Ind AS and other accounting principles, such as US GAAP and IFRS, which may be material to investors' assessments of our financial condition.***

The Audited Consolidated Financial Statements included in this Letter of Offer have been prepared in accordance with Ind AS. We have not attempted to quantify the impact of US GAAP or IFRS on the financial data included in this Letter of Offer, nor do we provide a reconciliation of our financial statements to those of US GAAP or IFRS. US GAAP and IFRS differ in significant respects from Ind AS. Accordingly, the degree to which the Ind AS financial statements, as per the SEBI ICDR Regulations included in this Letter of Offer, will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should be limited accordingly. Also see, "*- Our auditors have, in their audit report on the financial statements as of and for the year ended March 31, 2023, reported a key audit matter on restatement adjustments having been made to our historical audited financial statements for Fiscal 2022 included as comparative financial information in the financial statements for Fiscal 2023*." on page 23.

***60. Rights of shareholders under Indian laws may differ to those under the laws of other jurisdictions.***

Indian laws and legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law, including in relation to class actions, may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as shareholder in an Indian company than as a shareholder of an entity in another jurisdiction.

***61. Investors may not be able to enforce a judgment of a foreign court against us.***

We are incorporated under the laws of India and a majority of our Directors and Key Management Personnel reside in India. Almost all of our assets, and majority of the assets of our Directors, Key Management Personnel and Senior Management, are also located in India. Where investors wish to enforce foreign judgments in India, they may face difficulties in enforcing such judgments. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. India exercises reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions. In order to be enforceable, a judgment obtained in a jurisdiction which India recognises as a reciprocating territory must meet certain requirements of the Civil Procedure Code, 1908 ("**CPC**"). Further, the CPC only permits enforcement of monetary decrees not being in the nature of any amounts payable in respect of taxes or, other charges of a similar nature or in respect of a fine or other penalty and does not provide for the enforcement of arbitration awards. Judgments or decrees from jurisdictions not recognised as a reciprocating territory by India, cannot be enforced or executed in India. Even if a party were to obtain a judgment in such a jurisdiction, it would be required to institute a fresh suit upon the judgment and would not be able to enforce such judgment by proceedings in execution. Further, the party which has obtained such judgment must institute the new proceedings within three years of obtaining the judgment. As a result, the investor may be unable to: (i) effect service of process outside of India upon us and such other persons or entities; or (ii) enforce in courts outside of India judgments obtained in such courts against us and such other persons or entities.

It cannot be assured that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI to repatriate any amount recovered pursuant to the execution of such foreign judgment, and any such amount may be subject to income tax in accordance with applicable laws. In addition, the regulatory regime of our various international territories may have similar restrictions on enforcement of foreign judgments.

**RISKS RELATING TO THE ISSUE**

***62. The Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form may lapse in case they fail to furnish the details of their demat account to the Registrar.***

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI ICDR Master Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form.

Further, please note that our Company has opened a separate demat suspense escrow account (namely, "LIIPL SOBHA LTD RIGHTS ESCROW DEMAT ACCOUNT") ("**Demat Suspense Account**") and would credit Rights Entitlements on the basis of the Equity Shares: (a) held by Eligible Equity Shareholders which are held in physical form as on Record Date; or (b) which are held in the account of the Investor Education and Protection Fund ("**IEPF**") authority; or (c) where the Equity Shares are lying in the unclaimed suspense account / demat suspense account (including those pursuant to Regulation 39 of the SEBI LODR Regulations); or (d) where credit of the Rights Entitlements have returned/reversed/failed for any reason. Please also note that our Company has credited Rights Entitlements to the Demat Suspense Account on the basis of information available with our Company and to serve the interest of relevant Eligible Equity Shareholders to provide them with a reasonable opportunity to participate in the Issue. The credit of the Rights Entitlements to the Demat Suspense Account by our Company does not create any right in favour of the relevant Eligible Equity Shareholders for transfer of Rights Entitlement to their demat account or to receive any Equity Shares in the Issue.

With respect to the Rights Entitlements credited to the Demat Suspense Account, the Eligible Equity Shareholders are required to provide relevant details (such as applicable regulatory approvals, self-attested PAN and client master sheet of demat account, details/ records confirming the legal and beneficial ownership of their respective Equity Shares, etc.) to our Company or the Registrar no later than two Working Days prior to the Issue Closing Date, i.e., by Tuesday, July 2, 2024, to enable credit of their Rights Entitlements by way of transfer from the Demat Suspense Account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. In the event that the Eligible Equity Shareholders are not able to provide relevant details to our Company or the Registrar by the end of two Working Days prior to the Issue Closing Date, Rights Entitlements credited to the Demat Suspense Account shall lapse and extinguish in due course and such Eligible Equity Shareholder shall not have any claim against our Company and our Company shall not be liable to any such Eligible Equity Shareholder in any form or manner and such lapsing of Rights Entitlement may dilute and adverse impact the interest of certain Eligible Equity Shareholders. For details, please see "*Terms of the Issue*" on page 356.

***63. The Eligible Equity Shareholders holding Equity Shares in physical form will have no voting rights in respect of Rights Equity Shares until they provide details of their demat account and Rights Equity Shares are transferred to such demat account from the demat suspense account thereafter.***

In accordance with the SEBI ICDR Master Circular, the credit of Rights Entitlement and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, the Rights Entitlements of the Physical Shareholders shall be credited in a suspense escrow demat account opened by our Company during the Issue Period. The Physical Shareholders are requested to furnish the details of their demat account to the Registrar no later than two Working Days prior to the Issue Closing Date to enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar no later than two Working Days prior to the Issue Closing Date, shall lapse. Further, pursuant to a press release dated December 3, 2018 issued by the SEBI, with effect from April 1, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form (except in case of transmission or transposition of Equity Shares). For further information, see "*Terms of the Issue*" on page 356.

***64. Applicants to this Issue are not allowed to withdraw their Applications after the Issue Closing Date.***

In terms of the SEBI ICDR Regulations, Applicants in this Issue are not allowed to withdraw their Applications after the Issue Closing Date. The Allotment in this Issue and the credit of such Rights Equity Shares to the Applicant's demat account with its depository participant shall be completed within such period as prescribed under the applicable laws. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation, cash flows or financial condition, or other events affecting the Applicant's decision to invest in the Rights Equity Shares, would not arise between the Issue Closing Date and the date of Allotment in this Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of our Equity Shares. The Applicants shall not have the right to withdraw their applications in the event of any such occurrence. We cannot assure you that the market price of our Equity Shares will not decline below the Issue Price. To the extent the market price for our Equity Shares declines below the Issue Price after the Issue Closing Date, the shareholder will be required to purchase Rights Equity Shares at a price that will be higher than the actual market price for the Equity Shares at that time. Should that occur, the shareholder will suffer an immediate unrealized loss as a result. We may complete the Allotment even if such events may limit the Applicants' ability to sell our Equity Shares after this Issue or cause the trading price of our Equity Shares to decline.

***65. Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.***

Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renouncees may not be able to apply in case of failure of completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the DEMAT account of the Renouncees prior to the Issue Closing Date. Further in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renouncee will not be able to apply in this Issue with respect to such Rights Entitlements. For details, see "*Terms of the Issue*" on page 356.

***66. Our Company will not distribute the Letter of Offer and other Issue related materials to overseas shareholders who have not provided an address in India for service of documents.***

Pursuant to the requirements of the SEBI ICDR Regulations and other applicable laws, the Rights Entitlements will be credited to the demat account of the Eligible Equity Shareholders who are Equity Shareholders as on the Record Date, however, the Issue Materials will be sent/ dispatched only to such Eligible Equity Shareholders who have provided an Indian address to our Company and only such Eligible Equity Shareholders are permitted to participate in the Issue. The Equity Shareholders who have not provided an Indian address to our Company will not be eligible to participate in the Issue and accordingly, their shareholding as a percentage of the paid up capital of our Company post Issue will stand reduced to the extent of non-participation.

Further, in the case that Eligible Equity Shareholders who have provided an Indian address and have also provided their valid e-mail address, this Letter of Offer will be sent only to their valid e-mail address and in the case that such Eligible Equity Shareholders have not provided their e-mail address, then this Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

However, the Companies Act, 2013 requires companies to serve documents at any address which may be provided by the members as well as through e-mail. Presently, there is lack of clarity under the Companies Act, 2013 and the rules thereunder with respect to distribution of Issue Material in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdiction. While our Company has requested its shareholders to provide an address in India for the purposes of distribution of Issue Material, our Company cannot assure that the regulator would not adopt a different view with respect to compliance with the Companies Act, 2013 and may subject our Company to fines or penalties.

***67. Overseas shareholders may not be able to participate in our Company's future rights offerings or certain other equity issues.***

If our Company offers or causes to be offered to holders of its Equity Shares rights to subscribe for additional Equity Shares or any right of any other nature, our Company will have discretion as to the procedure to be followed in making such rights available to overseas holders of the Equity Shares or in disposing of such rights for the benefit of such holders and making the net proceeds available to such holders. For instance, our Company may not offer such rights to the holders of Equity Shares who have a registered address in the United States unless: (i) a registration statement is in effect, if a registration statement under the U.S. Securities Act is required in order for our Company to offer such rights to holders and sell the securities represented by such rights; or (ii) the offering and sale of such rights or the underlying securities to such holders are exempt from registration under the provisions of the U.S. Securities Act. Our Company has no obligation to prepare or file any registration statement. Accordingly, shareholders who have a registered address in the United States may be unable to participate in future rights offerings and may experience a dilution in their holdings as a result.

***68. Investors will be subject to market risks until our Equity Shares credited to the investor's demat account are listed and permitted to trade.***

Investors can start trading the Rights Equity Shares Allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since our Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Rights Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Rights Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in such Equity Shares will commence in a timely manner.

69. ***From the Call Record Date for each Call prior to the final Call, the trading of the Rights Equity Shares would be suspended for a period under applicable law. Further, the Rights Equity Shares will not be traded with effect from the Call Record Date for the final call fixed for the determination of the Investors liable to pay Call Monies, with terms and conditions such as the number of Calls and the timing and quantum of each Call as may be decided by our Board or Rights Issue Committee from time to time. The holders of the Rights Equity Shares will not be able to trade in these securities till they are credited to the holders' account as fully paid-up. Further, until the subsistence of Rights Equity Shares issued by way of this Issue, we may not be able to undertake certain forms of equity capital raising.***

The Issue Price is ₹1,651 per Rights Equity Share. Investors will have to pay ₹825.50 per Rights Equity Share, which constitutes 50% of the Issue Price on Application and the balance amount (after payment of Application Money) ₹825.50 per Rights Equity Share, which constitutes 50% of the Issue Price, in not more than two subsequent Calls, with terms and conditions such as the number of Calls and the timing and quantum of each Call as may be decided by our Board or Rights Issue Committee from time to time, to be completed on or prior to December 31, 2025. While our Company intends to complete the Calls on or prior to December 31, 2025, our Board or Rights Issue Committee, may at its sole discretion extend such timeline post December 31, 2025, pursuant to market and other applicable considerations.

The Rights Equity Shares offered under this Issue will be listed under a separate ISIN. An active market for trading may not develop for the Rights Equity Shares. This may affect the liquidity of the Rights Equity Shares and restrict your ability to sell them. If our Company does not receive the Call Money as per the timelines stipulated in the Call notice, unless extended by our Board or Rights Issue Committee, the defaulting Rights Equity Shareholders will be liable to pay interest as may be fixed by our Board or Rights Issue Committee unless waived or our Company may forfeit the Application Money and any Call Money received for previous Calls made, in accordance with the Companies Act, 2013 and our Articles of Association. For details, see "*Terms of the Issue*" on page 356.

Rights Equity Shareholders are only entitled to dividend in proportion to the amount paid up and the voting rights (exercisable on a poll) by investors shall also be proportional to such investor's share of the paid-up equity capital of our Company. If certain investors do not pay the full amount, we may not be able to raise the amount proposed under this Issue. The ISIN representing partly paid-up Rights Equity Shares will be terminated after the Call Record Date for the final Call. On payment of the final Call in respect of the partly paid-up Rights Equity Shares, such partly paid-up Rights Equity Shares would be converted into fully paid-up Rights Equity Shares and shall be listed and identified under the existing ISIN for our fully paid-up Equity Shares. Our Company would fix a Call Record Date for the purpose of determining the list of allottees to whom the notice for the final Call would be sent. From the Call Record Date for each Call prior to the final Call, the trading of the Rights Equity Shares would be suspended for a period under the applicable law. Further, with effect from the Call Record Date, trading in the partly paid-up Rights Equity Shares for which final Call have been made, would be suspended prior to the Call Record Date, for such period as may be applicable under the rules and regulations.

Furthermore, the holders of the partly paid-up Rights Equity Shares will not be able to trade in these shares until they are credited to the holders' account as fully paid-up Rights Equity Shares. Further, there is limited history of trading partly paid-up shares in India and therefore, there could be less liquidity in the trading of partly paid-up shares, which may cause the price of the Equity Shares to fall and may limit ability of Investors to sell the Equity Shares. There may also be a risk of the Rights Equity Shares not forming part of the index. Further, until the subsistence of Rights Equity Shares, we cannot undertake further rights issues, further public offers or bonus issues, since in terms of Regulations 62 and 104 of the SEBI ICDR Regulations, an issuer making a rights issue or further public offer is required to ensure that all its existing partly paid-up equity shares have either been fully paid-up or have been forfeited. Additionally, a bonus issue will not be permitted under law till the subsistence of partly paid-up equity shares in terms of Regulation 293 of the SEBI ICDR Regulations.

70. ***Non-receipt of complete Call Money(ies) may have an impact of a consequential shortfall in Net Proceeds and shall also result in forfeiture of the Rights Equity Shares allotted to such Eligible Equity Shareholders who fail to pay Call Money(ies).***

The Calls shall be deemed to have been made at the time when the resolution authorizing such calls is passed at the meeting of our Board/ Rights Issue Committee. The Calls may be revoked or postponed at the discretion of our Board/ Rights Issue Committee, from time to time. Pursuant to the provisions of the Articles of Association, investors will be given at least 14 days' notice in writing for the payment of the Calls. Our Board/ Rights Issue Committee may, from time to time at its discretion, extend the time fixed for the payments of the Calls. Our Company, at its sole discretion, may send reminders for the calls as it deems fit, and if it does not receive the Call Money(ies) as per the timelines stipulated, it would forfeit the Application Money. Non-receipt of complete Call Money(ies) and a consequential forfeiture of the Application Money may lead to a shortfall in the Net Proceeds, which may have to be met out of internal accruals and may impact the business and capital expenditure plans. For details, see "*Objects of the Issue*" on page 61.

The non-receipt of the Call Monies within the timelines stipulated would also result in forfeiture of the Rights Equity Shares of such Eligible Equity Shareholders in accordance with the Companies Act, 2013 and Articles of Association.

***71. Any future issuance of Equity Shares by our Company or sales of our Equity Shares by any of our Company's significant shareholders may adversely affect the trading price of our Equity Shares.***

Any future issuance of Equity Shares by us could dilute your shareholding. Any such future issuance of our Equity Shares or sales of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares, and could impact our ability to raise capital through an offering of our securities. We cannot assure you that we will not issue further equity shares or that the shareholders will not dispose of, pledge, or otherwise encumber their equity shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

***72. The Rights Equity Shares may experience price and volume fluctuations.***

The market price of the Rights Equity Shares can be volatile as a result of several factors beyond our control, including volatility in the Indian and global securities markets, our results of operations, the performance of our competitors, developments in the Indian finance and lending sector, changing perceptions in the market about investments in this sector in India, investor perceptions of our future performance, adverse media reports about us or our sector, changes in the estimates of our performance or recommendations by financial analysts, significant developments in India's economic liberalization and deregulation policies, and significant developments in India's fiscal regulations. In addition, the stock exchanges may experience significant price and volume fluctuations, which may have a material adverse effect on the market price of the Rights Equity Shares.

General or industry specific market conditions or stock performance or domestic or international macroeconomic and geopolitical factors unrelated to our performance also affect the price of the Rights Equity Shares. In particular, the stock market as a whole recently experienced extreme price and volume fluctuations that have affected the market price of many companies in ways that may have been unrelated to the companies' operating performances. For these reasons, investors should not rely on recent trends to predict future share prices, results of operations or cash flow and financial condition.

***73. No market for the Rights Entitlements may develop and the price of the Rights Entitlements may be volatile.***

No assurance can be given that an active trading market for the Rights Entitlements will develop on the Stock Exchanges during the Renunciation Period or that there will be sufficient liquidity in Rights Entitlements trading during this period. The trading price of the Rights Entitlements will not only depend on supply and demand for the Rights Entitlements, which may be affected by factors unrelated to the trading in the Equity Shares, but also on the quoted price of the Equity Shares, amongst others. Factors affecting the volatility of the price of the Equity Shares, as described herein, may magnify the volatility of the trading price of the Rights Entitlements, and a decline in the price of the Equity Shares will have an adverse impact on the trading price of the Rights Entitlements. Since the trading of the Rights Equity Shares will be on a separate segment compared to the Equity Shares on the floor of the Stock Exchanges, the trading of Rights Equity Shares may not track the trading of Equity Shares.

***74. Foreign investors are subject to foreign investment restrictions under Indian law that limit our Company's ability to attract foreign investors, which may adversely affect the market price of the Equity Shares.***

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents and issuances of shares to non-residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI. If such issuances or transfers of shares are not in compliance with such requirements or fall under any of the specified exceptions, then prior approval of the RBI will be required. We have undertaken or recorded such transactions in the past based on a *bona fide* interpretation of the law. We cannot assure you that our interpretation would be upheld by the Indian regulators. Any change in such interpretation could impact the ability of our Company to attract foreign investors.

In addition, shareholders who seek to convert the Indian Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Government of India may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Government of India experiences extreme difficulty in stabilizing the balance of payments, or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Government of India's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. We cannot assure you that any approval required from the RBI or any other government agency can be obtained on any particular terms, or at all.

***75. Rights of shareholders under Indian law may differ or may be more limited than under the laws of other jurisdictions.***

The Companies Act and rules made thereunder, the rules and regulations issued by SEBI and other regulatory authorities, the Memorandum of Association, and the Articles of Association govern the corporate affairs of our Company. Indian legal principles relating to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. In accordance with the provisions of the Companies Act the voting rights of an equity shareholder in a company shall be in proportion to the share of a person in the paid-up equity share capital of that company. Further, Section 106(1) of the Companies Act read with the Articles of Association specifically provides that no member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid.

***76. You may be subject to Indian taxes arising out of capital gains on the sale of the Rights Equity Shares.***

Under the current Indian tax laws and regulations, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Additionally, a securities transaction tax ("**STT**") is levied both at the time of transfer and acquisition of the equity shares (unless exempted under a prescribed notification), and the STT is collected by an Indian stock exchange on which equity shares are sold. Any gains realized on the sale of equity shares held for more than 12 months are subject to long term capital gains tax in India. Such long-term capital gains exceeding ₹100,000 arising from the sale of listed equity shares on the stock exchange are subject to tax at the rate of 10% (plus applicable surcharge and cess). This beneficial provision is, *inter alia*, subject to payment of STT. Further, any capital gains realised on the sale of listed equity shares of an Indian company, held for more than 12 months, which are sold using any platform other than a recognized stock exchange and on which no STT has been paid, will be subject to long-term capital gains tax in India at the rate of 10% (plus applicable surcharge and cess), without indexation benefits.

Further, any capital gains realized on the sale of listed equity shares held for a period of 12 months or less immediately preceding the date of transfer will be subject to short term capital gains tax in India at the rate of 15% (plus applicable surcharge and cess), subject to STT being paid at the time of sale of such shares. Otherwise, such gains will be taxed at the applicable rates.

Capital gains arising from the sale of the Rights Equity Shares will not be chargeable to tax in India in cases where relief from such taxation in India is provided under a treaty between India and the country of which the seller is resident and the seller is entitled to avail benefits thereunder, subject to certain conditions.

Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Rights Equity Shares.

Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning, investing or trading in the Rights Equity Shares.

***77. Investors may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby may suffer future dilution of their ownership position.***

Under the Companies Act, a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution by the company. However, if the law of the jurisdiction the investors are in, does not permit them to exercise their pre-emptive rights without our Company filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless our Company makes such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value such custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in our Company would be reduced.

## SECTION III: INTRODUCTION

### THE ISSUE

The Issue has been authorized by way of resolution passed by our Board on January 22, 2024, pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act, 2013. The terms and conditions of the Issue including the Rights Entitlement, Issue Price, Record Date, timing of the Issue and other related matters, have been approved by a resolution passed by our Board at its meeting held on June 12, 2024.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section entitled "*Terms of the Issue*" beginning on page 356.

| | |
|---|---|
| **Rights Equity Shares being offered by our Company** | Up to 12,107,981* Rights Equity Shares |
| **Rights Entitlement for the Rights Equity Shares** | 6 Rights Equity Share for every 47 Equity Shares held on the Record Date |
| **Record Date** | Wednesday, June 19, 2024 |
| **Face Value per Equity Share** | ₹10 each |
| **Issue Price** | ₹1,651 per Rights Equity Share (including a premium of ₹1,641 per Rights Equity Share)<br><br>On Application, Investors will have to pay ₹825.50 (50% of the Issue Price) per Rights Equity Share. The balance amount (after payment of the Application Money), ₹825.50 (50% of the Issue Price) per Rights Equity Share, will be payable by the Rights Equity Shareholders in not more than two subsequent Calls, with terms and conditions such as the number of Calls and the timing and quantum of each Call as may be decided by our Board/ Rights Issue Committee from time to time, to be completed on or prior to December 31, 2025, pursuant to the Payment Schedule. For further details on Payment Schedule, see "*Terms of the Issue – Payment Terms*" on page 376 |
| **Dividend** | Such dividend, in proportion to the amount paid-up on the Rights Equity Shares, as may be recommended by our Board and declared by our Shareholders, in accordance with applicable law |
| **Issue Size** | Up to ₹19,990.28* million |
| **Equity Shares issued, subscribed, paid-up and outstanding prior to the Issue** | 94,845,853 fully paid-up Equity Shares. For details, see "*Capital Structure*" beginning on page 59 |
| **Equity Shares outstanding after the Issue** | 106,953,834* fully paid-up Equity Shares |
| **Security Codes for the Equity Shares** | ISIN for Equity Shares: INE671H01015<br>BSE: 532784<br>NSE: SOBHA |
| **ISIN for Rights Entitlements**** | INE671H20015 |
| **Terms of the Issue** | For further information, see "*Terms of the Issue*" beginning on page 356 |
| **Use of Gross Proceeds** | For further information, see "*Objects of the Issue*" beginning on page 61 |

**Assuming full subscription in the Issue, Allotment and receipt of all Call Monies with respect to the Rights Equity Shares. Subject to finalisation of Basis of Allotment.*
***Our Company would obtain a separate ISIN for the Rights Equity Shares for each Call, as may be required under applicable law.*

For details in relation to fractional entitlements, see "*Terms of this Issue – Fractional Entitlements*" on page 371.

### Terms of Payment

| Due Date* | Face Value (₹) | Premium(₹) | Total (₹) |
|---|---|---|---|
| On Application | 5.00 | 820.50 | 825.50 (1) |
| Not more than two subsequent Calls, with terms and conditions such as the number of Calls and the timing and quantum of each Call as may be decided by our Board/ Rights Issue Committee from time to time, to be completed on or prior to December 31, 2025 | 5.00 | 820.50 | 825.50 (2) |
| **Total (₹)** | **10.00** | **1,641.00** | **1,651.00** |

*(1) Constitutes 50% of the Issue Price.*
*(2) Constitutes 50% of the Issue Price.*
**For further details on Payment Schedule, see "Terms of the Issue – Payment Terms" on page 376.*

## GENERAL INFORMATION

Our Company was originally incorporated as 'Sobha Developers Private Limited' on August 7, 1995, under the Companies Act, 1956 at Bangalore, Karnataka, pursuant to a certificate of incorporation dated August 7, 1995, issued by the Registrar of Companies, Karnataka at Bangalore ("**RoC**"). Subsequently, pursuant to conversion from a private company to a public company, the name of our Company was changed to 'Sobha Developers Limited' and a fresh certificate of incorporation dated June 2, 2006, was issued by the RoC under the Companies Act, 1956. Thereafter, the name of our Company was changed to 'Sobha Limited' and a fresh certificate of incorporation dated August 18, 2014, consequent on change of name was issued by the RoC under the Companies Act, 2013.

### Changes in Registered Office

| Date of change | Details of change in the address of the Registered Office |
|---|---|
| December 19, 2011 | The registered office of our Company was changed from E 106, Sunrise Chambers, M 22, Ulsoor Road, Bangalore 560 042, Karnataka, India to SOBHA, Sarjapur-Marathahalli, Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore 560 103, Karnataka, India |

### Registered and Corporate Office

SOBHA, Sarjapur-Marathahalli, Outer Ring Road (ORR)
Devarabisanahalli, Bellandur Post
Bangalore 560 103
Karnataka, India
**Corporate Identity Number:** L45201KA1995PLC018475
**Registration Number:** 018475

### Address of the RoC

Our Company is registered with the RoC, which is situated at the following address:

**Registrar of Companies, Karnataka at Bangalore**
'E' Wing, 2nd Floor
Kendriya Sadana, Koramangala
Bangalore 560 034
Karnataka, India

### Company Secretary and Compliance Officer

Bijan Kumar Dash is the Company Secretary and Compliance Officer of our Company. His details are as follows:

**Bijan Kumar Dash**
SOBHA, Sarjapur-Marathahalli, Outer Ring Road (ORR)
Devarabisanahalli, Bellandur Post
Bangalore 560 103
Karnataka, India
**Tel:** +91 80 4932 0000
**E-mail:** rights.issue@sobha.com

### Lead Managers to the Issue

**JM Financial Limited**
7th Floor, Cnergy
Appasaheb Marathe Marg
Prabhadevi
Mumbai 400 025
Maharashtra, India
**Tel**: +91 22 6630 3030
**E-mail**: sobha.rights@jmfl.com
**Website**: www.jmfl.com
**Investor Grievance ID**: grievance.ibd@jmfl.com
**Contact Person**: Prachee Dhuri
**SEBI Registration No**.: INM000010361

**BOB Capital Markets Limited**
1704, B Wing, 17th Floor, Parinee Crescenzo
Plot No. C –38/39, G Block
Bandra Kurla Complex
Bandra (East)
Mumbai 400 051
Maharashtra, India
**Tel:** : +91 22 6138 9353
**E-mail**: sobha.rights@bobcaps.in
**Website:** www.bobcaps.in
**Investor Grievance ID:** investorgrievance@bobcaps.in
**Contact Person:** Nivedika Chavan
**SEBI Registration Number:** INM000009926

**Legal Counsel to our Company as to Indian Law**

**Cyril Amarchand Mangaldas**
5th Floor, Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel, Mumbai 400 013
Maharashtra, India
**Tel**: +91 22 2496 4455

**Statutory Auditors of our Company**

**M/s Walker Chandiok & Co. LLP**
5th Floor, No. 65/2, Block "A"
Bagmane Tridib, Bagmane Tech Park
C V Raman Nagar
Bangalore 560 0093
Karnataka, India
**Tel:** +91 80 4243 0700
**E-mail:** Manish.Agrawal@walkerchandiok.in
**Firm Registration Number:** 001076N/N500013
**Peer Review Certificate Number:** 014158

**Registrar to the Issue**

**Link Intime India Private Limited**
C-101, 247 Park
L.B.S. Marg, Vikhroli West
Mumbai 400 083
Maharashtra, India
**Tel:** +91 810 811 4949
**E-mail:** sobha.rights2024@linkintime.co.in
**Investor grievance email:** sobha.rights2024@linkintime.co.in
**Website:** www.linkintime.co.in
**Contact Person**: Shanti Gopalkrishnan
**SEBI Registration No.:** INR000004058

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matters. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB giving full details such as name, address of the Applicant, contact number(s), e-mail address of the sole/ first holder, folio number or demat account, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the Application Forms, or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, see "*Terms of the Issue*" beginning on page 356.

**Experts**

Our Company has received consent from the Statutory Auditors, namely M/s Walker Chandiok & Co. LLP, through its letter dated June 12, 2024, to include their names as required under Section 26(1) of the Companies Act, 2013 in this Letter of Offer and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of and inclusion of FY 2024 Audited Consolidated Financial Statements and FY 2023 Audited Consolidated Financial Statement and their audit reports dated May 17, 2024 and May 29, 2023, respectively, issued thereon and such consent has not been withdrawn as of the date of this Letter of Offer. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Our Company has received consent by way of a certificate dated June 12, 2024, from an independent chartered accountant, namely Manian and Rao, Chartered Accountants to include its name in this Letter of Offer, as an "expert" as defined under section 2(38) of the Companies Act, 2013 in respect of (a) certificates issued by them in their capacity as a chartered accountant; and (b) the statement of possible special tax benefits available to our Company and its shareholders dated June 12, 2024, and such consent has not been withdrawn as on the date of this Letter of Offer. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Our Company has received consent by way of three certificates dated May 28, 2024 each, from an independent chartered engineer, namely, S.V. Manohar to include his name in this Letter of Offer, as an "expert" as defined under section 2(38) of the Companies Act, 2013 in respect of the certificates issued by him certifying the installed capacity of our manufacturing units in "*Our Business – Our Business Verticals – Construction Related Production Capabilities*" on page 116, in his capacity as a chartered engineer and such consent has not been withdrawn as on the date of this Letter of Offer.

Our Company has received consent by way of certificate dated May 28, 2024 from an independent architect, namely, M/s. SVAR INFRA to include its name in this Letter of Offer, as an "expert" as defined under section 2(38) of the Companies Act, 2013 in respect of the certificate issued by them in relation to projects of our Company and such consent has not been withdrawn as on the date of this Letter of Offer.

**Banker to the Issue**

**Axis Bank Limited**
Axis House, 6th Floor
C-2, Wadia International Centre
Pandurang Budhkar Marg
Worli, Mumbai 400 025
Maharashtra, India
**Tel:** +91 22 2425 3672
**E-mail:** vishal.lade@axisbank.com
**Website:** www.axisbank.com
**Contact Person:** Vishal M. Lade
**SEBI Registration No.:** INBI00000017

**Self-Certified Syndicate Banks**

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link.

**Issue Schedule**

| | |
|---|---|
| Last Date for credit of Rights Entitlements | Thursday, July 27, 2024 |
| **Issue Opening Date** | **Friday, June 28, 2024** |
| Last date for On Market Renunciation of Rights Entitlements # | Monday, July 1, 2024 |
| **Issue Closing Date*** | **Thursday, July 4, 2024** |
| Finalization of Basis of Allotment (on or about) | Thursday, July 11, 2024 |
| Date of Allotment (on or about) | Friday, July 12, 2024 |
| Date of credit (on or about) | Monday, July 15, 2024 |
| Date of listing (on or about) | Tuesday, July 16, 2024 |

\# *Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

* *Our Board or the Rights Issue Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

The above schedule is indicative and does not constitute any obligation on our Company or the Lead Managers.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, *i.e.*, Tuesday, July 2, 2024, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, *i.e.*, Wednesday, July 3, 2024. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (i.e. www.linkintime.co.in). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

Investors are advised to ensure that the Application Forms are submitted on or before the Issue Closing Date. Our Company, the Lead Managers or the Registrar will not be liable for any loss on account of non-submission of Application Forms on or before the Issue Closing Date. Further, it is also encouraged that the applications are submitted well in advance before Issue Closing Date. For details on submitting Application Forms, see "*Terms of the Issue - Process of making an Application in the Issue*" on page 358.

The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar at www.linkintime.co.in after keying in their respective details along with other security control measures implemented thereat. For further details, see "*Terms of the Issue- Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*" on page 368.

Please note that if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before the Issue Closing Date, such Rights Entitlements shall lapse and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and the purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Rights Equity Shares offered under the Issue for subscribing to the Rights Equity Shares.

**Inter se allocation of responsibilities**

The following table sets forth the responsibilities of the Lead Managers for various activities in relation to the Issue:

| S. No. | Activity | Responsibility | Coordination |
|---|---|---|---|
| 1. | Capital structuring with the relative components and formalities such as type of instrument, number of instruments to be issued, etc. | JM Financial, BOBCAPS | JM Financial |
| 2. | Coordination for drafting and design of the Letter of Offer as per the SEBI ICDR Regulations, SEBI LODR Regulations and other stipulated requirements and completion of prescribed formalities with the Stock Exchanges and SEBI | JM Financial, BOBCAPS | JM Financial |
| 3. | Drafting, design and distribution of the Abridged Letter of Offer, Application Form, Rights Entitlement Letter etc. and memorandum containing salient features of the Letter of Offer | JM Financial, BOBCAPS | JM Financial |
| 4. | Selection of various agencies connected with the Issue, namely Registrar to the Issue, printers, escrow bank, advertisement agencies, and Monitoring Agency and coordination of execution of related agreement | JM Financial, BOBCAPS | JM Financial |
| 5. | Drafting and approval of all statutory advertisements | JM Financial, BOBCAPS | JM Financial |
| 6. | Submission of 1% security deposit and formalities for use of online software with Stock Exchanges | JM Financial, BOBCAPS | JM Financial |
| 7. | Post-Issue activities, which shall involve essential follow-up steps including follow-up with Banker to the Issue and the SCSBs to get quick estimates of collection and advising our Company about the closure of the Issue, finalization of the Basis of Allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as Registrar to the Issue, Banker to the Issue, SCSBs, etc., and coordination for underwriting arrangement, if any | JM Financial, BOBCAPS | JM Financial |

**Credit Rating**

As the Issue is of Equity Shares, there is no credit rating required for the Issue.

**Debenture Trustee**

As the Issue is of Equity Shares, the appointment of a debenture trustee is not required.

**Monitoring Agency**

Our Company has appointed ICRA Limited to monitor the utilization of the Gross Proceeds in terms of Regulation 82 of the SEBI ICDR Regulations.

**ICRA Limited**
**Tel**: +91 805 603 6170
**Contact Person**: Mr. Rajesh Narasimha Rao V
**E-mail**: rajesh.v@icraindia.com
**Website**: www.icra.in

**Appraising Entity**

None of the purposes for which the Net Proceeds are proposed to be utilized have been financially appraised by any banks or financial institution or any other independent agency.

**Book Building Process**

As the Issue is a rights issue, the Issue shall not be made through the book building process.

**Minimum Subscription**

The objects of the Issue involve (i) repayment or prepayment, in full or in part, of certain borrowings availed by our Company, (ii) funding certain project related expenses for Ongoing Projects and Forthcoming Projects, (iii) purchase of equipment and machinery, and (iv) funding acquisition of unidentified land parcels and general corporate purposes. If our Company does not receive the Minimum Subscription, our Company shall refund the entire subscription amount received within four days from the Issue Closing Date, or such other timeline as prescribed under applicable law.

However, our Promoters and Promoter Group, by way of their letter dated June 12, 2024, have confirmed (i) that they shall subscribe to the full extent of their Rights Entitlement in the Issue and have also confirmed that they shall not renounce their Rights Entitlements; (ii) that they shall subscribe to Rights Equity Shares for the additional Rights Entitlements (over and above their Rights Entitlements), if any, which are renounced in their favour or purchased by them using the secondary market platform of the Stock Exchanges or through an off-market transaction in compliance with the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended; (iii) their intention to subscribe to additional Rights Equity Shares, if any, which may remain unsubscribed in the Issue or to ensure subscription to the extent of at least Minimum Subscription, each as may be applicable, subject to the subscription to additional Rights Equity Shares under (ii) and (iii) above~~,~~ being made to the extent that: (a) it does not result in any obligation on our Promoters and other members of our Promoter Group to make an “open offer” in accordance with the SEBI Takeover Regulations; and (b) the aggregate shareholding of our Promoters and Promoter Group being compliant with the minimum public shareholding requirements under the SCRR and the SEBI LODR Regulations.

The acquisition of Rights Equity Shares by our Promoters and other members of our Promoter Group in this Issue shall be eligible for exemption from open offer requirements in terms of Regulation 10(4)(a) and 10(4)(b) of the SEBI Takeover Regulations, and the Issue shall not result in a change of control of the management of our Company in accordance with provisions of the SEBI Takeover Regulations. Our Company is in compliance with Regulation 38 of the SEBI LODR Regulations and will continue to comply with the minimum public shareholding requirements under applicable law, pursuant to this Issue.

**Underwriting**

This Issue is not underwritten.

**Filing**

This Letter of Offer is being filed with the Stock Exchanges and SEBI as per the provisions of the SEBI ICDR Regulations. Further, our Company will simultaneously while filing this Letter of Offer with the Designated Stock Exchange, do an online filing with SEBI through the SEBI intermediary portal at www.siportal.sebi.gov.in, in terms of the SEBI ICDR Master Circular.

## CAPITAL STRUCTURE

*(In ₹, except share data)*

| | | Aggregate Value at Face Value | Aggregate Value at Issue Price |
|---|---|---|---|
| **A** | **AUTHORISED SHARE CAPITAL** | | |
| | 150,000,000 Equity Shares (of face value of ₹10 each) | 1,500,000,000 | - |
| | 5,000,000 Preference Shares (of face value ₹100 each) | 500,000,000 | - |
| | | | |
| **B** | **ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE** | | |
| | 94,845,853 Equity Shares (of face value of ₹10 each) | 948,458,530 | - |
| | | | |
| **C** | **PRESENT ISSUE IN TERMS OF THIS LETTER OF OFFER** | | |
| | Up to 12,107,981 partly paid-up Rights Equity Shares (1)(2)(3) | 121,079,810 | Up to 19,990,276,631 |
| | | | |
| **D** | **ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE** (2) (3) | | |
| | **Issued equity share capital** | | |
| | 106,953,834 Equity Shares of ₹ 10 each. | 1,069,538,340 | - |
| | **Subscribed and paid up share capital** | | |
| | 94,845,853 fully paid-up Equity Shares | 948,458,530 | - |
| | 12,107,981 partly paid-up Rights Equity Shares | Up to 60,539,905(4) | - |
| | | | |
| **SECURITIES PREMIUM ACCOUNT** | | *(in ₹ million)* | |
| Before the Issue | | | 9,328.92 |
| After all the Calls are made in respect of the Rights Equity Shares (3) | | | 29,198.12 |

(1) *The Issue has been authorised by the Board pursuant to a resolution dated January 22, 2024.*

(2) *On Application, Investors will have to pay ₹825.50 (50% of the Issue Price) per Rights Equity Share. The balance amount (after payment of the Application Money), ₹825.50 (50% of the Issue Price) per Rights Equity Share, will be payable by the Rights Equity Shareholders in not more than two subsequent Calls, with terms and conditions such as the number of Calls and the timing and quantum of each Call as may be decided by our Board/ Rights Issue Committee from time to time, to be completed on or prior to December 31, 2025, pursuant to the Payment Schedule. For further details on Payment Schedule, see "Terms of the Issue – Payment Terms" on page 376.*

(3) *Assuming full subscription for and Allotment of Rights Equity Shares and subject to full payment of all Call Monies by the Rights Equity Shareholders. Subject to finalisation of Basis of Allotment, Allotment and deduction of Issue related expenses.*

(4) *To the extent of Application Money.*

### Notes to the Capital Structure

1. **Shareholding Pattern of our Company as per the last filing with the Stock Exchanges in compliance with the provisions of the SEBI LODR Regulations**

    a) The shareholding pattern of our Company as on March 31, 2024, can be accessed on the website of BSE at https://www.bseindia.com/stock-share-price/sobha-limited/sobha/532784/shareholding-pattern/.

    b) The statement showing holding of Equity Shares of persons belonging to the category "*Promoters and Promoter Group*" including the details of lock-in, pledge of and encumbrance thereon, as on March 31, 2024, can be accessed on the website of BSE at https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=532784&qtrid=121.00&QtrName=March%202024 and NSE at https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=SOBHA&tabIndex=equity.

    c) The statement showing holding of securities (including Equity Shares, warrants, convertible securities) of persons belonging to the category "Public" including Equity Shareholders holding more than 1% of the total number of Equity Shares as on March 31, 2024, as well as details of shares which remain unclaimed for public can be accessed on the website of BSE at https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=532784&qtrid=121.00&QtrName=March%202024 and NSE at https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=SOBHA&tabIndex=equity.

2. No Equity Shares have been acquired by the Promoters or members of the Promoter Group in the year immediately preceding the date of filing of the Letter of Offer with the Stock Exchanges and submission to SEBI.

3. There are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into our Equity Shares as on the date of the Letter of Offer.

4. No Equity Shares held by our Promoter or Promoter Group have been locked-in, pledged or encumbered as of the date of this Letter of Offer.

5. **Subscription to the Issue by our Promoters and the Promoter Group**

Our Promoters and Promoter Group have confirmed (i) that they shall subscribe to the full extent of their Rights Entitlement in the Issue and have also confirmed that they shall not renounce their Rights Entitlements; (ii) that they shall subscribe to Rights Equity Shares for the additional Rights Entitlements (over and above their Rights Entitlements), if any, which are renounced in their favour or purchased by them using the secondary market platform of the Stock Exchanges or through an off-market transaction in compliance with the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended; (iii) their intention to subscribe to additional Rights Equity Shares, if any, which may remain unsubscribed in the Issue or to ensure subscription to the extent of at least Minimum Subscription, each as may be applicable, subject to the subscription to additional Rights Equity Shares under (ii) and (iii) above, being made to the extent that: (a) it does not result in any obligation on our Promoters and other members of our Promoter Group to make an "open offer" in accordance with the SEBI Takeover Regulations; and (b) the aggregate shareholding of our Promoters and Promoter Group being compliant with the minimum public shareholding requirements under the SCRR and the SEBI LODR Regulations.

The acquisition of Rights Equity Shares by our Promoters and other members of our Promoter Group in this Issue shall be eligible for exemption from open offer requirements in terms of Regulation 10(4)(a) and 10(4)(b) of the SEBI Takeover Regulations, and the Issue shall not result in a change of control of the management of our Company in accordance with provisions of the SEBI Takeover Regulations. Our Company is in compliance with Regulation 38 of the SEBI LODR Regulations and will continue to comply with the minimum public shareholding requirements under applicable law, pursuant to this Issue.

6. The ex-rights price of the Equity Shares as per regulation 10(4)(b) of the SEBI Takeover Regulations is ₹1,657.46.

7. Our Company shall ensure that any transaction in the Equity Shares by the Promoters and the Promoter Group during the period between the date of filing the Letter of Offer and the date of closure of the Issue shall be reported to the Stock Exchange within 24 hours of such transaction.

8. At any given time, there shall be only one denomination of the Equity Shares of our Company.

9. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of the Letter of Offer. Further, under Regulation 89 of the SEBI ICDR Regulations and Clause 4.3 of the Reserve Bank of India Master Direction – Foreign Investment in India, bearing reference no. RBI/FED/2017-18/60, dated January 4, 2018, as amended, the Rights Equity Shares Allotted through the Issue are not required to be made fully paid-up, or forfeited for non-payment of calls within twelve months from the date of allotment of the Rights Equity Shares, as our Company has appointed a Monitoring Agency for the purposes of the Issue. The Rights Equity Shares, when issued, shall be partly paid-up. For further details on the terms of the Issue, please see "*Terms of the Issue*" beginning on page 356.

10. **Details of the Equity Shareholders holding more than 1% of the issued and paid-up Share Capital**

The table below sets forth details of Equity Shareholders holding more than 1% of the issued and paid-up share capital of our Company, as of March 31, 2024.

| Sr. No | Name of the Equity Shareholders | Number of Equity Shares held | Percentage of Equity Shares held (%) |
|---|---|---|---|
| 1. | Sobha Menon Raghavan Nair | 28,726,420 | 30.29 |
| 2. | PNC Menon | 17,628,313 | 18.59 |
| 3. | Anamudi Real Estates LLP | 9,475,096 | 9.99 |
| 4. | Ravi PNC Menon | 3,185,930 | 3.36 |
| 5. | Franklin India Focused Equity Fund | 2,805,879 | 2.96 |
| 6. | HSBC Small Cap Fund | 1,721,853 | 1.82 |
| 7. | Franklin India Smaller Companies Fund | 1,366,243 | 1.44 |
| 8. | HSBC Value Fund | 1,302,556 | 1.37 |

## OBJECTS OF THE ISSUE

Our Company intends to utilize the Net Proceeds from the Issue towards funding of the following objects:

1. Repayment or prepayment, in full or in part, of certain borrowings availed by our Company;

2. Funding certain project related expenses for Ongoing Projects and Forthcoming Projects;

3. Purchase of equipment and machinery; and

4. Funding acquisition of unidentified land parcels and general corporate purposes.

(collectively, referred to herein as the "**Objects**")

The main objects and objects incidental or ancillary to the main objects as stated in the Memorandum of Association enable our Company to undertake (i) our existing business activities; (ii) undertake the activities proposed to be funded from the Net Proceeds; and (iii) undertake the activities for which the borrowings proposed to be repaid/ prepaid from the Net Proceeds were utilised.

The details of the Net Proceeds are summarized in the table below:

*(in ₹ million)*

| Particulars | Amount |
|---|---|
| Gross Proceeds* | 19,990.28 |
| *Less:* Estimated Issue related expenses** | 130.56 |
| Net Proceeds** | 19,859.72 |

* *Assuming full subscription in the Issue, Allotment and receipt of Call Monies with respect to the Rights Equity Shares. The amount utilised for funding acquisition of unidentified land parcels will not exceed 25% of the Gross Proceeds and collectively with the general corporate purposes will not exceed 35% of the Gross Proceeds.*

** *Estimated and subject to change.* *See "- Estimated Issue Related Expenses" on page 76.*

### Requirement of Funds and Utilisation of Net Proceeds

The Net Proceeds are proposed to be used in accordance with the details set forth in the following table:

*(in ₹ million)*

| Particulars | Amount** |
|---|---|
| Repayment or prepayment, in full or in part, of certain borrowings availed by our Company | 9,050.00 |
| Funding certain project related expenses for Ongoing Projects and Forthcoming Projects | 2,123.58 |
| Purchase of equipment and machinery | 2,100.28 |
| Funding acquisition of unidentified land parcels and general corporate purposes* | 6,585.86 |
| **Total Net Proceeds**** | 19,859.72 |

* *Subject to finalisation of Basis of Allotment and Allotment. The amount utilised for funding acquisition of unidentified land parcels and general corporate purposes shall not individually exceed 25% of the Gross Proceeds and will not collectively exceed 35% of the Gross Proceeds.*

***Assuming full subscription in the Issue, Allotment and receipt of Call Monies with respect to the Rights Equity Shares. Subject to finalization of the Basis of Allotment.*

### Means of Finance

The funding requirements mentioned above are based on the internal management estimates of our Company and have not been appraised by any bank, financial institution, or any other external agency. They are based on the current circumstances of our business and our Company may have to revise its estimates from time to time on account of various factors beyond its control, such as market conditions, competitive environment, costs of commodities and interest or exchange rate fluctuations. Consequently, the funding requirements of our Company and deployment schedules are subject to revision in the future at the discretion of our management and may also be subject to the timing of making Calls in the future, as determined by our Board or the Rights Issue Committee, at its sole discretion, in accordance with applicable laws. Our Board or Rights Issue Committee may determine the date on which the Calls shall be made and if no such date is determined then the Calls shall be deemed to have been made at the time when the resolution authorising such Calls are passed at the meeting of our Board or Rights Issue Committee, as the case may be. The Calls may be revoked or postponed at the discretion of our Board or Rights Issue Committee. Our Board or Rights Issue Committee may make not more than two subsequent Calls, with terms and conditions such as the number of Calls and the timing and quantum of each Call as may be decided by our Board/ Rights Issue Committee from time to time to be completed on or prior to December 31, 2025. In case of any delay in timing of Calls and/ or receipt of Call Mon(ies), additional funds may be required. If additional funds are required due to non-receipt or delays as mentioned above, such requirement may be met through internal accruals, additional capital infusion, debt arrangements or any combination of them, subject to compliance with applicable laws. Further, in the event that Net Proceeds allocated for an object exceeds the actual requirement for such object, our Company may reallocate the Net Proceeds to any other object, subject to compliance with applicable laws.

Since we intend to finance the above-mentioned Objects entirely from the Net Proceeds and internal accruals, the requirement to make firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through the Issue or existing identifiable internal accruals, is not applicable to us.

**Proposed Schedule of Implementation and Deployment of funds**

Our Company shall raise 50% of the Gross Proceeds on Application, with balance monies constituting up to 50% of the Gross Proceeds, being raised in not more than two subsequent Calls, with terms and conditions, such as the number of Calls and the timing and quantum of each Call, as may be decided by our Board/ Rights Issue Committee from time to time, to be completed on or prior to December 31, 2025. The following table provides for the proposed deployment of funds to be raised at Application after deducting Issue related expenses:

*(in ₹ million)*

| Particulars | Amount proposed to be deployed from the Net Proceeds at Application in FY 2025 |
|---|---|
| Repayment or prepayment, in full or in part, of certain borrowings availed by our Company | 4,860.00 |
| Funding certain project related expenses for Ongoing Projects and Forthcoming Projects | 613.58 |
| Purchase of equipment and machinery | 1,100.00 |
| Funding acquisition of unidentified land parcels and general corporate purposes* | 3,291.00 |
| **Total**** | **9,864.58** |

* *Subject to finalisation of Basis of Allotment and Allotment. The amount utilised for funding acquisition of unidentified land parcels will not exceed 25% of the Gross Proceeds and collectively with the general corporate purposes will not exceed 35% of the Gross Proceeds.*

** *Assuming full subscription in the Issue, Allotment and receipt of Call Monies with respect to the Rights Equity Shares. Subject to finalization of the Basis of Allotment.*

The funding requirements mentioned above are based on the internal management estimates of our Company and have not been appraised by any bank, financial institution, or any other external agency. They are based on the current circumstances of our business and our Company may have to revise our estimates from time to time on account of various factors beyond our control, such as market conditions, competitive environment, costs of commodities and interest or exchange rate fluctuations.

As and when our Company makes the Calls for the balance monies with respect to the Rights Equity Shares, our Company shall endeavour to utilize the proceeds raised from such Calls within the same Fiscal in which the Call is made or within the next two Fiscals. Our Company proposes to deploy the entire Net Proceeds towards the Objects as described herein by Fiscal 2028. In the event that our Board or Rights Issue Committee extends the timeline to make Calls post December 31, 2025, in accordance with applicable law, the Net Proceeds shall be deployed within two Financial Years from such extended timeline.

Our Board and/ or the Rights Issue Committee retain the right to change the above schedule of implementation and deployment of Net Proceeds, including the manner, method, and timing of deployment of the Net Proceeds, in case of any delay in payment and/or non-receipt of Call Monies and/or change in our business requirements and other commercial considerations, subject to compliance with applicable laws.

**Details of the Objects to be financed from the Net Proceeds**

The details in relation to Objects of the Issue are set forth herein below.

1. ***Repayment or prepayment, in full or in part, of certain borrowings availed by our Company***

   Our Company has, in the ordinary course of business, entered into financing arrangements with banks, financial institutions and other entities to avail term loans, working capital facilities, letters of credit, bank guarantees, commercial papers and other financial instruments. As of April 30, 2024, our total borrowings (non-current borrowings and current borrowings) which was outstanding was ₹18,377.72 million (excluding interest) on consolidated basis and ₹17,837.36 million on a standalone basis.

   Our Company proposes to utilise an estimated amount of ₹9,050.00 million from the Net Proceeds towards full or partial repayment or prepayment of certain borrowings availed by our Company. However, given that our Company is raising only 50% of the Gross Proceeds on Application, with the balance being raised in Calls, our Company retains the right to utilize the Net Proceeds, in due course, to repay or prepay in full or in part the borrowings of our Company identified herein below, including interest accruing on such borrowings or any other borrowings of our Company, any refinancing/ roll overs undertaken by our Company, to repay or prepay these borrowings or any other borrowings of our Company, which are not outstanding as on April 30, 2024 but may become outstanding in due course, as well as repay or prepay any other fresh borrowings taken by our Company .

   Further, our financing arrangements typically have a clause pursuant to which a portion of the receivables from projects being developed by our Company, can be used towards repayment of the loan and the repayment schedule for such loans gets adjusted accordingly. In case any loan proposed to be repaid/ prepaid from the Net Proceeds, gets serviced from project receivables and the Net Proceeds cannot be used towards repayment/ prepayment of such loans, our Company will re-allocate the Net Proceeds towards any other borrowings of our Company which become outstanding in due course.

   The following table provides details of certain borrowings availed by our Company which are outstanding as on April 30, 2024, which are currently proposed to be repaid and prepaid, as applicable, in full or in part, from the Net Proceeds. The amounts outstanding against the borrowings disclosed below may vary from time to time, in accordance with the amounts drawn down, repayment or prepayment and the prevailing interest rates. Further, given the nature of borrowings disclosed in the table below, our Company may refinance/ roll over some or all such borrowings in the ordinary course of business depending on the requirements of our Company. Accordingly, our Company may utilise the Net Proceeds for repayment or prepayment of such refinanced/ rolled over borrowings or fresh borrowings obtained by our Company.

*(The remainder of this page has intentionally been left blank)*

| Sr. No. | Name of lender | Date of sanction | Nature of borrowing | Principal amount sanctioned as on April 30, 2024 (₹ in million) | Principal amount outstanding as on April 30, 2024 (₹ in million) | Rate of Interest as at April 30, 2024 (% per annum) | Prepayment clause / penalty (if any) | Purpose* | Repayment schedule |
|---|---|---|---|---|---|---|---|---|---|
| 1. | Aditya Birla Finance Limited | September 21, 2023 | Term loan | 1,500.00 | 700.00 | 8.50% - 9.50% | 2% prepayment penalty if prepayment through re-financing or any other sources subject to prior written consent except if prepayment is done from cash flow generated from project/ reset interest rate is not acceptable to our Company subject to notice of 15 days/ prepayment in view of not meeting minimum sale price subject to prior written consent | For ongoing projects, towards transaction expenses and for reimbursement of cost incurred in projects "*Sobha Arbor*" and "*Sobha City*" | Principal amount to be repaid in 24 monthly instalments of ₹62.50 million which shall fall due after 24 months from the date of the first disbursement |
| 2. | | December 14, 2022 | Term loan | 2,000.00 | 962.00 | 8.00% - 9.00% | 2% prepayment penalty if prepayment through re-financing or any other sources subject to prior written consent except if prepayment is done from cash flow generated from project/ reset interest rate is not acceptable to our Company subject to notice of 15 days/ prepayment in view of not meeting minimum sale price subject to prior written consent | For ongoing projects, towards transaction expenses and for reimbursement of cost incurred in projects "*Sobha Lake Garden*" and "*Sobha Avalon*" | Principal amount to be repaid in 24 monthly instalments of ₹83.33 million which shall fall due after 24 months from the date of the first disbursement |
| 3. | Axis Bank Limited | December 2, 2022 | Term loan | 500.00 | 500.00 | 9.00% - 10.00% | 1% prepayment penalty on the prepaid amount except when prepayment is made out of internal accruals/ further public offer proceeds/ surplus cash generated from the project, subject to prior intimation | For construction and reimbursement of expenses incurred in connection with the development of project "*Sobha Insignia*", part development cost of other ongoing unencumbered projects of our Company, for meeting corporate expenses and towards transaction related expenses | Eight equal quarterly instalments of ₹62.50 million each after a moratorium of 12 months from the date of first disbursement |
| 4. | | March 18, 2023 | Working capital demand loan | 1,500.00 | 1,500.00 | 8.50% - 9.50% | Our Company may prepay any outstanding tranches in part or full subject to prepayment premium of 2% on the amount | For routine working capital purpose/cash flow mismatch of unfinanced residential projects of our Company | On demand |

| Sr. No. | Name of lender | Date of sanction | Nature of borrowing | Principal amount sanctioned as on April 30, 2024 (₹ in million) | Principal amount outstanding as on April 30, 2024 (₹ in million) | Rate of Interest as at April 30, 2024 (% per annum) | Prepayment clause / penalty (if any) | Purpose* | Repayment schedule |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | being prepaid | | |
| 5. | | September 26, 2023 | Working capital demand loan | 1,000.00 | 1,000.00 | 8.50% - 9.50% | Our Company may prepay any outstanding tranches in part or full subject to prepayment premium of 2% on the amount being prepaid | For routine working capital purpose/cash flow mismatch of unfinanced residential projects of our Company | On demand |
| 6. | Bajaj Housing Finance Limited | September 26, 2022 | Term loan | 1,500.00 | 1,001.00 | 8.00% - 9.00% | 4% prepayment penalty on the amount being prepaid except when prepayment is done as per terms stipulated in the sanction letter and loan agreement and subject to 45 days prior intimation for partial pre-payment | Towards construction cost of the project, "*Sobha Brookyln Towers*" and working capital requirements of our Company | Scheduled repayment of principal amount in 24 months after principal standstill period of 48 months from the date of first disbursement. Interest to be serviced monthly during the principal standstill period. |
| 7. | | March 27, 2023 | Term loan | 1,500.00 | 1,071.00 | 8.00% - 9.00% | 4% prepayment penalty on the amount being prepaid except when prepayment is done through internal accruals with 30 days' prior notice and when prepayment is done in accordance with the terms stipulated in the sanction letter and loan agreement subject to 45 days' prior intimation for partial pre-payment | Towards construction cost of the project, "*Sobha Manhattan Towers*" and/or working capital requirements of our Company | Scheduled repayment of principal amount in 36 months after principal standstill period of 36 months from the date of first disbursement. Interest to be serviced monthly during the principal standstill period. |
| 8. | DCB Bank Limited | March 28, 2022 | Term loan | 750.00 | 360.00 | 8.75% - 9.50% | 2% prepayment penalty on outstanding/ prepaid amount (minimum penalty of ₹ 10,000) subject to prior consent | For meeting expenses of various projects undertaken by our Company, cash flow mis-match for manufacturing division of our Company, pre-launch expenses for upcoming projects or for other general corporate purposes | 36 monthly instalments of ₹20.80 million each towards principal repayment commencing from April 30, 2023 and concluding on March 31, 2026. Interest to be serviced on monthly resets. |
| 9. | HDFC Bank Limited | December 26, 2023 | Term loan | 700.00 | 665.00 | 8.50% - 9.50% | 2% prepayment penalty on the prepaid amount subject to 15 days' prior written notice except if prepayment is effected at the instance of the lender/ prepayment is out of surplus receivables arising out | Towards construction expenses of specific ongoing projects | 20 consecutive quarterly instalments of ₹35.00 million each |

| Sr. No. | Name of lender | Date of sanction | Nature of borrowing | Principal amount sanctioned as on April 30, 2024 (₹ in million) | Principal amount outstanding as on April 30, 2024 (₹ in million) | Rate of Interest as at April 30, 2024 (% per annum) | Prepayment clause / penalty (if any) | Purpose* | Repayment schedule |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | of project/ on occurrence of increased cost situations/ prepayment effected within 30 days of spread reset date subject to 15 days' notice/ our Company, sponsor or promoter raising funds through listing subject to 15 days' notice | | |
| 10. | ICICI Bank Limited | September 22, 2022 | Working capital demand loan | 800.00 | 789.00 | 8.50% - 9.50% | 1% prepayment penalty on the principal amount subject to prior intimation of at least 15 days | Towards costs of our Company's projects, "*Sobha Sentosa*" and "*Sobha Victoria Park*", part development costs of ongoing projects of our Company, corporate expenses, working capital requirements and transaction related expenses | On demand |
| 11. | Kotak Mahindra Bank Limited | December 26, 2023 | Term loan | 5,000.00 | 1,000.00 | 8.50% - 9.50% | 2% prepayment penalty on outstanding loan amount except when the loan is prepaid from project receivables subject to prior consent after 30 days' notice | Towards construction and development cost of the project, "*Sobha Neopolis*" and for reimbursement of construction and development cost incurred during the 12 months prior to the date of the sanction letter in relation to ongoing projects executed by our Company | 30 equal monthly instalments towards principal repayment commencing after the expiry of moratorium period of 24 months from the date of first disbursal |
| 12. | | December 16, 2022 | Term loan | 1,250.00 | 821.00 | 8.50% - 9.50% | 2% prepayment penalty on outstanding loan amount except when the loan is prepaid from project receivables subject to prior consent after 30 days' notice | Towards reimbursement of construction cost incurred in the ongoing projects executed by our Company | 36 instalments of ₹34.72 million each after the expiry of moratorium period of 12 months from the date of first disbursal |
| 13. | RBL Bank Limited | December 26, 2023 | Term loan | 1,000.00 | 427.00 | 8.50% - 9.50% | 2% of the amount prepaid. However, no prepayment charges shall be levied if prepayment is (a) made out of project cash flow (b) within 30 days from spread reset date by prior notice of seven days (c) | Towards operational /construction expenses in unencumbered projects of our Company, corporate overheads (such as advertisement, branding administrative expenses etc.) and placing | Equal quarterly instalments |

| Sr. No. | Name of lender | Date of sanction | Nature of borrowing | Principal amount sanctioned as on April 30, 2024 (₹ in million) | Principal amount outstanding as on April 30, 2024 (₹ in million) | Rate of Interest as at April 30, 2024 (% per annum) | Prepayment clause / penalty (if any) | Purpose* | Repayment schedule |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | recall of facility by the bank. No prepayment charges if paid out of internal accruals after 12 months. | refundable security deposit. | |
| **Total** | | | | **19,000.00** | **10,796.00** | | | | |

* *Our Company has obtained a certificate dated June 12, 2024, from M/s Walker Chandiok & Co. LLP, our Statutory Auditors, certifying that the borrowings mentioned in the table above have been utilised towards the purposes for which such borrowings were availed.*

The selection of borrowings proposed to be repaid or prepaid above will be based on various factors, including (i) costs and expenses relating to the borrowings, including applicable interest rates, (ii) presence of onerous terms and conditions applicable to the borrowings, (iii) ease of operation with the lender, (iv) provisions of any law, rules or regulations governing such borrowings, (v) prepayment conditions including prior consent or prepayment charges, and (vi) other commercial considerations including, among others, the amount outstanding and the remaining tenor of the borrowings. For details, see "*Risk Factors – Our financing agreements impose certain restrictions on our operations, including in our ability to prepay our borrowings, and our failure to comply with operational and financial covenants may adversely affect our reputation, business and financial condition.*" on page 21.

For prepayment of certain of the aforementioned loans, our Company has obtained necessary consents, as required under the relevant loan documents. Further, our Company may also be required to provide prior intimation for prepayment of certain loans, as required under the respective financing arrangements. Prepayment penalty or premium, if any, and other related costs shall be paid from internal accruals.

We believe that such repayment or prepayment will help reduce our outstanding indebtedness and our debt-equity ratio and enable utilization of our internal accruals for further investment in business growth. In addition, we believe that the strength of our balance sheet and our leverage capacity may further improve, which may enable us to raise further capital in the future at competitive rates to fund potential business development opportunities and plans to grow and expand our business in the coming years.

2. ***Funding certain project related expenses for Ongoing Projects and Forthcoming Projects***

Our Company proposes to utilise an estimated amount of ₹2,123.58 million from the Net Proceeds towards expenses to be incurred for Ongoing Projects and Forthcoming Projects, i.e.:

a. payment of selling commission to channel partners;
b. payment under existing joint development agreement; and
c. payment of external development charges

*a. Ongoing Projects – Payment of selling commission to channel partners*

We are one of the few vertically integrated real estate companies in India known for providing residential homes in India (*Source: CRISIL Report*). As part of our real estate business, our Company engages individual/ corporate channel partners to solicit and procure business for the projects undertaken by our Company by (a) identifying proposed buyers; (b) booking properties of our Company for such identified buyers; (c) ensuring that the application forms submitted by such proposed buyers are duly filled and supported by necessary documents; and (d) undertaking marketing activities/ sales promotion. As of March 31, 2024, we have an extensive distribution network of 592 active channel partners through whom we source customers for our projects.

Pursuant to such arrangements with channel partners, selling commission becomes payable to them on execution of sale agreements with proposed buyers, subject to certain conditions which *inter alia* include timely realization of a percentage of the sale price (as mentioned in the respective arrangements with the channel partners) and payment of development charges, if applicable, in favour of our Company (collectively, "**Conditions**").

The selling commission is generally a percentage of the sale price which typically ranges from 2% to 5% of the basic sales price of the units which have been sold through such channel partners. The selling commission varies on a project basis and depends on several factors including market and other commercial considerations. Once the selling commission becomes payable, the channel partner is required to raise an invoice claiming the selling commission, which is thereafter verified by our Company. In case of cancellation of booking by the proposed buyer prior to fulfilment of the Conditions and prior to execution of the sale agreement, no selling commission is payable to the channel partners. However, the selling commission will be payable in the same manner as above if the cancellation of booking was done after fulfilment of the Conditions and execution of the sale agreement.

The table below provides details of selling commission incurred towards our channel partners as a percentage of our revenue from operations and total expenses for Fiscal 2023 and Fiscal 2024:

| Period | Number of projects | Selling Commission (in ₹ million) | As a percentage of revenue from operations (%) | As a percentage of total expenses (%) |
|---|---|---|---|---|
| Fiscal 2024 | 74 | 933.49 | 3.01% | 2.97% |
| Fiscal 2023 | 78 | 655.62 | 1.98% | 2.01% |

Our Company is proposing to utilise an estimated amount of ₹200.00 million from the Net Proceeds towards selling commission payments to 44 channel partners, of which 33 are corporates and 11 are individuals, for units of "*Sobha Aranya*", an Ongoing Project. For the units in relation to which selling commission is proposed to be paid from the Net

Proceeds, as on the date of this Letter of Offer, application forms have been submitted by the proposed buyers and booking receipts have been issued to them. However, the invoices for the selling commissions are yet to be raised by the channel partners since the Conditions (as described above) for raising such invoice are yet to be completed and accordingly the amount proposed to be paid from the Net Proceed is based on management estimates. None of the channel partners who are proposed to be paid selling commission from the Net Proceeds are related to our Promoters or Directors.

In the event of cancellation of booking by one or more of the proposed buyers prior to completion of the Conditions, our Company will re-allocate the amount of Net Proceeds towards another channel partner for whom the selling commission has become payable either for units sold in "*Sobha Aranya*", or any other Ongoing Project or Forthcoming Project, in accordance with applicable law. For further details, see "*Risk Factors – We intend to utilise ₹2,100.28 million from the Net Proceeds for purchase of equipment and machinery, and ₹2,123.58 million from the Net Proceeds towards funding certain project related expenses for Ongoing Projects and Forthcoming Projects. Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and we have not entered into any definitive arrangements to utilize certain portions of the Net Proceeds of the Issue. We have relied on the quotations received from third parties for estimation of the cost for our capital expenditure requirements and have not been independently appraised by a bank or a financial institution.*" on page 19.

*b. Ongoing Projects – Payment under existing joint development agreement*

Our Company develops Projects on land which is either (a) owned by us or our Subsidiaries or (b) land owned by third parties with respect to which our Company has entered into joint development agreements/ collaboration agreements/ development management agreements with such third parties.

The following table sets out details of Ongoing Projects and Forthcoming Projects which are being developed under joint development agreements/ collaboration agreements/ development management agreements with such third parties as of March 31, 2024:

| Category | Total number of projects | Total number of projects (joint development/ development management) | As a percentage of total number of Ongoing Projects and Forthcoming Projects (%) | Developable area (in million square feet) | Saleable Area/ Estimated Saleable Area (in million square feet) |
|---|---|---|---|---|---|
| Ongoing Projects | 69 | 39 | 56.52% | 18.44 | 12.48 |
| Forthcoming Projects | 21 | 12 | 57.14% | N.A.* | 8.97 |

** Since these are Forthcoming Projects, the developable area cannot be ascertained.*

For Projects developed through joint development agreements, the landowner provides the land, and our Company undertakes to develop properties on such land, subject to commercial considerations including (a) payment of interest free refundable deposit by our Company to the landowners, (b) costs to be borne by our Company for, *inter alia*, procurement of approvals for the development and registration of the joint development, building plans, sanction plans, development plans, engaging contractors and architects, and supervising the construction and development of the joint development, procuring the occupation certificate and (c) requisite representations and warranties from our Company and the landowners in respect of their business and the proposed joint development. As consideration for providing land for development, our Company agrees to transfer certain percentage of constructed area or revenue proceeds, as applicable, to the landowner, as mutually agreed between parties. Under these agreements, the landowner is responsible to settle any disputes that may arise in connection with the title of the property. Further, our Company indemnifies the landowners for any breaches attributable to a breach by us in relation to development of the land, and the landowners indemnify our Company for any defect in title of the land. Additionally, our Company is responsible for marketing the projects through utilization of our brand name. Please also, see "*Risk Factors – We enter into arrangements with landowners to acquire land or development rights and we cannot assure you that such parties have acquired ownership rights or have clean title in respect of these lands.*", "*Risk Factors – We may be required to make certain advance payments to the owners of the land when we enter into joint development agreements. Further, we may be required to pay certain penalties or liquidated damages in the event of any delay in the completion of the development within the time frame specified in the joint development agreements.*" and "*Our Business*" on pages 30, 32 and 105.

Our Company has entered into a joint development agreement dated December 21, 2020 (the "**Principal JDA**"), with Bhagath Homes Private Limited ("**Owner**", together with our Company "**Parties**"), as amended by the first supplemental agreement dated January 15, 2021 ("**Amendment – I**"), the second supplemental agreement dated December 3, 2022 ("**Amendment – II**") and third supplemental agreement dated August 19, 2023 ("**Amendment – III**", together with the Principal JDA, Amendment – I and Amendment – II, the "**Bhagath Homes Agreement**"). Our Company and the Owner have entered into the Bhagath Homes Agreement for construction and development of the Owner's property, which is a non-agricultural residential and contiguous land parcel admeasuring 0.33 million square feet, situated at Balagere Village, Varthur Hobli, Bangalore East Taluk, Bangalore, Karnataka, India ("**Property**"). The developable area of such Property is

0.94 million square feet. The Property is currently being developed by our Company under the project name "*Sobha Sentosa*" and is an Ongoing Project. Pursuant to the Principal JDA, the Parties had agreed to allocate 33% revenue share ("**Owner's Revenue Share**") received from the proposed project to the Owner in lieu of the Owner granting development rights of the Property to our Company. Pursuant to Amendment – I, the Parties had mutually agreed to cap the Owner's Revenue Share at ₹1,500.00 million to be paid in four annual instalments starting within 13 months from the date of registration of the project under RERA. Post payment of the first instalment of ₹175.00 million, due to delay in obtaining the building sanction plan and commencement of construction, an amount of ₹200.00 million was deducted from interest fee refundable security, translating into balance Owner's Revenue Share payable of ₹1,125.00 million. Thus, pursuant to Amendment – III, the Parties have agreed to pay the balance Owner's Revenue Share aggregating to ₹1,125.00 million in monthly instalments instead of annual instalments starting from August 15, 2023 and ending on April 15, 2026. As on the date of this Letter of Offer, our Company has paid ₹200.00 million out of balance ₹1,125.00 million towards the Owner's Revenue Share and is proposing to utilise an estimated amount of ₹670.00 million from the Net Proceeds towards scheduled repayment of the Owner's Revenue Share, which comprises 18 instalments. The balance five instalments, aggregating to ₹255.00 million shall be funded from internal accruals. The Owner is not related to our Promoters or Directors. Further, the Owner has a clear, marketable title, free from any encumbrances over the Property and the key approvals for commencement of development of the project have been obtained from the competent authority.

*c. Ongoing Projects and Forthcoming Projects – Payment of external development charges*

As a part of our real estate business, in pursuance of the development of our projects, the developer or landowner, as applicable, is required to make various kinds of statutory payments to respective state and municipal authorities, as applicable, in relation to the development of land including RERA registration fee, external development charges, infrastructure development charges, cost incurred for procurement/ renewal/ maintenance/ extension of approvals, among others. Our Company has incurred the following costs in relation to approvals during the Financial Year ended March 31, 2024 and March 31, 2023:

*(unless otherwise specified in ₹ million)*

| Particular | Financial Year ended March 31, 2024 | As a % of total expenses | Financial Year ended March 31, 2023 | As a % of total expenses |
|---|---|---|---|---|
| License fees and plan approval charges | 637.43 | 2.03% | 654.01 | 2.01% |

External development charges ("**EDC**") are charges payable by the landowner or developer, as applicable, with respect to the external development works for a particular project being developed on a specific land, where such charges are payable in accordance with applicable laws. However, such scheduled EDC payments are not an approval/ license required for undertaking a project. EDC are scheduled payments to be paid to the respective statutory authorities and vary depending on the location of the project in a particular state, which may be paid upfront or as a structured payment with interest. For instance, in Haryana, EDC rates vary basis whether the project is located in a hyper potential zone, high potential zone, medium potential zone or low potential zone. Further, any delay in payment of EDC beyond the scheduled timeline attracts penalty interest.

Our Company has entered into four joint development agreements/ collaboration agreements to execute projects in Gurugram, Haryana, which is a hyper potential zone, details of which are set forth below.

| Sr. No. | Name of Project | Location of Project | Status of Project as on March 31, 2024 | Saleable Area (in million square feet) as on March 31, 2024 |
|---|---|---|---|---|
| 1. | *Sobha Aranya* | Land situated at Village Naurangpur, Tehsil Manesar, Hadblast No. 157, Gurugram, Haryana | Forthcoming Project# | 1.93 |
| 2. | *Sobha Altus* | Land situated in the revenue estate of Pawala Khusropur, Tehsil and District Gurugram (Sector 106 of Gurgaon-Manesar Urban Complex), Haryana | Forthcoming Project | 0.81 |
| 3. | -* | Land situated in the revenue estate of Village Behrampur, Sector 63-A, Tehsil and District Gurugram, Haryana | Forthcoming Project | 1.70 |
| 4. | -* | Land situated in the revenue estate of Village Dhankot, Sector 99, Tehsil and District Gurugram, Haryana | Forthcoming Project | 0.78 |

* *These Forthcoming Projects are yet to be named.*
# *Sobha Aranya has been reclassified as an Ongoing Project as on the date of this Letter of Offer.*

Pursuant to joint development agreements/ collaboration agreements executed in relation to the abovementioned projects, our Company is required to pay EDC aggregating to ₹1,253.58 million, after adjusting ₹185.84 million already paid for "*Sobha Aranya*" and "*Sobha Altus*", to the Department of Town and Council Planning, Government of Haryana ("**DTCP**") for the projects. Our Company is proposing to utilise Net Proceeds aggregating to ₹1,253.58 million towards discharging our obligation of payment of EDC.

For "*Sobha Aranya*" and "*Sobha Altus*", our Company has received the relevant license for development of the land under the New Integrated Development Policy dated May 11, 2022 ("**NILP**") and Transit Oriented Development Policy dated February 9, 2016 ("**TOD Policy**"), respectively, and has received schedule of payment of EDC from the DTCP for both these projects. As on date of this Letter of Offer, for these two projects, ₹185.84 million has been paid towards EDC and ₹672.13 million is outstanding and proposed to be paid from the Net Proceeds. The proportion of principal and interest of the EDC proposed to be paid from the Net Proceeds will depend on the timing of payment of EDC, which in turn depends on the following factors:

- amount proposed to be paid towards EDC on Application;
- timing of making subsequent Calls and receipt of Call Monies;
- cost of interest accrued on the outstanding principal amounts; and
- any other factors our Company may consider for timing of payment of EDC.

For projects located in Sector 99 and Sector 63A, our Company has made applications for grant of license to the DTCP under the TOD policy and NILP, respectively, and is yet to receive the licenses and schedule of EDC payment. Accordingly, the proportion of principal and interest of the EDC proposed to be paid from the Net Proceeds will depend on the timing of payment of EDC, which in turn depends on the following factors:

- amount proposed to be paid towards EDC on Application;
- timing of making subsequent Calls and receipt of Call Monies;
- cost of interest accrued on the outstanding principal amounts;
- timing of receipt of license and EDC payment schedule from the DTCP; and
- any other factors our Company may consider for timing of payment of EDC.

The EDC payable for these two projects is ₹581.45 million which is proposed to be paid from Net Proceeds. Any delay in obtaining such license or non-receipt of such license will require our Company to re-allocate the Net Proceeds towards EDC or any other payment for other projects. For further details, see "*Risk Factors - We intend to utilise ₹2,100.28 million from the Net Proceeds for purchase of equipment and machinery, and ₹2,123.58 million from the Net Proceeds towards funding certain project related expenses for Ongoing Projects and Forthcoming Projects. Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and we have not entered into any definitive arrangements to utilize certain portions of the Net Proceeds of the Issue. We have relied on the quotations received from third parties for estimation of the cost for our capital expenditure requirements and have not been independently appraised by a bank or a financial institution.*" on page 19.

**3. *Purchase of equipment and machinery***

Our business verticals are (a) real estate operations, (b) contractual engineering, procurement and construction capabilities for institutional customers, (c) construction related production capabilities, and (d) retail. For details, see "*Our Business – Our Business Verticals*" on page 112.

Our Company requires certain equipment and machinery for our Company's (a) real estate operations, (b) contractual engineering, procurement and construction capabilities for institutional customers. Accordingly, our Company has identified the equipment and machinery to be purchased and obtained quotations from respective vendors. Our Company is yet to place any orders or enter into any definitive agreements for purchase of such equipment and machinery. No second-hand or used machinery are proposed to be purchased out of the Net Proceeds. The amount to be spent on equipment and machinery to be procured by our Company will depend on management estimates, business requirements and technology advancement. Our Company intends to utilise ₹2,100.28 million from the Net Proceeds to purchase such equipment and machinery. The equipment and machinery proposed to be purchased by our Company from the Net Proceeds include (a) shuttering systems which are used as a temporary support that is used in moulding the concrete into a specific shape, after which concrete gains strength, hardens, and afterward matures; (b) portable, temporary accommodation, toilets and offices for labourers and technicians, to reduce cost on permanent structures and utilise them in other projects of our Company; (c) tower crane and hoists which help in reducing cost of construction by improving material and manpower movement between towers and floors, thereby resulting in reduction in duration of developing projects; and (d) power tools and other miscellaneous operational equipment which are required for sundry construction purposes.

The details and total estimated cost towards purchasing equipment and machinery for the capital expenditure are set forth in the table below.

*Detailed break-up of equipment and machinery:*

| S. No. | Description of equipment | Quantity (in units unless stated otherwise) | Amount (₹ in million) | Name of the vendors | Date of quotation | Period of Validity |
|---|---|---|---|---|---|---|
| ***Shuttering systems*** | | | | | | |
| 1. | Aluminium system formwork (in square metres) | 110,198.94 | 1,150.48(1) | Unimax International | May 6, 2024 | Three months from the date of quotation |
| 2. | Alsina system formwork (in square metres) | 29,441.50 | 340.73(1) | Alsina Formwork India Private Limited | May 6, 2024 | Three months from the date of quotation |
| ***Temporary accommodations*** | | | | | | |
| 3. | Office cabin | 20 | 24.82(1)(2) | Saman POS India Private Limited | May 8, 2024 | Three months from the date of quotation |
| 4. | Storage container | 21 | 5.67(1)(2) | VSA Lines | May 4, 2024 | Three months from the date of quotation |
| 5. | Toilet container | 12 | 3.71(1)(2) | Saman POS India Private Limited | May 8, 2024 | Three months from the date of quotation |
| 6. | Workforce accommodation | 23 | 155.93 | KK Industries | May 4, 2024 | 90 days from the date of quotation |
| ***Tower crane and hoists*** | | | | | | |
| 7. | Tower crane | 15 | 116.70(1)(2) | Potain India Private Limited | April 23, 2024 | Three months from the date of quotation |
| 8. | Hydraulic mobile crane | 3 | 11.26(1)(2) | Hydramec Equipments | May 9, 2024 | 90 days from the date of quotation |
| 9. | Multi-functional hoist | 16 | 52.35(1)(2) | Spartan Engineering Industries Private Limited | April 29, 2024 | 90 days from the date of quotation |
| 10. | Passenger hoist | 8 | 55.65#(2) | Alimak Group India Private Limited | May 6, 2024 | 90 days from the date of quotation |
| ***Power tools and other miscellaneous equipment*** | | | | | | |
| 11. | Diesel generator sets | 21 | 39.84(1) | Powerica Limited | May 6, 2024 | 84 days from the date of quotation |
| 12. | Rope suspended platform | 41 | 20.50(1)(2) | Spartan Engineering Industries Private Limited | April 29, 2024 | 90 days from the date of quotation |
| 13. | Plate compactor | 28 | 12.87(1) | Southern Enterprises | May 3, 2024 | Three months from the date of quotation |
| 14. | Earth rammer | 26 | 8.07(1) | Southern Enterprises | May 3, 2024 | Three months from the date of quotation |
| 15. | Air compressor | 14 | 1.32(1) | Industrial Sales Corporation | May 4, 2024 | 90 days from the date of quotation |
| 16. | Mini lift | 5 | 0.70(1)(2) | Sherwin Engineering | May 4, 2024 | Three months from the date of quotation |
| 17. | Mechanical rebar cutter | 41 | 9.84(1)(2) | DSquare Tech Impex Private Limited | April 30, 2024 | Three months from the date of quotation |
| 18. | Mechanical rebar bender | 44 | 11.88(1)(2) | DSquare Tech Impex Private Limited | April 30, 2024 | Three months from the date of quotation |
| 19. | Bar straightening machine | 1 | 0.45(1) | Spartan Engineering Industries Private Limited | May 4, 2024 | 90 days from the date of quotation |
| 20. | Stirrup bending machine | 4 | 0.56(1) | Spartan Engineering Industries Private Limited | May 4, 2024 | 90 days from the date of quotation |
| 21. | Wacker Neusen vibrator | 87 | 5.74(1) | Southern Enterprises | May 4, 2024 | Three months from the date of quotation |
| 22. | Dewatering pump | 14 | 0.46(1)(2) | Sherwin Engineering | May 4, 2024 | Three months from the date of quotation |
| 23. | Power trowel | 14 | 2.16(1) | Southern Enterprises | May 3, 2024 | Three months from the date of |

| S. No. | Description of equipment | Quantity (in units unless stated otherwise) | Amount (₹ in million) | Name of the vendors | Date of quotation | Period of Validity |
|---|---|---|---|---|---|---|
| | | | | | | quotation |
| 24. | Mini mixer machine | 42 | 1.89(1)(2) | Sherwin Engineering | May 4, 2024 | Three months from the date of quotation |
| 25. | Concrete mixer machine | 11 | 2.20(1)(2) | Sherwin Engineering | May 4, 2024 | Three months from the date of quotation |
| 26. | Welding machine | 19 | 0.51(1) | Power Tools and Tackles | May 6, 2024 | Three months from the date of quotation |
| 27. | Rolling platform | 9 | 4.19(1) | Southern Enterprises | May 3, 2024 | Three months from the date of quotation |
| 28. | Sewage/ self priming/ self priming moboloc pump | 99 | 5.61(1) | Aqua Green Trading Co. | May 6, 2024 | Three months from the date of quotation |
| 29. | Mini roller (CC 125) | 5 | 6.25(1) | Dynapac Road Construction Equipment (India) Private Limited | May 6, 2024 | 90 days from the date of quotation |
| 30. | Magnetic drill machine | 2 | 0.08(1) | Power Tools and Tackles | May 6, 2024 | Three months from the date of quotation |
| 31. | MIG welding machine | 1 | 0.09(1) | Power Tools and Tackles | May 6, 2024 | Three months from the date of quotation |
| 32. | Backhoe loader | 7 | 18.99(1) | M/s Asha Infracore | April 29, 2024 | Valid till July 28, 2024 |
| 33. | Skid steer loader | 12 | 28.20(1) | Doosan Bobcat India Private Limited | April 29, 2024 | Valid till July 28, 2024 |
| 34. | Ride on trowel | 1 | 0.59(1)(2) | Southern Enterprises | May 4, 2024 | Three months from the date of quotation |

*(1) Excludes applicable taxes*
*(2) Excludes transportation*
*# 1$ = ₹83.47 as of May 6, 2024 (Source: rbi.org.in)*

All quotations received from the vendors mentioned above are valid as on the date of this Letter of Offer and have been received for one unit of each equipment and machinery mentioned above. However, we are yet to place any orders for the above equipment and machinery. Considering that we have not entered into any definitive agreements with any of these vendors there can be no assurance that the same vendors would be engaged to eventually supply the equipment or provide the product/ service at the same costs. In accordance with the terms of certain quotations obtained by our Company, the prices in relation to the equipment and machinery may be subject to revisions during the validity period of such quotations, pursuant to, *inter alia*, any update to the pricing list of the vendor, prices of the raw materials or pursuant to foreign exchange currency fluctuations or policy changes. If there is any increase in the costs of equipment and machinery, such additional costs shall be funded by our Company from its internal accruals, additional capital infusion, debt arrangements or any combination of them, subject to compliance with applicable laws. The quantity of equipment to be purchased is based on the present estimates of our management and our Company shall have the flexibility to modify the quantity of equipment to be purchased and to deploy Net Proceeds towards such equipment or any other equipment as may be considered appropriate, according to the business or engineering requirements of our business operations, subject to the total amount to be utilised towards purchase of such equipment not exceeding ₹2,100.28 million. See, "*Risk Factors – We intend to utilise ₹2,100.28 million from the Net Proceeds for purchase of equipment and machinery, and ₹2,123.58 million from the Net Proceeds towards funding certain project related expenses for Ongoing Projects and Forthcoming Projects. Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and we have not entered into any definitive arrangements to utilize certain portions of the Net Proceeds of the Issue. We have relied on the quotations received from third parties for estimation of the cost for our capital expenditure requirements and have not been independently appraised by a bank or a financial institution.*" on page 19.

**4.** ***Funding acquisition of unidentified land parcels and general corporate purposes***

Our Company intends to deploy the balance Net Proceeds aggregating up to ₹6,585.86 million towards funding acquisition of unidentified land parcels and general corporate purposes, in a manner, as approved by our Board/ Rights Issue Committee from time to time. The Gross Proceeds proposed to be deployed for funding acquisition of unidentified land parcels will not exceed 25% of the Gross Proceeds and collectively with the general corporate purposes shall not exceed 35% of the Gross Proceeds, in compliance with the SEBI ICDR Regulations.

*Funding acquisition of unidentified land parcels*

We completed our first project in 1999 located in Bengaluru, Karnataka and have gradually expanded our geographical presence to other cities in India which, amongst others, include Gurugram, Haryana; Chennai, Tamil Nadu; Pune, Maharashtra; and Kochi, Kerala. Further, we have recently expanded our presence by launching projects in Hyderabad, Telangana; and Trivandrum, Kerala. In addition to developing real estate projects under the "*Sobha*" brand, we are also engaged in contractual engineering, procurement and construction capabilities for institutional customers.

As of March 31, 2024, we have completed construction of 136.25 million square feet of developable area across 27 cities in India including contractual projects and currently have 38.36 million square feet of developable area for our projects which are under various stages of construction (including projects developed under the Sobha brand as well as contractual projects undertaken by us). In the last three Fiscals, we have completed construction of over 7 million square feet every Fiscal across our real estate and contractual projects.

In addition to our 69 Ongoing Projects, as of March 31, 2024, we had 21 Forthcoming Projects, which comprised 18 residential projects with an estimated Saleable Area of 16.85 million square feet and three commercial projects with an estimated Saleable/Leasable Area of 0.82 million square feet.

As a vertically integrated company, we have developed in-house competencies commencing from identification of developable land parcels and the conceptualization of the project to project execution, which involves planning, designing, costing, estimation and overseeing the construction activities at site and delivering units to our customers. We have a centralized marketing team which provides leads to regional sales teams located at respective project sites to promote efficiency and lower cost of sales. In addition, we also have an in-house team which supports maintenance of newly completed projects for a specific period of time as agreed for the respective projects.

For further details in relation to our business and the industry in which we operate, please see the sections entitled, "*Our Business*" and "*Industry Overview*" on pages 105 and 81, respectively.

We intend to continue our focus on increasing our presence in our existing markets as well as new geographies, by evaluating opportunities for acquisition of land assets, either through outright purchase or through joint development arrangements based on our internal assessments of the potential benefits expected to arise from undertaking those opportunities including profitability, benefits to our brand, and impact on our market share amongst others.

The table below summarizes certain prominent land parcels acquired by us (including on a joint development basis):

| Sr. No. | Name of entity undertaking project | Size of land portion on which project has been developed or is being developed (in million square feet) | Mode of acquisition/ joint development | Financial Year of acquisition/ JDA | Acquisition/ joint development purpose |
|---|---|---|---|---|---|
| 1. | Sobha Limited | 3.80 | Outright acquisition | 2009 - 2015 | Utilised towards "*Sobha Dream Acres*" |
| 2. | Sobha Limited | 0.58 | Outright acquisition | 2023 | Proposed to be utilised towards Forthcoming Project in Bengaluru, Karnataka |
| 3. | Sobha Limited | 1.72 | Joint development | 2017 | Proposed to be utilised towards "*Sobha City Gurgaon*" |
| 4. | Sobha Limited | 0.73 | Co-ownership | 2017 | Proposed to be utilised towards "*Sobha Marina One*" |
| 5. | Sobha Contracting Private Limited | 0.23 | Outright acquisition | 2021 | Proposed to be utilised towards "*Sobha Whispering Hill*" |
| 6. | Sobha Limited | 1.48 | Joint development | 2024 | Proposed to be utilised towards Forthcoming Project in Pune, Maharashtra |

The process of acquisition of land or land development rights is a time-consuming process which requires exhaustive set of diligence procedures to assess the title and is influenced by other factors including obtaining requisite approvals for development of such land. The actual deployment of funds will depend on a several factors, including *inter alia* the (a) timing of acquisition, (b) the nature, size and number of land acquisitions, and (c) general factors affecting our results of operation, financial condition and access to capital. The costs of acquiring land or land development rights will vary depending on various factors, such as, location of land proposed to be acquired, approvals required for development of such land including for conversion of status of land, nature of project that can be developed, cost of title searches, taxes, legal fees, general economic conditions, security deposits for joint development projects and other commercial considerations including extent of negotiations with landowners. Further, our Company may also consider acquiring companies or projects, either directly or through our Subsidiaries, which have land parcels on which projects can be developed.

Some of the selection criteria that we may consider when evaluating strategic land acquisitions include (a) strategic integration with our existing business; (b) expand our geographical reach into new geographies; (c) strengthen our presence in existing markets; and (d) improved infrastructure.

The typical framework and process followed by us for land acquisitions involves identifying land parcels basis the selection criteria mentioned above, entering into requisite negotiations and agreements and conducting due diligence of the target lands. On conclusion of the diligence exercise, we enter into definitive agreements to acquire the targeted land, based on the approval of our Board and the shareholders, if required.

As on the date of this Letter of Offer, while we have identified certain locations in which our Company proposes to acquire land/ land development rights and develop projects such as in Bengaluru, National Capital Region, Hyderabad, Mumbai and in Tamil Nadu, Kerala and Gujarat, we have not entered into any definitive agreements towards acquisitions of such land parcels in respect of which Net Proceeds will be used.

*General corporate purposes*

The general corporate purposes for which our Company proposes to utilise the Net Proceeds shall be to drive our business growth, including, amongst other things, (a) funding strategic growth opportunities, (b) employee expenses, (c) security deposits related to joint development agreements, (d) corpus repayment (including interest) to society/ residents welfare association, (e) requisite approvals for projects/developments including costs related to transferable development rights, (f) administrative overheads and expenses, (g) information technology related expenses (including information technology capital expenditure), (h) meeting of exigencies which our Company may face in the course of any business, and (i) advertising, brand building and other marketing expenses, and any other purpose in the ordinary course of business as may be approved by the Board or the Rights Issue Committee, from time to time, subject to compliance with applicable laws. The portion of Net Proceeds proposed to be deployed for general corporate purposes will not exceed 25% of the Gross Proceeds, in compliance with the SEBI ICDR Regulations, and collectively with the portion of Net Proceeds proposed to be deployed towards acquisition of land parcels, shall not exceed 35% of the Gross Proceeds.

Our management will have flexibility in utilizing the proceeds earmarked for general corporate purposes. In the event that we are unable to utilize the entire amount that we have currently estimated for use out of Net Proceeds in a Fiscal, we will utilize such unutilised amount in the subsequent Fiscals.

**Estimated Issue Related Expenses**

The estimated Issue related expenses are as follows:

*(unless otherwise specified, in ₹ million)*

| Sr. No. | Particulars | Estimated amount* | Percentage of total estimated Issue expenditure (%) | Percentage of Issue Size (%) |
|---|---|---|---|---|
| 1. | Fees payable to the Lead Managers | 39.53 | 30.28 | 0.20 |
| 2. | Fees payable to legal advisors | 37.12 | 28.43 | 0.19 |
| 3. | Fees payable to Statutory Auditors | 8.56 | 6.55 | 0.04 |
| 4. | Fees payable to practising company secretary | 0.24 | 0.18 | Negligible |
| 5. | Fees payable to independent chartered accountant | 1.89 | 1.45 | 0.01 |
| 6. | Fees payable to the Registrar to the Issue | 3.60 | 2.75 | 0.02 |
| 7. | Fees payable to the Monitoring Agency | 3.54 | 2.71 | 0.02 |
| 8. | Advertising, marketing and shareholder outreach expenses | 3.30 | 2.53 | 0.02 |
| 9. | Fees payable to regulators, including Stock Exchanges, SEBI, depositories and other statutory fees | 24.94 | 19.10 | 0.12 |
| 10. | Printing and stationery, distribution, postage, etc. | 0.86 | 0.66 | Negligible |
| 11. | Other expenses (including miscellaneous expenses and stamp duty) | 6.98 | 5.35 | 0.03 |
| **Total estimated Issue related expenses*** | | **130.56** | **100.00** | **0.65** |

* *Includes applicable taxes. Subject to finalisation of Basis of Allotment. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount allocated towards general corporate purposes. All Issue related expenses will be paid out of the Gross Proceeds received at the time of receipt of the Application Money.*

**Bridge Financing Facilities**

Our Company has not availed any bridge loans from any banks or financial institutions as on the date of this Letter of Offer, which are proposed to be repaid from the Net Proceeds.

**Interim Use of Net Proceeds**

Our Company shall deposit the Net Proceeds, pending utilisation of the Net Proceeds for the purposes described above, with scheduled commercial banks included in second schedule of Reserve Bank of India Act, 1934.

**Monitoring Utilization of Funds from the Issue**

Our Company has appointed ICRA Limited as the Monitoring Agency for the Issue to monitor the utilization of the Gross Proceeds. The Monitoring Agency shall submit a report to our Board on a quarterly basis, till 100% of the Gross Proceeds has been utilised, as required under Regulation 82 of the SEBI ICDR Regulations. Our Company will disclose the utilization of the Gross Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilised. Our Company will indicate instances, if any, of unutilised Gross Proceeds in the balance sheet of our Company for the relevant Fiscals subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Regulation 32(3) of the SEBI LODR Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Gross Proceeds. Further, pursuant to Regulation 32(5) of the SEBI LODR Regulations, our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated in this Letter of Offer and place it before the Audit Committee and make other disclosures as may be required until such time as the Gross Proceeds remain unutilised. Such disclosure shall be made only until such time that all the Gross

Proceeds have been utilised in full. The statement shall be certified by the Statutory Auditor(s) of our Company, which shall be submitted by our Company with the Monitoring Agency.

Furthermore, in accordance with Regulation 32(1) of the SEBI LODR Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Issue from the Objects of the Issue as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Issue from the Objects of the Issue as stated above. This information will also be published on our website and explanation for such variation (if any) will be included in our Directors' report, after placing it before the Audit Committee.

**Strategic or Financial Partners**

There are no strategic or financial partners to the Objects of the Issue.

**Appraising entity**

None of the Objects for which the Net Proceeds will be utilised have been appraised by any agency or any financial institution.

**Other confirmations**

No part of the proceeds of the Issue will be paid by our Company to our Promoters, our Promoter Group, our Directors, our Key Managerial Personnel or Senior Management Personnel, other than in the ordinary course of business.

Our Promoters, our Promoter Group and our Directors do not have any interest in the Objects of the Issue, and there are no material existing or anticipated transactions in relation to utilization of the Net Proceeds with our Promoters, Promoter Group, Directors, Key Managerial Personnel or Senior Management Personnel. Our Company does not have any associate (as defined under the Companies Act, 2013) as on the date of this Letter of Offer.

Our Company does not require any material government and regulatory approvals in relation to the Objects of the Issue.

## STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

Date: June 12, 2024

To,
**The Board of Directors,**
**Sobha Limited**
Sarjapur – Marathahalli Outer Ring Road (ORR)
Devarabisanahalli, Bellandur Post
Bangalore - 560103
Karnataka, India
(the "**Company**")

Dear Sirs,

**Sub: Proposed rights issue of equity shares of face value of ₹10 each (the "Equity Shares" and such rights issue, the "Issue") of 'Sobha Limited' (the "Company")**

We Manian & Rao, Chartered Accountants, hereby confirm that the enclosed ***Annexure A,*** prepared by the management of the Company, provides the current position of the possible special tax benefits available to the Company and its shareholders, as per the provisions of the Indian Direct and Indirect Tax Laws including Income Tax Act, 1961 (the "**Act**"), the Central Goods and Services Tax Act, 2017/ the Integrated Goods and Services Act, 2017, the Union Territory Goods and Services Act, 2017, respective State Goods and Services Act, 2017, each as amended (collectively, the "**Tax Laws**") including the rules, regulations, circulars and notifications issued in connection with the Tax Laws presently in force and applicable to the assessment year 2024-25 relevant to financial year 2023-24.

Several of these benefits are dependent on the Company and its shareholders as the case may be, fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and/ or its shareholders to derive the special tax benefits is dependent upon fulfilling such conditions.

The contents stated in the ***Annexure A*** are based on the information and explanations obtained from the Company. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the Issue particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. We are neither suggesting nor are we advising the investors to invest or not to invest based on this statement.

We conducted our examination of the statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India (the "Guidance Note"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

We do not express any opinion or provide any assurance whether:

- The Company and its shareholders will continue to obtain these benefits in future; and
- The conditions prescribed for availing the benefits have been/would be met.
- The revenue authorities/ courts will concur with the views expressed therein.

The Contents of the enclosed statements are based on the information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

The report has been issued at the request of the Company for the purpose of inclusion in the offer document in connections with its proposed Issue and should not be used by anyone else or for any other purpose.

Yours Sincerely,
For and on behalf of **Manian & Rao, Chartered Accountants**
ICAI Firm Registration Number: 001983S

Paresh Daga
Partner
Membership Number: 211468
Place: Bangalore
UDIN: 24211468BKFXMP5624

## ANNEXURE A

## STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

There are no special tax benefits available to the Company and its Shareholders under the tax laws with respect to the Proposed Issue.

For **Sobha Limited**

**Yogesh Bansal**
**Chief Financial Officer**
Date: June 12, 2024
Place: Bangalore

## SECTION IV: ABOUT OUR COMPANY

## INDUSTRY OVERVIEW

*The industry-related information contained in this section is derived from the industry report titled "Assessment of residential real estate industry in selected markets in India" dated May 2024 prepared by CRISIL Market Intelligence & Analytics, a division of CRISIL Limited ("**CRISIL MI&A**" and such report, the "**CRISIL Report**") which has been prepared exclusively for the purpose of understanding the industry in connection with the Issue and commissioned and paid for by our Company, pursuant to the engagement letter dated January 10, 2024. The CRISIL Report will be available on the website of our Company at www.sobha.com/investor-relations/#rights from the date of this Letter of Offer until the Issue Closing Date. For further details, see "Presentation of Financial Information and Other Information - Market and Industry Data" on page 13.*

*Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in the CRISIL Report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the Issue. Unless otherwise indicated, financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant fiscal year.*

### MACROECONOMIC ASSESSMENT OF INDIA

#### Review of India's GDP growth

#### GDP registered a CAGR of 5.7% between fiscal 2012 and fiscal 2023

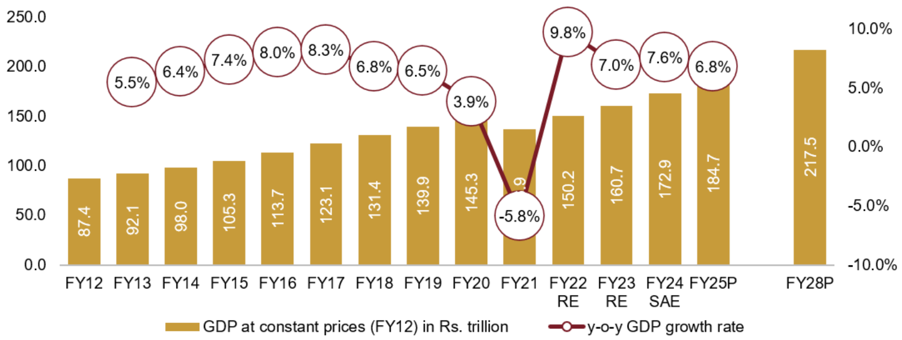
The country's gross domestic product ("**GDP**") increased at a compound annual growth rate ("**CAGR**") of 5.7% to ₹ 161 trillion in Fiscal 2023 from ₹ 87 trillion in Fiscal 2012.

In Fiscal 2022, the economy recovered from the pandemic-related stress as restrictions were eased and economic activity resumed, though inflation spiralled in the last quarter due to geopolitical pressures, with a GDP print of 9.8% vs -5.8% in Fiscal 2021. In Fiscal 2023, GDP rose 7.0% on strong growth momentum propelled by investments and private consumption. The share of investments in GDP rose to an 11-year high of 34% and that of private consumption to an 18-year high of 58.0%.

In Fiscal 2024, real GDP is expected to grow by 7.6%. Even as the agricultural economy slowed sharply in Fiscal 2024 following a weak monsoon, the surge in non-agricultural economy has more than offset it. The government-driven investment push, along with easing input cost pressures for industry, has also played a major role in shoring up growth. However, services have been slowing with waning pent-up demand (post pandemic), with the exception of financial, real estate and professional services, which has powered ahead on the back of robust growth in banking and real estate.

In Fiscal 2025, CRISIL expects the country's GDP to expand 6.8%, driven by the manufacturing sector, strong growth in investments and resilient domestic demand. However, it will be slower than Fiscal 2024 due to slowing global growth, impact of rising interest rates, wanning of pent-up demand for services and increasing geopolitical uncertainty.

**Real GDP growth in India (new series) – constant prices**




*Note: RE: revised estimates, SAE : second advanced estimates P: projected*
*These values are reported by the government under various stages of estimates*
*Only actuals and estimates of GDP are provided in the bar graph*

*GDP Projections for fiscals 2024- 2025 is projected based on CRISIL MI&A estimates and that for fiscals 2026-2028 based on IMF estimates; FY28P data in the above chart corresponds to CY27 data from IMF estimates*

*Source: Second advance estimates of national income 2023-24, quarterly estimates of gross domestic product for the third quarter (October - December) of 2023-24 and first revised estimates of national income, consumption expenditure, saving and capital formation for 2022-23, Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation (MoSPI), IMF, CRISIL MI&A*

**India's per capita GDP has grown faster than global average**

Global GDP per capita clocked a CAGR of 1.8% between 2012 and 2022, as per the IMF data. Meanwhile, India's corresponding figure registered a CAGR of 5.2%.

**Per capita GDP at current prices**

| Per capita GDP at current prices ($) | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023P | CAGR 2012-2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| India | 1,434 | 1,438 | 1,560 | 1,590 | 1,714 | 1,958 | 1,974 | 2,050 | 1,913 | 2,238 | 2,392 | 2,612 | 5.2% |
| World | 10,748 | 10,923 | 11,077 | 10,330 | 10,378 | 10,906 | 11,457 | 11,500 | 11,077 | 12,468 | 12,895 | 13,333 | 1.8% |

*Source: IMF, CSO, MoSPI, CRISIL MI&A*

**Consumer demand in India expected to grow at healthy pace with rising per capita income**

India's per capita income, a broad indicator of living standards, rose from ₹ 63,462 in Fiscal 2012 to ₹ 99,404 in Fiscal 2023, logging 4.2% CAGR. Growth was led by better job opportunities, propped up by overall GDP growth. Moreover, population growth remained stable at approximately 1% CAGR. Furthermore, according to second advance estimates, per capita net national income (constant prices) is estimated to have increased to ₹ 106,134; thereby registering a y-o-y growth of approximately 6.8%.

**Per capita net national income ("NNI") at constant prices**

| | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21RE | FY22PE | FY23RE | FY24SAE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Per-capita NNI (Rs) | 63,462 | 65,538 | 68,572 | 72,805 | 77,659 | 83,003 | 87,586 | 92,133 | 94,270 | 86,054 | 94,054 | 99,404 | 106,134 |
| On-year growth (%) | | 3.3 | 4.6 | 6.2 | 6.7 | 6.9 | 5.5 | 5.2 | 2.3 | -8.7 | 9.3 | 5.7 | 6.8 |

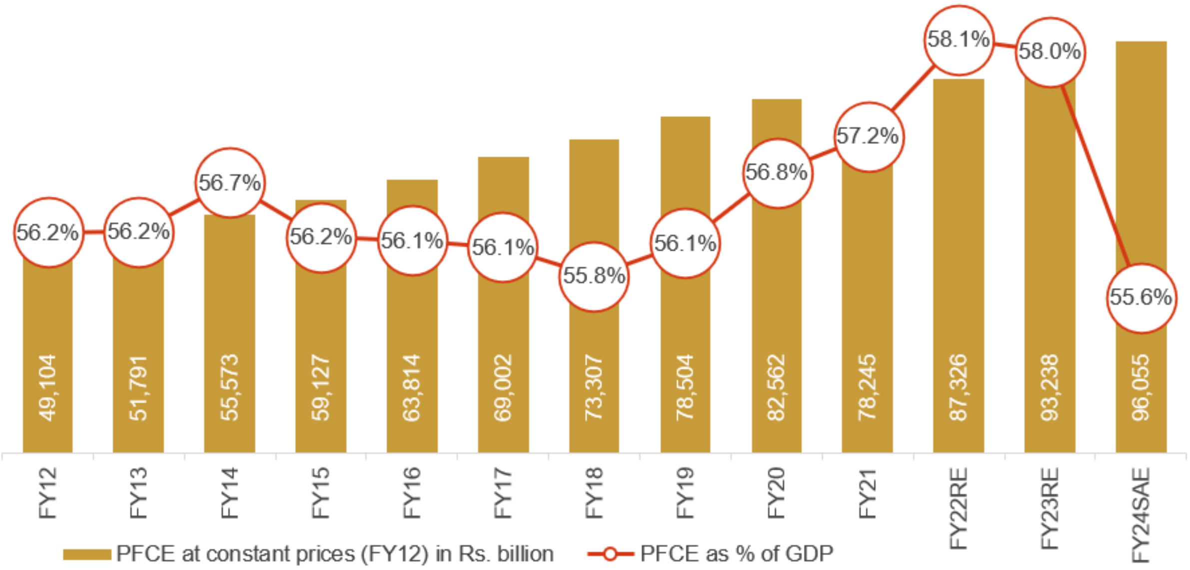
*Note: RE: revised estimates, PE: provisional estimates, SAE: Second Advance Estimates*

*Source: Second advance estimates of national income 2023-24, CSO, MoSPI, CRISIL MI&A*

**PFCE to maintain dominant share in India's GDP**

Private final consumption expenditure ("**PFCE**") at constant prices clocked 6% CAGR between Fiscal 2012 and Fiscal 2023, maintaining its dominant share in the GDP pie at 58.3%, or approximately ₹ 93,238 billion. It registered 6.8% on-year growth in Fiscal 2023. Factors contributing to growth included good monsoons, wage revisions due to the implementation of the pay commission's recommendations, benign interest rates, and low inflation.

**PFCE (at constant prices)**



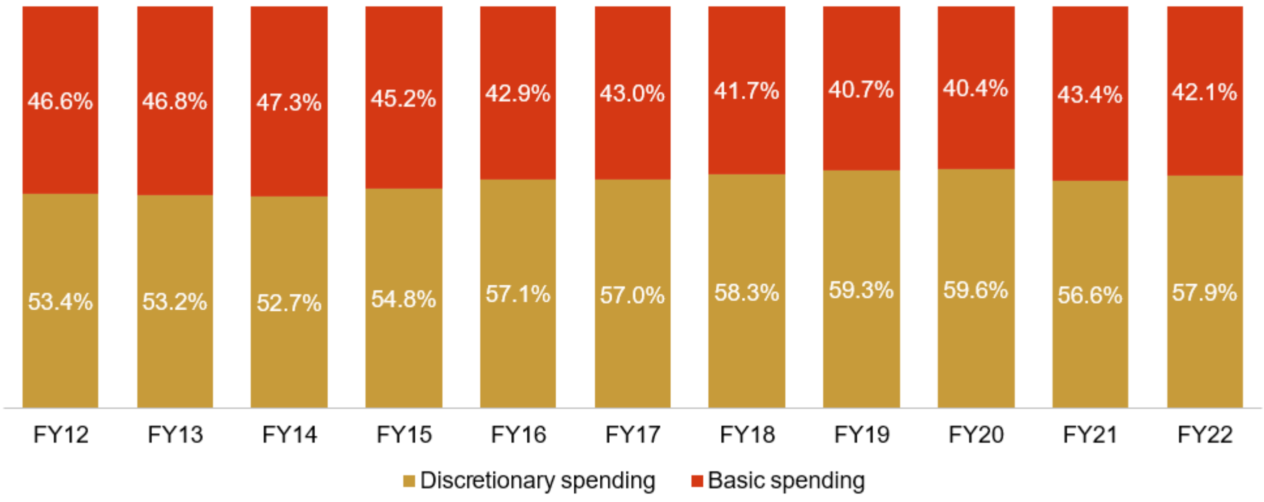

*Note: SAE: Second advanced estimates; RE: revised estimates*

*Source: MoSPI, CRISIL MI&A*

**Consumption expenditure to be driven by discretionary items**

Basic items accounted for 42.1% of the total consumption expenditure of Indians in Fiscal 2022, with discretionary items accounting for the remainder 57.9%. The share of basic items increased in Fiscal 2021 to 43.6% as pandemic decreased the expenditure on discretionary items. As things started returning to normalcy, share of discretionary items increased in Fiscal 2022. It is worth noting that the share of discretionary items in consumption increased to 59.6% in Fiscal 2020 from 53.4% in Fiscal 2012. The increased spending on discretionary items suggests rising disposable income of households.

**Broad split of PFCE consumption into basic and discretionary spending**




*Note: Basic items include food, clothing and housing. Discretionary items include education, healthcare, electricity, water supply, footwear, personal care products, processed foods, alcoholic and non-alcoholic beverages, tobacco, narcotics, fuel and gas, furnishing and household equipment, vehicle and personal transportation, spending on recreation and culture, communication, restaurants and hotels, financial insurance and other financial services, and other items not elsewhere classified (n.e.c.)*

*Source: MoSPI, CRISIL MI&A*

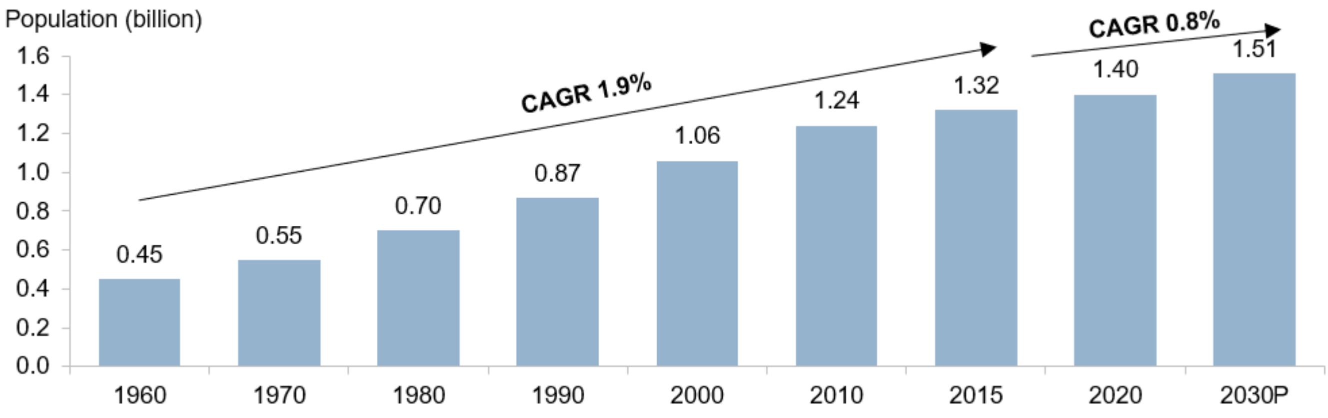
***Demographic indicators***

**Growing population, increasing urbanisation and a young demographic profile to further strengthen India's consumer base**

India's population grew to approximately 1.2 billion according to Census 2011, at a CAGR of 1.9% between 2001 and 2011. As of 2010 census, the country had approximately 246 million households.

As per United Nations Population Fund's (“**UNFPA”**), "State of World Population Report" of 2023, India's population by mid-year of 2023 is estimated to surpass China by around approximately 2.9 million.

**India's population growth**

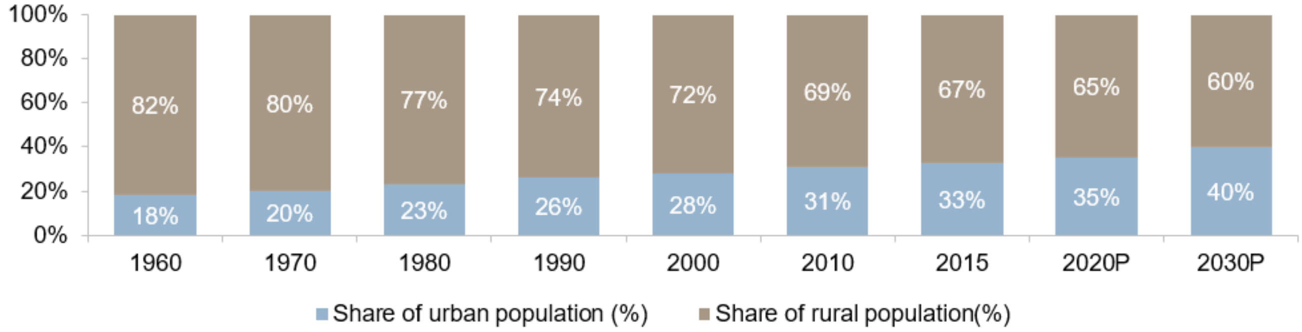



*P: Projected; As per the database, population as on July 1 is considered for each selected year*

*Source: UN Department of Economic and Social Affairs, World Population Prospects 2022, CRISIL MI&A*

Also, India's urban population is expected to continue to rise on the back of economic growth. The urban population is projected to increase to nearly 40% by 2030 from ~31% of the total population in 2010, according to a UN report on urbanisation.

**India's urban vs. rural population (in million)**




*P: projected*

*Source: World Urbanization Prospects: The 2018 Revision, UN, CRISIL MI&A*

The fact that approximately 31% of the population in India is aged below 15 years indicates that a high proportion of the country's population is expected to remain young in the coming years.

As per the United Nations' 2022 Revision of World Population Prospects, India's youth (0-24 years) accounted for nearly half its population in 2010, significantly higher than that for some of its peers (Brazil at 42.5%, China at 35.1% and the Russian Federation at 29.7%). The fact that approximately 31% of the population is aged below 15 indicates the high proportion of country's young population is expected to remain so in the coming years.

This share is, in fact, expected to reach approximately 39% by 2030, and remain significantly higher than that of its peers (Brazil at 31.5%, China at 25.4% and the Russian Federation at 27.7%). This also indicates higher proportion of population entering the workforce.

**Age-wise population break-up (%) for key countries**

| Country | 0-14 years | 15-24 years | 25-49 years | 50-69 years | 70+ | Total |
|---|---|---|---|---|---|---|
| **Brazil** | | | | | | |
| 2010 | 24.8% | 17.7% | 37.6% | 15.6% | 4.4% | 100% |
| 2020 | 20.8% | 15.6% | 38.3% | 19.5% | 5.8% | 100% |
| 2030P | 18.2% | 13.3% | 37.4% | 22.6% | 8.4% | 100% |
| **China** | | | | | | |
| 2010 | 18.5% | 16.6% | 40.3% | 19.0% | 5.7% | 100% |
| 2020 | 18.0% | 11.4% | 37.6% | 25.5% | 7.5% | 100% |
| 2030P | 13.1% | 12.3% | 34.0% | 28.6% | 12.0% | 100% |
| **India** | | | | | | |
| 2010 | 31.0% | 19.1% | 33.9% | 12.9% | 3.1% | 100% |
| 2020 | 26.1% | 18.2% | 36.2% | 15.5% | 3.9% | 100% |
| 2030P | 22.3% | 16.2% | 38.0% | 17.9% | 5.5% | 100% |
| **Russian Federation** | | | | | | |
| 2010 | 15.2% | 14.6% | 37.2% | 23.2% | 9.8% | 100% |
| 2020 | 17.7% | 9.8% | 37.4% | 25.5% | 9.7% | 100% |
| 2030P | 15.4% | 12.4% | 33.8% | 25.2% | 13.3% | 100% |
| **UK** | | | | | | |
| 2010 | 17.6% | 13.1% | 34.8% | 22.9% | 11.6% | 100% |
| 2020 | 17.8% | 11.6% | 32.5% | 24.4% | 13.7% | 100% |
| 2030P | 15.4% | 12.2% | 31.9% | 24.5% | 15.9% | 100% |
| **US** | | | | | | |
| 2010 | 19.9% | 14.1% | 34.1% | 22.8% | 9.1% | 100% |

| Country | 0-14 years | 15-24 years | 25-49 years | 50-69 years | 70+ | Total |
|---|---|---|---|---|---|---|
| 2020 | 18.5% | 13.1% | 33.0% | 24.7% | 10.7% | 100% |
| 2030P | 16.4% | 12.5% | 33.2% | 23.0% | 14.8% | 100% |

*P: Projected*

*Source: United Nations, Department of Economic and Social Affairs, Population Division (2022); World Population Prospects 2022, CRISIL MI&A*

## RESIDENTIAL REAL ESTATE INDUSTRY IN 6 KEY CITIES IN INDIA

### Overview of residential real estate industry in six key cities in India

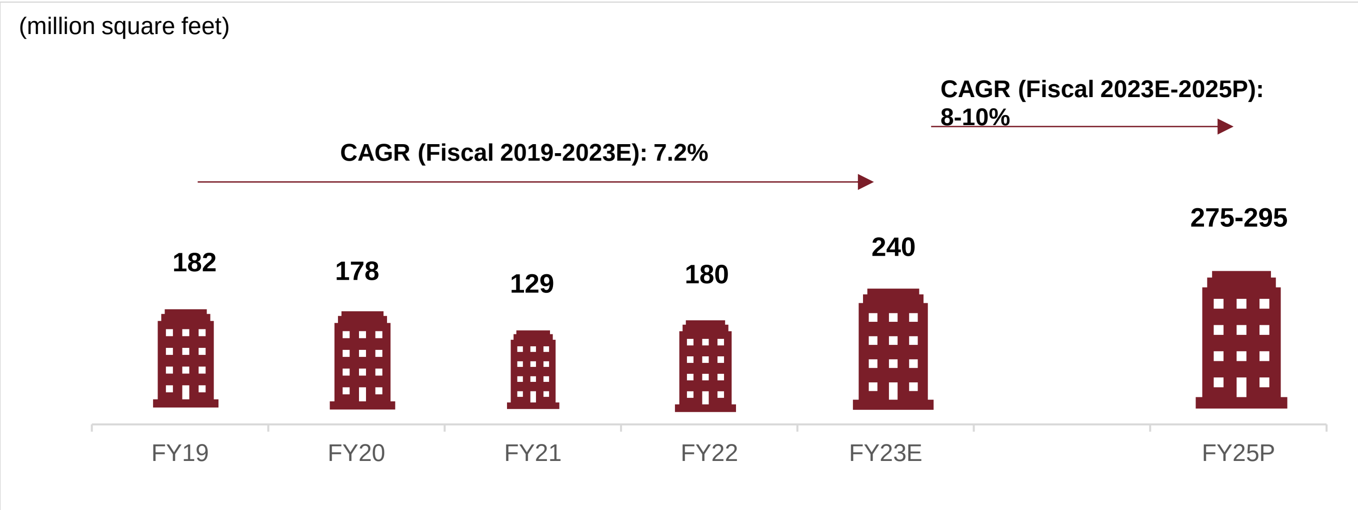
***Residential demand in six key cities clocked 7.2% CAGR growth between Fiscal 2019 and Fiscal 2023***

Demand in the six key cities was 182 million square feet (msf) in Fiscal 2019 with respect to residential real estate. Demand dropped slightly by 2% in Fiscal 2020 due to the onset of the pandemic before declining sharply by 38% in Fiscal 2021 due to the full effects of COVID-19 pandemic. Demand bounced back sharply in Fiscal and Fiscal to 180 million square feet (msf) and 240 million square feet (msf) respectively from lower base of in Fiscal 2021 (129 msf). Stabilization of income of the organised workforce, multi-year high affordability, higher preference of owned house (than rented), preference of larger homes and government incentives for affordable housing remained key growth drivers for the recovery. Fiscal 2023 witnessed an increased demand towards premium residential projects, reflected in growth of luxury home sales.

***Residential demand in 6 key cities to clock CAGR 8-10% growth between Fiscal 2023 and Fiscal 2025***

Fiscal 2023 to Fiscal 2025 is expected to see CAGR 8% to 10% rise in demand supported by continued urbanization, steady income profiles, expected growth in employment generating sectors such as Information technology, banking, financial services & insurance ("**BFSI**"), financial sectors, and rising affluence and propensity to spend on real estate by mid-income buyers. The demand in first half of Fiscal 2024 has been robust as middle- and high-income group are looking for bigger spaces with better amenities The homebuyers' need for security and personal space, amenities within residential areas are supporting the demand for residential real estate in six key cities.

**Annual demand for residential real estate in six key cities in India**



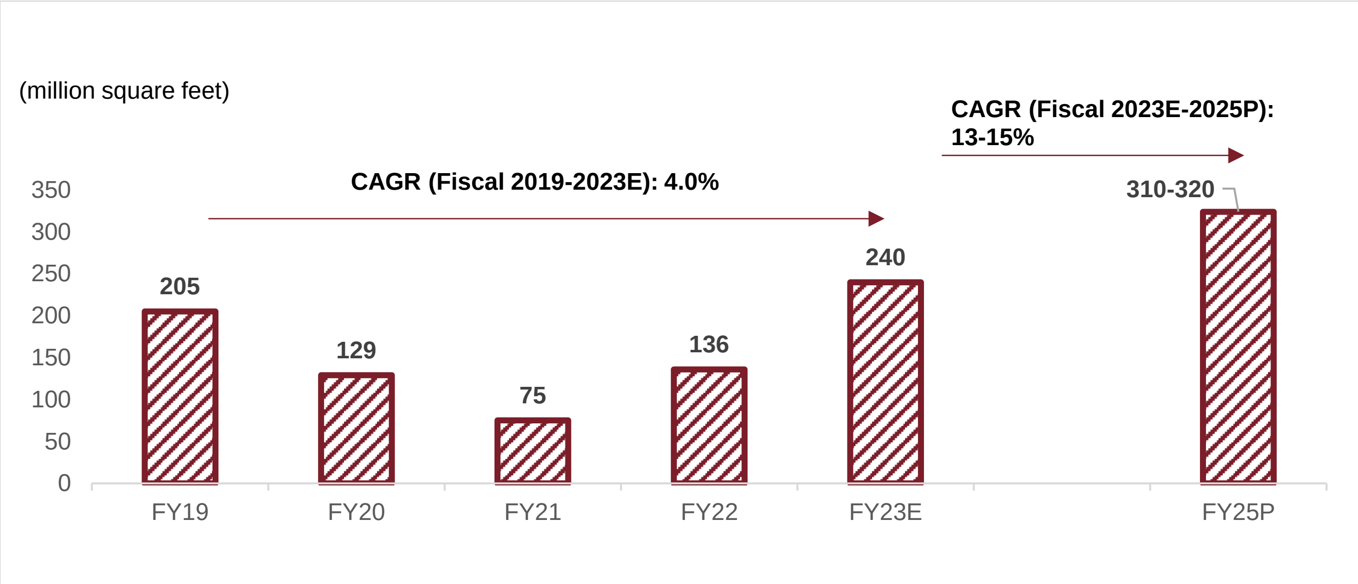

*Note: Six key cities include cumulative values of Delhi NCR, Mumbai Metropolitan Region (MMR), Pune, Ahmedabad, Hyderabad, and Bengaluru*
*Note: E stands for estimated; P stands for projected*
*Source: CRISIL MI&A*

***Annual supply (new launches) expected to grow at 13% to 15% CAGR between Fiscal 2023 and Fiscal 2025***

Supply decreased to 75 msf in Fiscal 2021 from 205 msf in Fiscal 2019 due to projects getting deferred during the pandemic. In Fiscal 2022 and Fiscal 2023 higher number of new launches were witnessed, and many more projects are lined up over the next three fiscals. This is expected to lead to annual supply (new launches) reaching 310-320 msf by Fiscal 2025.

Inventory levels in six key cities registered a decline in Fiscal 2022 and Fiscal 2023 owing to pent-up demand created by the pandemic and is expected to recover due to launch of new supplies in these cities.

*Annual supply (new launches) of residential real estate in six key cities*




*Note: E stands for estimated; P stands for projected*
*Source: CRISIL MI&A*

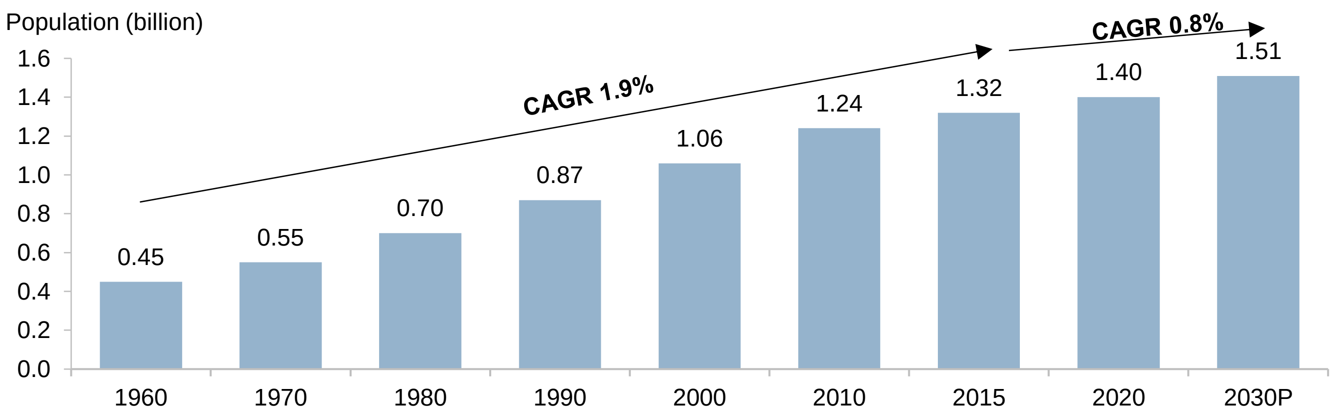
**Key growth drivers, trends, and challenges in residential real estate sector**

**Growth drivers**

**Real estate market to be driven by increase in population which is expected to increase by approximately 6% over the next six years**

The population of India increased from 1.24 billion in 2010 to approximately 1.4 billion in 2020. It is expected to increase to 1.5 billion by 2030.

**India's population growth**



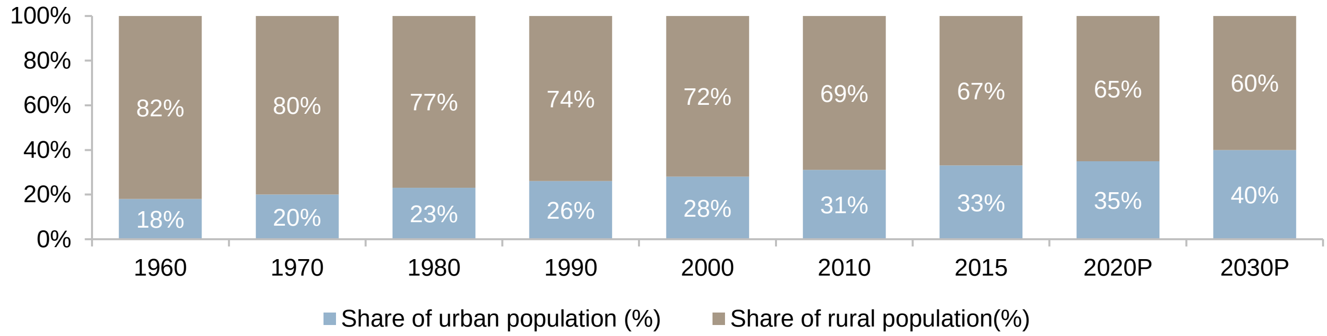

*P: Projected; As per the database, population as on July 1 is considered for each selected year*
*Source: UN Department of Economic and Social Affairs, World Population Prospects 2022, CRISIL MI&A.*

Growing population will give rise to the need of quality housing and other infrastructure, which is expected to give a boost to the real estate sector.

**Rise in urbanization to create demand for residential real estate in urban India**

Urbanisation provides an impetus to housing demand in urban areas as migrants from rural areas require dwelling units. In 2020, about 35% of Indian population lived in urban areas of the country and this share of urban population is expected to increase to about 40% in by 2030. This trend in urbanization has pushed the demand for houses in urban areas.

**India's urban v. rural population (in million)**




*P: projected*

*Source: World Urbanization Prospects: The 2018 Revision, UN, CRISIL MI&A*

People from rural areas move to cities for better job opportunities, education, avail better lifestyle etc. A family living in rural area may migrate to an urban area as whole or only few people (generally earning member or students) may migrate, while a part of the family continues to hold their native house. Urbanization has a twin impact on housing demand. On the one hand, it reduces the area per household, and on the other, there is a rise in the number of nuclear families, which leads to the formation of more households.

***Nuclearisation (rise in nuclear families)***

Nuclearisation refers to formation of multiple single families out of one large joint family; each of these families live in separate houses while the ancestral house may be retained or partitioned to buy new houses. Nuclearisation in urban areas is primarily driven by changing lifestyle of people, individualism, changing social/cultural attitudes and increased mobility of labor in search of better employment opportunities. These trends are expected to continue in future. With increasing nuclearisation, the Per Capita Floor Space Area ("**PCFSA**") required reduces since size of the family shrinks. As incomes increase, people shift to bigger houses and thus, there is addition in existing demand.

***Affordability led by disposable income***

India's per capita income, a broad indicator of living standards, rose from ₹ 63,462 in Fiscal 2012 to ₹ 99,404 in Fiscal 2023, logging 4.2% CAGR. Going forward, the Per capita income is expected to continue its growth trajectory. This will be an enabler for domestic consumption. Increasing disposable income, typically, has a positive correlation with demand for housing units as it increases the affordability.

**Per capita NNI at constant prices**

| | Fiscal 2012 | Fiscal 2013 | Fiscal 2014 | Fiscal 2015 | Fiscal 2016 | Fiscal 2017 | Fiscal 2018 | Fiscal 2019 | Fiscal 2020 | Fiscal 2021RE | Fiscal 2022PE | Fiscal 2023RE | Fiscal 2024SAE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Per-capita NNI (₹) | 63,462 | 65,538 | 68,572 | 72,805 | 77,659 | 83,003 | 87,586 | 92,133 | 94,270 | 86,054 | 94,054 | 99,404 | 106,134 |
| On-year growth (%) | | 3.3 | 4.6 | 6.2 | 6.7 | 6.9 | 5.5 | 5.2 | 2.3 | -8.7 | 9.3 | 5.7 | 6.8 |

*Note: RE: revised estimates, PE: provisional estimates, SAE: Second Advance Estimates*

*Source: Second advance estimates of national income 2023-24, CSO, MoSPI, CRISIL MI&A*

***Infrastructure development across India is driving growth in the real estate sector***

The development of infrastructure plays a key role in enhancing the demand for residential estate. Infrastructure development leads to increase in connectivity through railways, air, and road, reducing commute time. Well planned transportation infrastructure attracts investments and business which further creates demand for commercial and residential real estate. Also, other infrastructure development such medical facilities, educational institutions, entertainment hubs, retail market, business centers, schools, retail outlets etc. promote real estate prices as these infrastructure projects are the most preferred aspect for residential real estate buyers.

**Pradhan Mantri Awas Yojana (PMAY)- Urban has added stimulus to affordable housing segment**

The scheme was launched in Fiscal 2016 to provide housing for the economically weaker section of society. The scheme was divided into two schemes: PMAY Urban and PMAY Rural (or PMAY Gramin). Target was set for both the schemes till Fiscal 2022. Extension has been announced for the rural scheme till Fiscal 2024 end and till December 2024 for the urban scheme in order to achieve targets. As of March 6, 2024, 11.86 million houses have been sanctioned and 8.1 million houses have been completed. ₹ 8.1 trillion investment has been done till March 6, 2024 for 11.86 million sanctioned houses. With this investment, the affordable housing segment has received a considerable boost.

**Trends**

**Plethora of new launches witnessed in Fiscal 2023; many projects lined up for the next three fiscals**

Due to waiver given on developer premium, many new launches were observed in India in Fiscal 2023. Key organized developers such as Godrej, Lodha, Prestige, Sobha, DLF, Oberoi and others have projects lined up for the next few fiscals too.

**Changing strategy by developers in wake of shift in consumer preference**

- Large developers with adequate access to finance resorted to "Launch upon completion" strategy to be able to command a price premium, given customers' preference for ready-to-move in projects.
- Some developers also launched residential plots, given increase in preference for this format.
- Property swap scheme: Buyer can switch from current under-construction property to new property if they are willing to pay at least 70% of the cost of the new one.
- Increase in Joint Development Agreement / Joint Venture / Development Management Contracts:
- Incentives offered to lure home buyers:
    - Flexible payment schemes
    - Assured rental scheme
    - Stamp duty and maintenance charge waiver
    - Sharing part of interest rate burden
    - Assured penalty on delays

**Focus on integrated lifestyle especially by millennial buyers**

Nowadays, residential real estate buyers, especially millennials, have key preferences for their homes. These residential real estate buyers look for work-life balance and seek residences which offer modern amenities, vibrant communities, and access to leisure and entertainment options. They prefer integrated townships with gated communities which offer a variety of amenities such as fitness centers, swimming pools, and recreational spaces. Due to this, developers today are focusing on offerings to cater these lifestyle-based preferences, resulting in real estate development projects for aspirations and dreams of millennial generation.

**Technology is revolutionizing residential real estate in India**

With the rise in technological advancements, various sectors have gone through transformations including the residential real estate sector. The fusion of technology in residential real estate sector is enhancing transparency, efficiency, and innovation in the industry across property search, financing, management etc.

- **Property discovery:** Technology enabled the easy discovery of properties in the diverse and vast residential real estate market in India with efficiency and user-friendly platforms. Online property listing platforms are offering detailed information about different types of properties with high resolution images coupled with Virtual Reality ("**VR**") and Augmented Reality ("**AR**") features which enhance the property viewing experience for buyers.

- **Construction process:** Technology has not only impacted the residential real estate industry for buyers, but impacted the developers process of construction. Building Information Modelling (BIM) technology enables the developer to plan and visualize construction of projects, which helps in minimizing errors and optimizing resource allocation. Apart from BIM, drones help developers with site surveys, offering real time insights into construction stages and challenges.

- **Online property transactions:** Online platforms are changing the process of property transactions. These platforms enable digital property transfers, leading to dip in requirements of physical paperwork and in person interactions.

- **Customer data management:** Through modern software tools and customer relationship management systems, real estate developers are able to collect and preserve customer data. These tools enable the builders to analyze customer data for insights such as customer's preferences, buying behavior, feedback etc. Through this data, developers can modify their sales strategy and improve overall customer experience.

**Key challenges and risk for residential real estate sector**

***Rise in costs may impact the affordability of residential real estate buyers***

In India, consistent increase in cost of raw material coupled with steady demand has led to rise in prices of residential real estate in the country. The raw material used in construction such as cement, bricks, and steel, is becoming more expensive, which is a concern for real estate developers in India. Not only construction raw material, but high demand of metals used in wiring, plumbing and other structural elements are driving up the cost of residential real estate construction. Apart from the direct construction cost, the developers of residential real estate industry also have to keep an eye on the interest rate hike by the Reserve Bank of India ("**RBI**"). The rise in interest rates leads to an increase in borrowing cost for real estate developers, thus affecting the cost of finance for the construction projects.

So, rise in construction cost, land prices, raw material, finance cost and property taxes is one of the key challenges for developers in residential real estate sector in India. The developers who face the challenge of cost overrun have to pass on the portion of the increase in expenses to the buyers. This rise in real estate prices may limit the access to housing for some consumers looking for affordable residential real estate.

**Regulatory and legal challenges**

In the real estate sector, there are lot of regulations and legalities which change across various jurisdiction. Many real estate projects get stalled due to changes in policies and approvals with retrospective effect. Also, adhering to complex zoning laws, property rights, and environment regulations can be concerning to various real estate developers. Also, GST on raw materials, Land Under Construction ("**LUC**") tax, stamp duty, GST on sale units and registration fees eventually increase the landing cost of real estate units for the buyers.

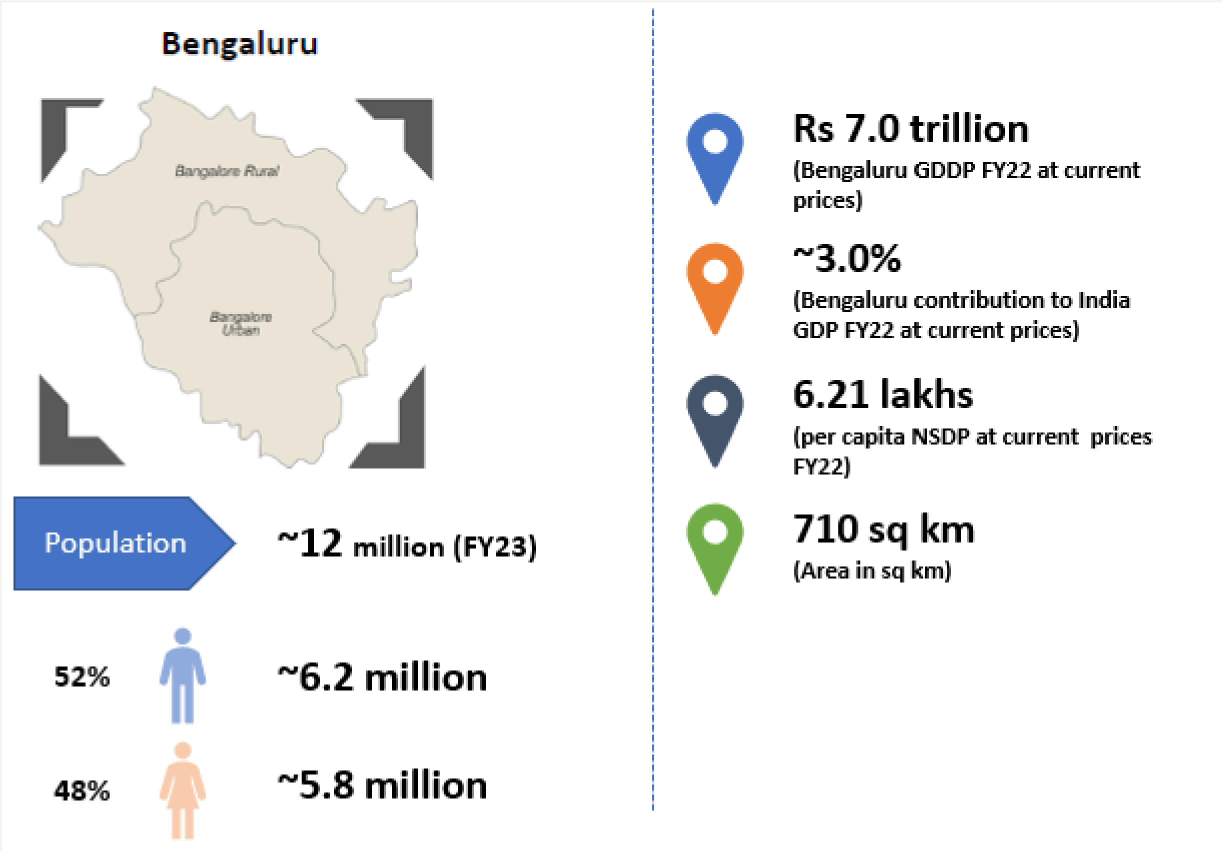
**Economic and market fluctuations**

The economic and market fluctuations affect property prices. When the economy is growing well, the stock markets are in bull run, leading to investors going for more risk-related market opportunities. But this scenario is reversed when the economy is in recession, which results in investors becoming cautious while investing in market opportunities. During such times, real estate prices tend to go down as investors are hesitant to invest in real estate. Luxury properties are more affected by market volatility as such properties are often bought by investors who are more sensitive to market volatility trends.

## RESIDENTIAL REAL ESTATE IN BENGALURU AND DELHI-NCR REGIONS

### Bengaluru

*Bengaluru demographic profile and economic profile*

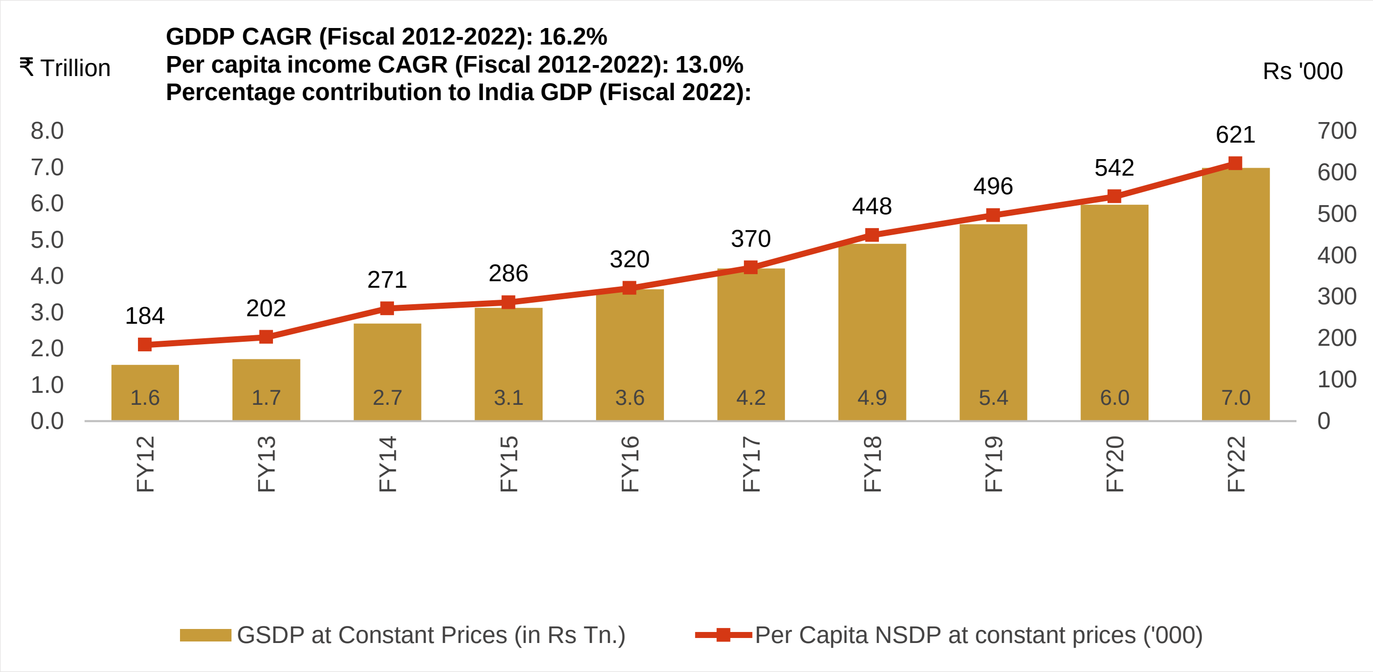



*Source: CRISIL MI&A*

**Bengaluru Urban registered a Gross District Domestic Product growth of 16.2% CAGR between Fiscals 2012 and 2022 at current prices**

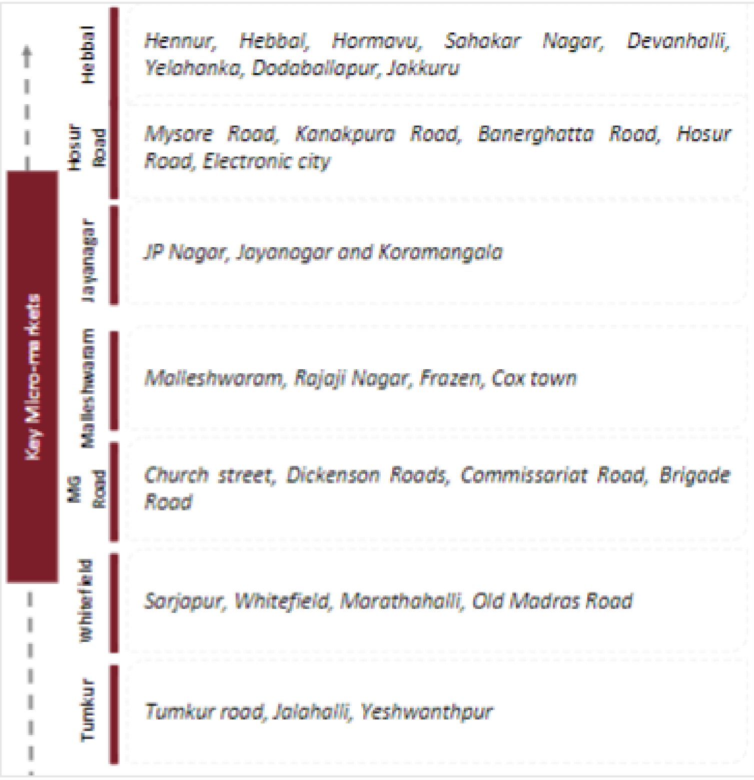
Bengaluru Urban district has seen a rapid growth in population with an estimated population of approximately 12 million in Fiscal 2023, an approximately 25% growth compared to 2011 figures. Bengaluru Urban's Gross District Domestic Product ("**GDDP**") was ₹ 6,985 billion at current prices in Fiscal 2022, registering a CAGR of 16.2% between Fiscal 2012 and Fiscal 2022. Its per capita income (per capita net district domestic product) at current prices was ₹ 621,131 as of Fiscal 2022, registering a CAGR of 13.0% between Fiscal 2012 and Fiscal 2022. The district contributed approximately 36% of Karnataka state's GSDP at current prices in Fiscal 2022. Bengaluru Urban District tops in secondary and tertiary sectors due to high concentration of major industries and infrastructure facilities.

**Bengaluru Urban GDDP and per capita income at current prices (Fiscal 2012-2022)**




*Note: Data for Fiscal 2021 is not available*
*Source: CSO, CRISIL MI&A*

**Key residential real estate micro-markets in Bengaluru**




*Source: CRISIL MI&A*

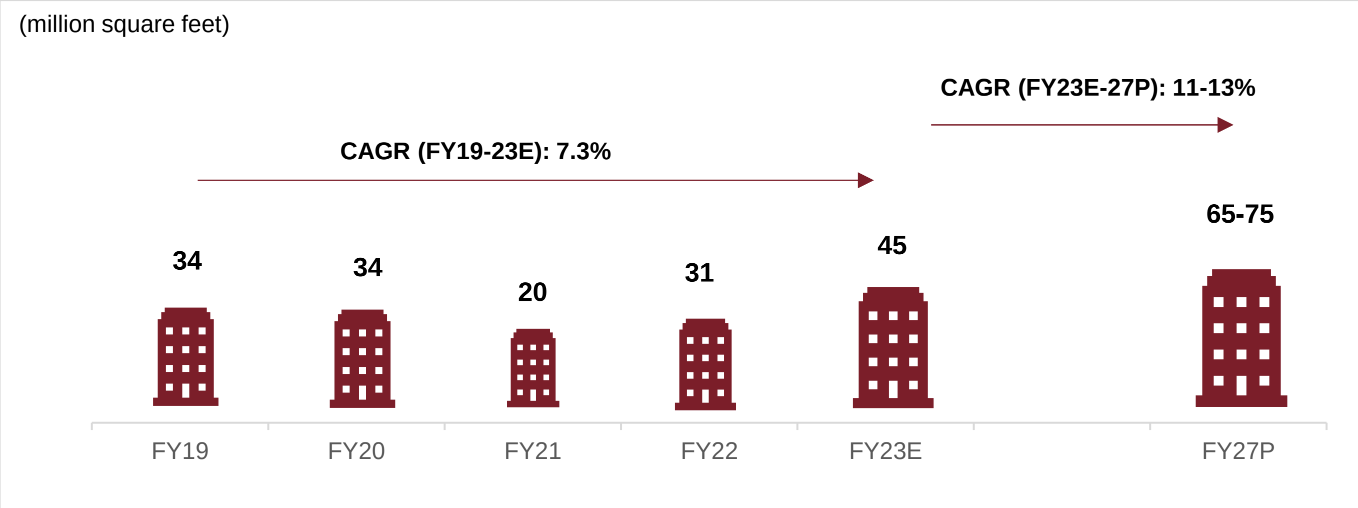
**Residential demand in the Bengaluru region witnessed strong growth in Fiscal 2022 and Fiscal 2023 driven by timely completions of projects, development of various infrastructure projects**

Residential real estate demand in Bengaluru was at 34 msf in Fiscal 2019 and Fiscal 2020 before plunging to 20 msf in Fiscal 2021 due to the pandemic. It recovered to 31 msf in Fiscal 2022, an increase of approximately 55%. In Fiscal 2023, estimated housing demand in Bengaluru grew by 40-45% on-year to close to 45 msf. The continued growth momentum was due to stable income growth as well as interest rates still 50 bps lower than pre-pandemic period despite almost 120 bps rise during the fiscal. Housing demand growth last fiscal was mostly driven by the Information technology / Information technology enabled services ("**ITeS**") professionals and BFSI, largely supported by stable income growth throughout the pandemic, along with robust vaccination drive and stable hiring by key employers. Strong momentum in Fiscal 2023 was also observed due to strengthening confidence following timely completions of projects, exponential growth of startups and unicorns, development of various infrastructure projects and rising income levels.

**Residential demand in the Bengaluru region to clock 11-13% CAGR between Fiscals 2023 and 2027**

Going forward, between Fiscals 2023 and 2027, housing demand in the market is likely to grow at a healthy pace of 11-13% CAGR due to continued urbanization, healthy growth in IT / ITeS segment and a healthy income profile etc. Furthermore, rapid expanding infrastructure development viz. Metro Rail Phase 2B (Airport link), Peripheral Ring Road and Satellite Ring Road etc. will provide seamless connectivity to other parts of the city and shall act as a growth driver. While the mid-sized and luxury segments will do well despite rising interest rates and capital values, affordable segment is likely to be a laggard due to price sensitive consumer base. Furthermore, the homebuyers are expected to upgrade to larger living spaces with better amenities therefore leading to higher growth in premium apartments.

**Annual demand of residential real estate in Bengaluru region**

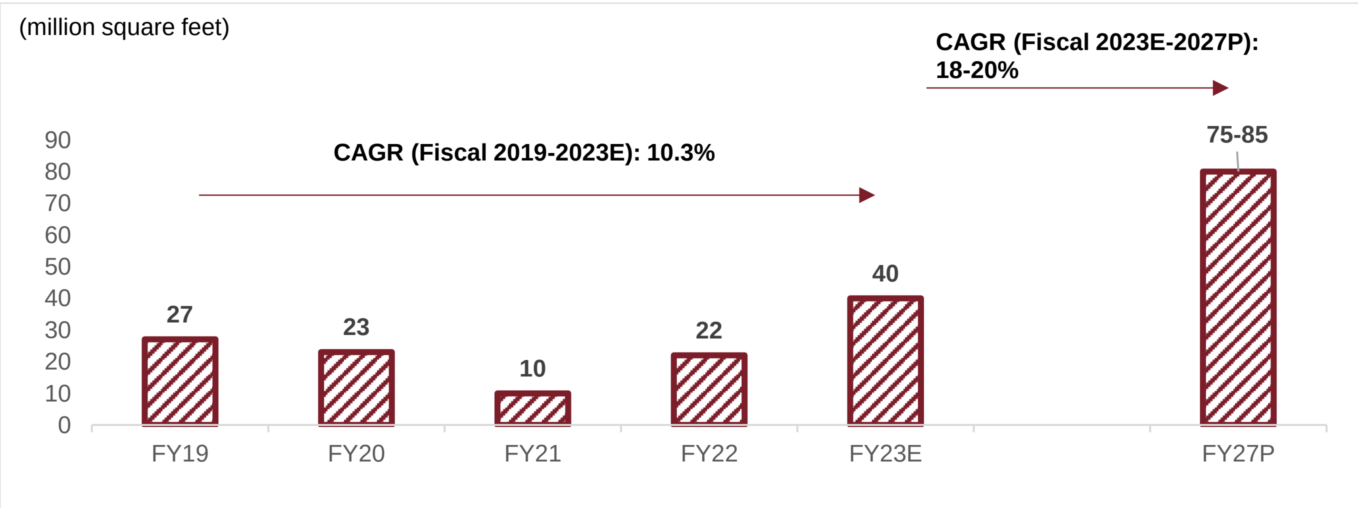



*Note: E stands for estimated; P stands for projected*
*Source: CRISIL MI&A*

**With completion of few deferred projects and demand revival, supply (new launches) is also expected to increase between Fiscal 2024 and Fiscal 2027**

CRISIL MI&A expects planned supply to be around 210-230 msf over the next 4-6 Fiscals. A few projects which were likely to be completed last fiscal have been deferred by a few months and therefore to be completed in Fiscal 2024. Many projects launched in Whitefield and the micro-market accounts for 35-40% of projects under construction. The area is further expected to get a boost following recently commissioned metro line in March 2023. Majority of the upcoming supplies expected to be driven by large, organised players. Despite hiring slowdown and layoffs in the technology space globally, India's Information Technology / Information Technology Enabled Services revenue is expected to remain in double digit and therefore no major impact on income growth of employees expected which in turn is expected to keep the demand and supply momentum going strong.

**Annual supply (new launches) of residential real estate in Bengaluru**

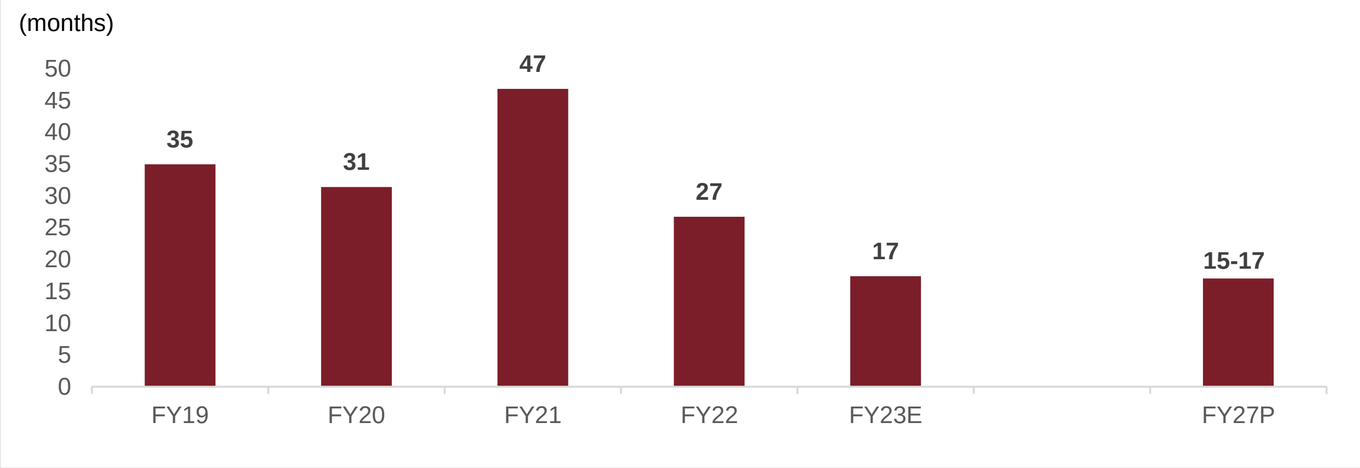



*Note: E stands for estimated; P stands for projected*

*Source: CRISIL MI&A*

Overall inventory levels have seen a dip in Fiscal 2022 and Fiscal 2023 due to growth in demand. They are expected to remain stable in the coming fiscals with a good number of new launches lined up. Most of the new supply will be coming up in micro-markets such as Whitefield, Hosur Road and Hebbal.

**Estimated vacancy (inventory stock at the end of fiscal in months) of residential real estate in Bengaluru region**




*Note: E stands for estimated; P stands for projected*
*Source: CRISIL MI&A*

**Cost escalations and favourable dynamics expected to push prices to north in Bengaluru in Fiscal 2024 and Fiscal 2025**

In Bengaluru, micro markets such as Malleshwaram, MG Road, Tumkur Road etc. are expected to see relatively high growth in capital values at 6-7% annually in Fiscal 2024 and Fiscal 2025. These micro-markets account for less than 5% share in upcoming supplies as of March 2023. Though, moderate unsold inventory is expected to restrict any further upward movement. In contrast, micro-markets such as Hebbal, Hosur & Whitefield to account for majority of upcoming supplies, while unsold units amount to around 60%. This will restrict developers' ability to take any major price hike over next two fiscal and therefore capital values are likely to grow modestly by 2-3% annually. Overall capital values in the city expected to rise by approximately 5% in Fiscal 2024.

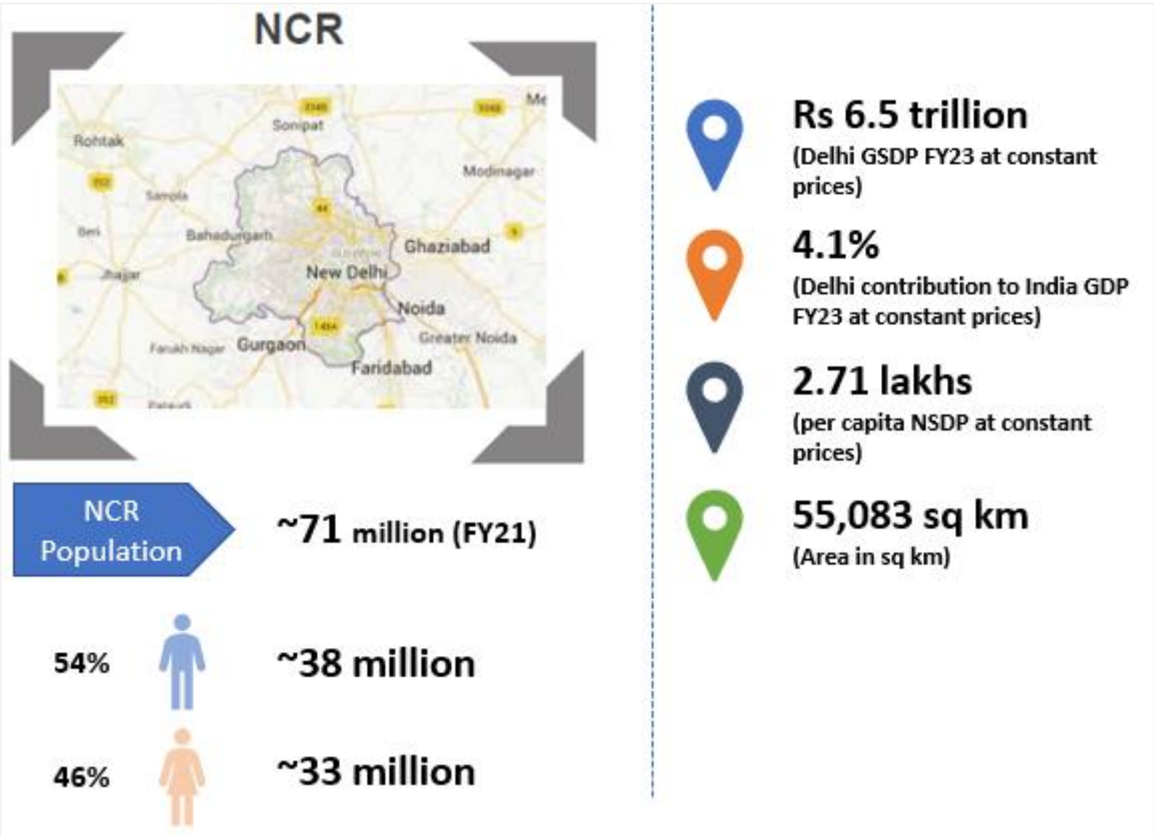
**Estimated Y-o-Y growth % in capital values Rs per sq. ft of carpet area in Bengaluru**

| City/ micro-market | FY20 | FY21 | FY22 | FY23E | FY24P |
|---|---|---|---|---|---|
| Hebbal | 0% | -2% | 3% | 5% | 3% |
| Hosur Road | 0% | -2% | 4% | 4% | 2% |
| Jayanagar | 0% | -2% | 6% | 12% | 5% |
| Malleshwaram | 0% | -3% | 5% | 12% | 7% |
| MG road | 0% | -3% | 5% | 12% | 6% |
| Tumkur Road | 0% | -2% | 4% | 5% | 7% |
| Whitefield | 0% | -2% | 4% | 9% | 3% |
| Bengaluru | 0% | -2% | 4% | 9% | 5% |

*Note: E stands for estimated, P stands for projected; micro-markets have been defined at the start of the section*
*Source: CRISIL MI&A*

**Delhi-NCR**

*Delhi NCR demographic profile and Delhi economic profile*




*Source: National Capital Region Planning Board, CRISIL MI&A*

**Delhi NCR composition**

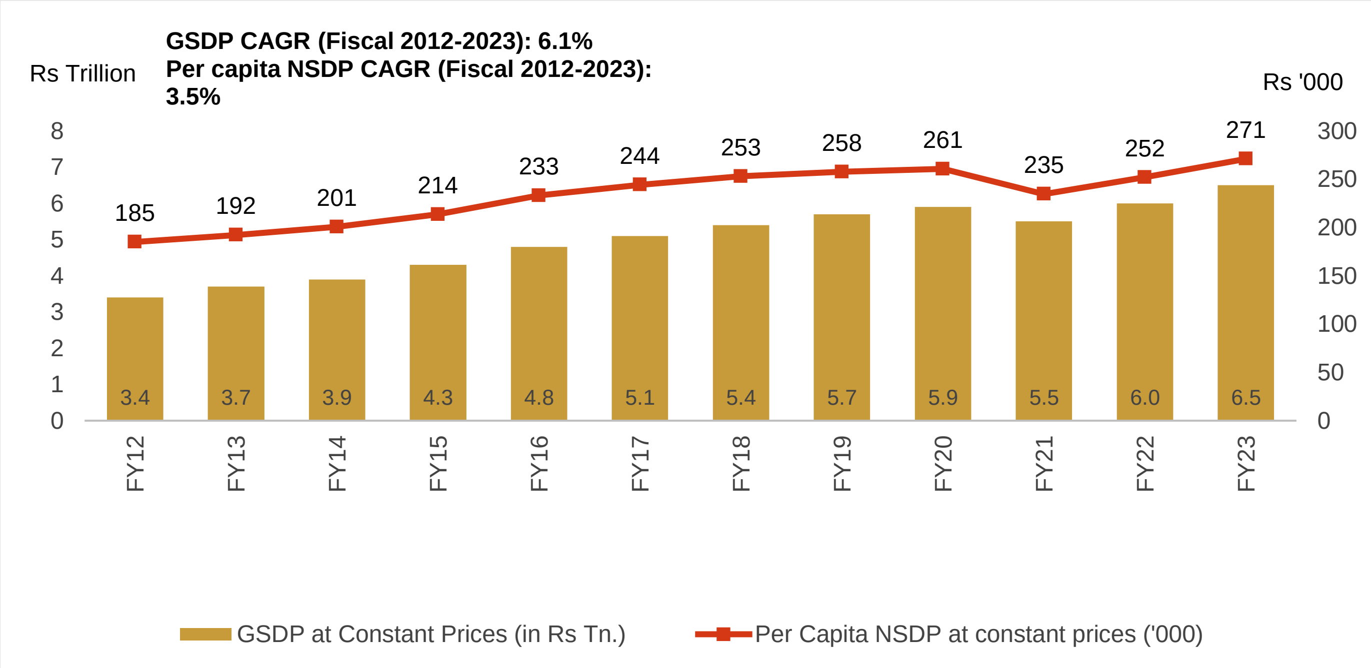
| Sub-region / state | Districts |
|---|---|
| **Haryana** | Faridabad, Gurugram, Mewat, Rohtak, Sonepat, Rewari, Jhajjhar, Panipat, Palwal, Bhiwani, Mahendragarh, Jind, Karnal |
| **Uttar Pradesh** | Meerut, Ghaziabad, Gautam Buddha Nagar, Bulandshahr, Hapur, Baghpat, Muzzafarnagar |
| **Rajasthan** | Alwar, Bharatpur |
| **Delhi** | National Capital Territory (NCT) of Delhi |

*Source: National Capital Region Planning Board, CRISIL MI&A*

**Delhi registered a Gross State Domestic Product (GSDP) growth of 6.1% CAGR between Fiscals 2012 and 2023 at constant prices**

Delhi NCR Region is a highly populous region with a total population of approximately 71 million in Fiscal 2021. The region covers an area of approximately 55,083 square kilometres as per National Capital Region Planning Board. Delhi state's per capita NSDP (at constant prices) was ₹ approximately 2,71,019 in Fiscal 2023, registering a 3.5% CAGR between Fiscals 2012 and 2023. Its GSDP, at constant prices was ₹ 6.5 trillion for Fiscal 2023, registering a CAGR of 6.1% between Fiscals 2012 and 2023, higher than national average of 5.7%. Due to the growing economy and population, there is significant and growing need for quality and affordable housing.

**Delhi GSDP and per capita NSDP at constant prices (Fiscal 2012-2023)**




*Source: CSO, CRISIL MI&A*

**Key residential real estate micro-markets in Delhi-NCR**

| Mirco-markets | Areas within micro-markets |
|---|---|
| Delhi National Capital Territory (Delhi-NCT) | South Delhi1 (Chanakyapuri, Gulmohar Park, Jor Bagh) |
| | South Delhi 2 (Vasant Kunj, Greater Kailash, Hauz Khas, Saket, Sarita Vihar, Vasant Kunj, Chitranjan Park) |
| | West Delhi Prime (Mayur Vihar, Preet Vihar, Indraprastha Extension) |
| | East Delhi (Janakpuri, Punjabi Bagh, Rajouri Garden) |
| | West Delhi Non-Prime (areas in and around Dwarka) |
| | North Delhi (Rohini, Pitampura, Model Town, Narela) |
| Gurugram | Golf Course Extension |
| | Sohna Road |
| | Manesar |
| | Dwarka expressway |
| | DLF City / Golf Course Road |
| Noida and Greater Noida | Sectors 15-49 |
| | Sectors 50-56, 61-67, 70-87, 101-106, 110-122 |
| | Noida extension, including sectors 1-4, 10, 12, 16, Tech zone, Knowledge Park |
| | Noida Greater Noida expressway South |
| | Noida Greater Noida Expressway North |
| | Greater Noida (Tumkur Road, Jalahalli, Yeshwanthpur) |
| Faridabad and Ghaziabad | Faridabad Non-Prime (Sectors 75-89, sectors off NH-2) |
| | Faridabad Prime (Charmwood Village, Surajkund, Sectors 15,16, 20, 21, 27) |
| | Ghaziabad Prime (Vaishali, Vasundhara, Indirapuram, kaushambi) |

| Mirco-markets | Areas within micro-markets |
|---|---|
| | Ghaziabad Non-Prime (Raj Nagar Ext, Crossings Republik) |

*Source: CRISIL MI&A*

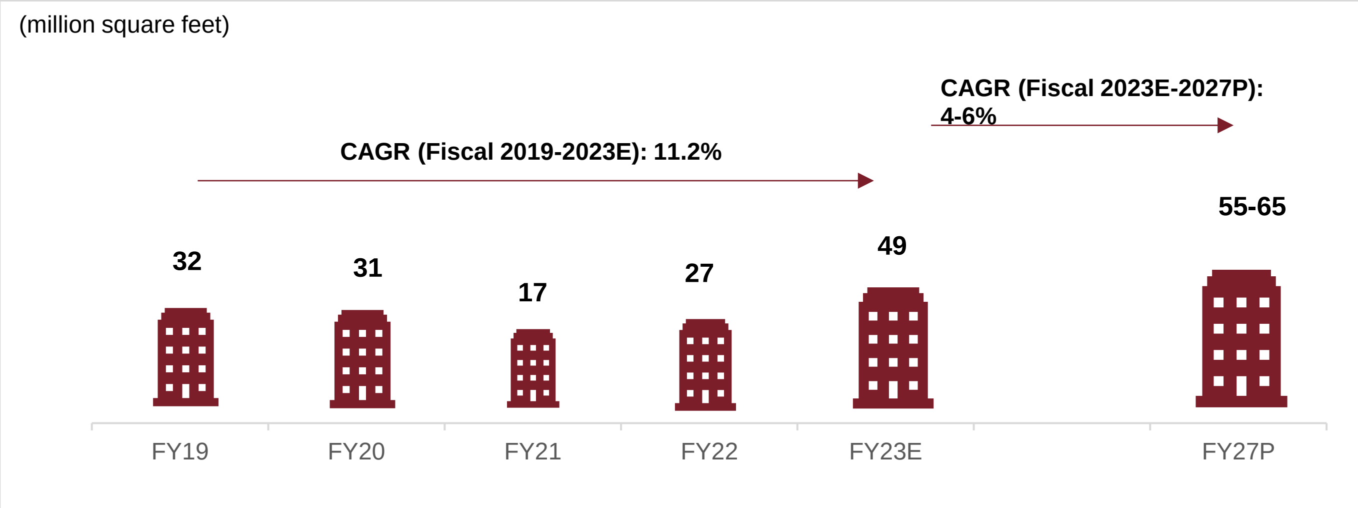
**Residential demand in the NCR region witnessed strong growth momentum in Fiscal 2022 and Fiscal 2023 led by pent-up demand created by the pandemic**

NCR residential real estate demand was in a deep slump since 2013 with low buyer sentiment given highest proportion of stalled projects followed by demonetization, GST, RERA, liquidity crisis, etc. until 2019. Just when the market had stabilized and 2-3% recovery was in sight for Fiscal 2021, it got hit by COVID-19 sending it into another slump. The market started witnessing strong growth momentum from second quarter of Fiscal 2022 onwards, led by pent-up demand, improvement in affordability due to softer capital values, policy boost, discounts and incentives offered by developers, etc. An estimated improvement in income levels from the financial market performance is also likely to have propelled the demand. As a result, demand jumped from 27 msf in Fiscal 2022 to 49 msf in Fiscal 2023.

**Residential demand in the NCR region to grow moderately with dominancy of mid & high-end segments**

Demand in NCR is led by pockets in Gurgaon and Noida. The trend of consumers shifting to branded players is also clearly evident. Also, the demand is estimated to be propelled by the organized workforce from BFSI & financial markets as well as corporates. Demand to be largely supported by continued urbanization, steady income profiles, expected growth in IT, BFSI, financial and manufacturing sectors and rising affluence and propensity to spend on real estate by the mid income buyers. As a result, residential real estate demand in NCR is expected to see CAGR 4-6% between Fiscal 2023 and Fiscal 2027 and reach 55-65 msf by Fiscal 2027.

**Annual demand in million square feet of residential real estate in Delhi-NCR region**

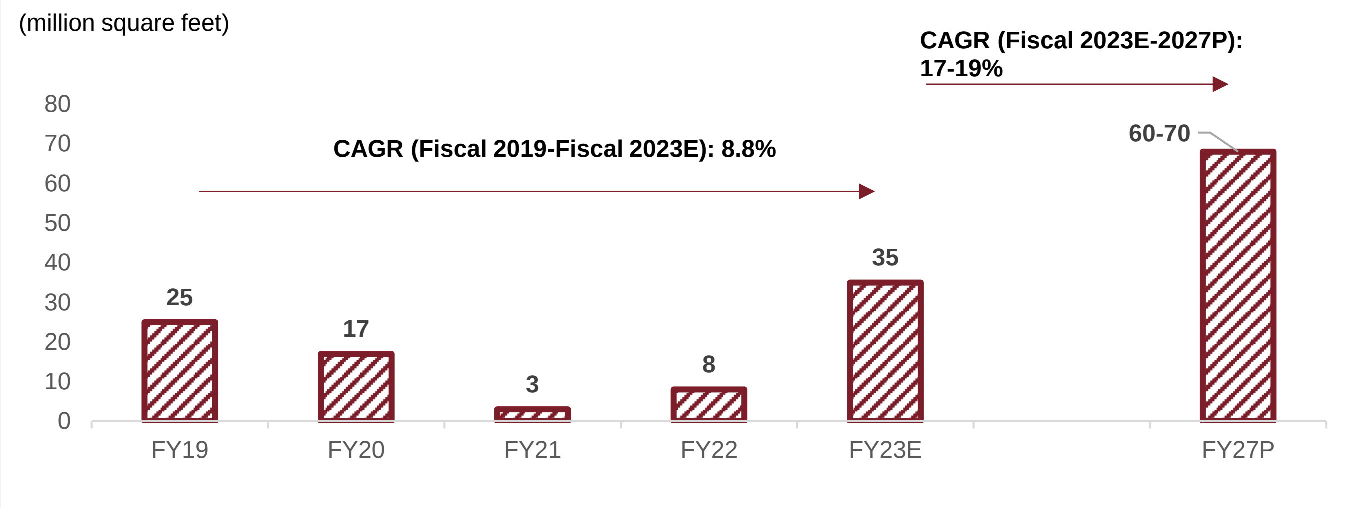



*Note: E stands for estimated; P stands for projected*
*Source: CRISIL MI&A*

**With demand revival, supply (new launches) is also expected to increase between Fiscal 2024 and Fiscal 2027**

New launches have been muted over the last few years given developers focus on execution and offloading of high unsold as well as under-construction inventory. As demand revival is expected over Fiscal 2024-2027, launches are also expected to increase between Fiscal 2024-2027. While Gurugram has historically led in new project launches, Noida has picked up with branded developers launching projects in Noida-Greater Noida expressway micro-markets. Traction is led by upcoming Jewar International Airport as well as National Company Law Tribunal resolution in key cases. Affordable housing development is a long gestation, low margin – high volume business and in current market conditions, developers are looking at quick execution and exit. Hence, share of affordable housing in launches is expected to come down.

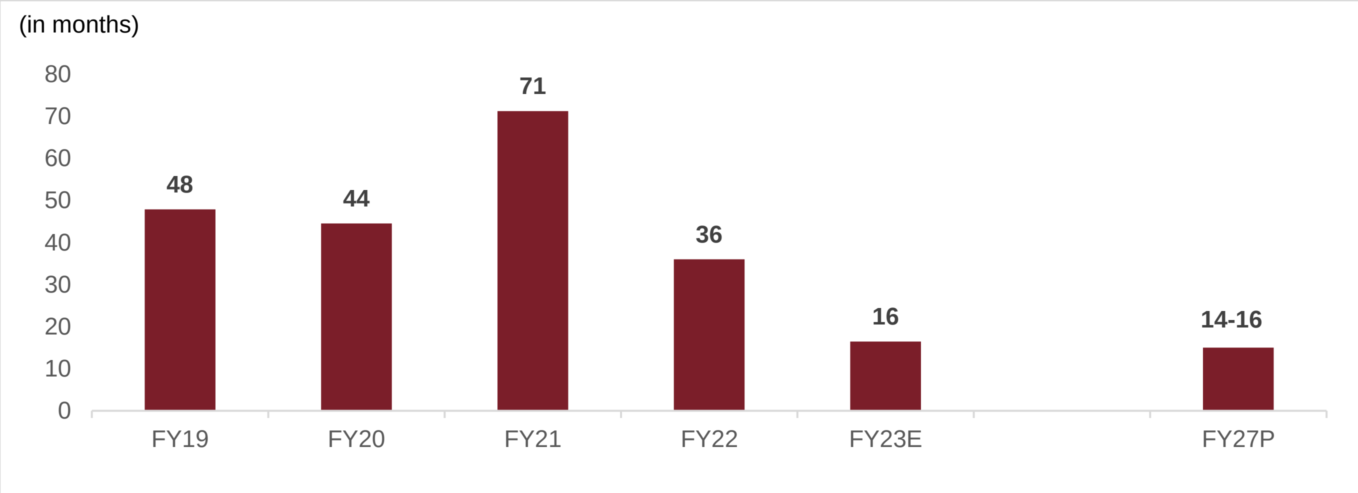
**Annual supply (new launches) of residential real estate in Delhi-NCR region**




*Note: E stands for estimated; P stands for projected*
*Source: CRISIL MI&A*

Inventory levels declined in contrast to rise in demand levels in Fiscal 2022 and Fiscal 2023. With rising new launches, inventory is expected to remain stable at 14-16 months levels by the end of Fiscal 2027.

**Estimated Vacancy (inventory stock at the end of fiscal) in months of residential real estate in Delhi-NCR region**




*Note: E stands for estimated; P stands for projected*
*Source: CRISIL MI&A*

**Capital values expected to increase across Delhi-NCT micro-market driven by increase in raw material prices, increasing penetration of organized players and greater connectivity**

In premium micro market of South Delhi and West Delhi, CRISIL MI&A expects prices of residential real estate to increase due to increase in penetration of organized players such as DLF and Tata Reality in these regions. The non-premium micro markets like North Delhi and West Delhi non-prime areas, which have large supply from the unorganized developers, will also experience increase in capital values driven by increase in raw material prices. Also, the residential real estate market in Delhi-NCT has limited upcoming supply and good connectivity, social and commercial infrastructure which will also lead to increase in prices.

**Estimated Y-o-Y growth % in capital values Rs per sq. ft of carpet area in Delhi**

| City/ micro-market | FY20 | FY21 | FY22 | FY23E | FY24P |
|---|---|---|---|---|---|
| South Delhi1 | -2% | -15% | 2% | 2% | 0% |
| South Delhi 2 | -1% | -11% | 2% | 2% | 1% |
| West Delhi Prime | -2% | -10% | 2% | 2% | 1% |
| East Delhi | -2% | -10% | 0% | 4% | 2% |

| City/ micro-market | FY20 | FY21 | FY22 | FY23E | FY24P |
|---|---|---|---|---|---|
| West Delhi Non-Prime | 0% | -8% | -1% | 1% | 1% |
| North Delhi | -2% | -6% | 2% | 2% | 2% |

*Note: E stands for estimated; P stands for projected; micro-markets have been defined at the start of the section*
*Source: CRISIL MI&A*

**Capital values expected to increase across Gurugram due to demand for mid-ticket projects, limited upcoming supply in some micro-markets**

In Gurugram, the demand is being driven by Manesar, Sohna Road and Dwarka Expressway. The completion of Dwarka Expressway will give rise in demand of affordable and mid income projects in these 3 micro markets, leading to prices increase by 2-4% in capital values in this region. The Golf Course extension market is expected to see rise in capital values by 3% driven by increase in demand for mid ticket projects. In DLF City too, the capital values are expected to rise by 2% due to limited supply and launches in this market.

**Estimated Y-o-Y growth % in capital values Rs per sq. ft of carpet area in Gurugram**

| City/ micro-market | FY20 | FY21 | FY22 | FY23E | FY24P |
|---|---|---|---|---|---|
| Golf Course extension | -3% | -10% | 3% | 3% | 3% |
| Sohna Road | -3% | -5% | 2% | 2% | 2% |
| Manesar | -2% | -8% | 2% | 1% | 4% |
| Dwarka expressway | -2% | -8% | 3% | 3% | 3% |
| DLF City/ Golf Course Road | -2% | -15% | 2% | 2% | 2% |

*Note: E stands for estimated; P stands for projected; micro-markets have been defined at the start of the section*
*Source: CRISIL MI&A*

**Capital values expected to increase across Noida and Greater Noida driven by completion of stuck projects and upcoming Jewar International Airport**

In Noida, capital values are expected to improve in Noida prime and Noida Greater Noida Expressway markets due to improvement in buyer sentiment, completion of stuck projects, upcoming Jewar International Airport. In Noida Non-Prime market, which accounts for the highest upcoming supply with 22% falling in <7.5 mn bracket. Given the high inventory overhang, this micro market will see least price appreciation of approximately 1%.

**Estimated Y-o-Y growth % in capital values Rs per sq. ft of carpet area in Noida**

| City/ micro-market | FY20 | FY21 | FY22 | FY23E | FY24P |
|---|---|---|---|---|---|
| Noida Prime 1 | -2% | -10% | 2% | 2% | 3% |
| Noida Prime 2 | -13% | 12% | -9% | 2% | 2% |
| Noida greater Noida Expressway North | -3% | -12% | 3% | 3% | 2% |
| Noida greater Noida Expressway South | -2% | -10% | 2% | 2% | 2% |
| Noida Non-Prime | -1% | -4% | 2% | 2% | 3% |
| Greater Noida | -1% | -10% | 3% | 3% | 3% |

*Note: E stands for estimated; P stands for projected, Micro-markets have been defined at the start of the section*
*Source: CRISIL MI&A*

**Capital values expected to see limited growth across Faridabad and Ghaziabad as developers continue efforts to liquidate inventory by offering discounts**

In Ghaziabad Non-Prime and Faridabad Non-Prime markets the rise in capital values is expected to be marginal at around 1% due to muted demand in these markets. Faridabad Prime is expected to see capital value increase of approximately 2% as this micro market sees demand for high ticket and luxury projects while the Ghaziabad Prime market is expected to see capital value increase of approximately 1-2% as the developers continue to offer discounts to liquidate inventory.

**Estimated Y-o-Y growth % in capital values Rs per sq. ft of carpet area in Faridabad and Ghaziabad**

| City/ micro-market | FY20 | FY21 | FY22 | FY23E | FY24P |
|---|---|---|---|---|---|
| Faridabad Non-Prime | -9% | -4% | 2% | 2% | 2% |
| Faridabad Prime | -1% | -10% | 6% | 2% | 1% |

| City/ micro-market | FY20 | FY21 | FY22 | FY23E | FY24P |
|---|---|---|---|---|---|
| Ghaziabad Prime | -2% | -8% | 2% | 2% | 1% |
| Ghaziabad Non-Prime | -2% | -5% | 2% | 1% | 1% |

*Note: E stands for estimated; P stands for projected; Micro-markets have been defined at the start of the section*
*Source: CRISIL MI&A*

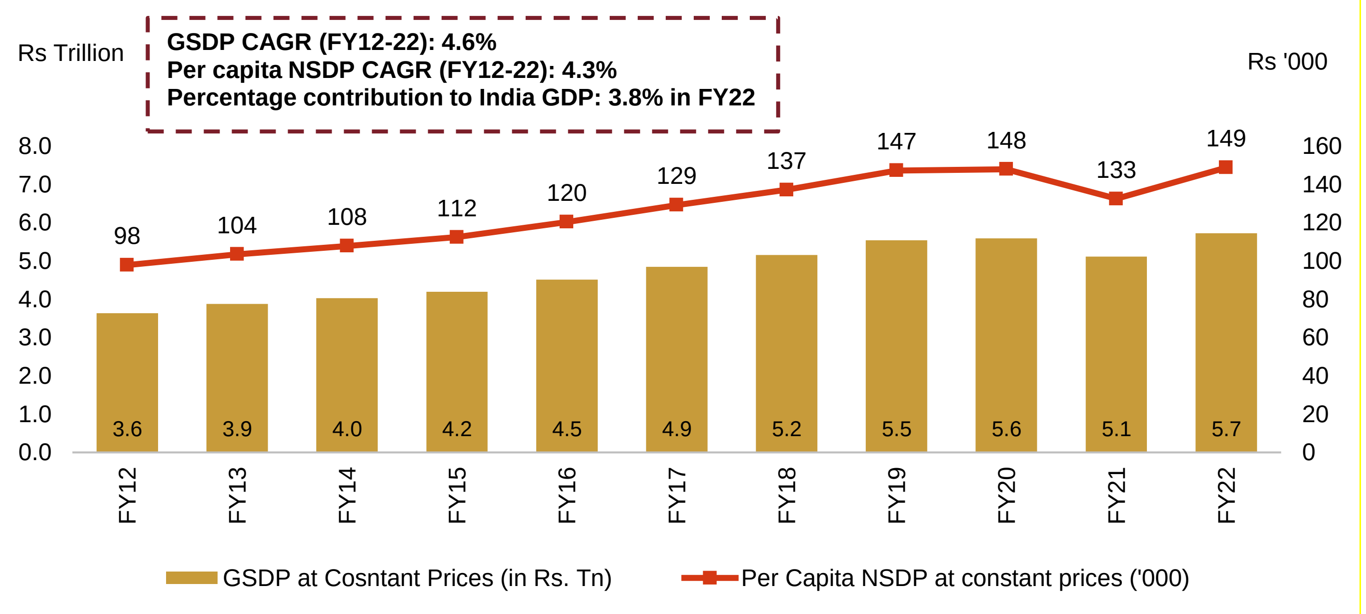
**Overview of Kerala region**

**Review of Kerala's GDP growth**

**Kerala GSDP grew at a CAGR of 4.6% between Fiscal 2012 and Fiscal 2022**

Kerala GSDP at constant prices has grown from ₹ 3.6 trillion in Fiscal 2012 to ₹ 5.7 trillion in Fiscal 2022, registering a CAGR growth of 4.6%. The state contributed 3.8% to India's GDP at constant prices in Fiscal 2022. In terms of per capita GSDP as of Fiscal 2022, Kerala registered a figure of ₹ 148,810 which is higher compared to per capita GDP of India as of FY22 (₹ 109,060).

**Kerala GSDP and per capita NSDP at constant prices (Fiscal 2012-2022)**




*Source: CSO, CRISIL MI&A*

**Construction sector added ₹ 1,129 billion gross value to Kerala's economy in Fiscal 2022 at current prices**

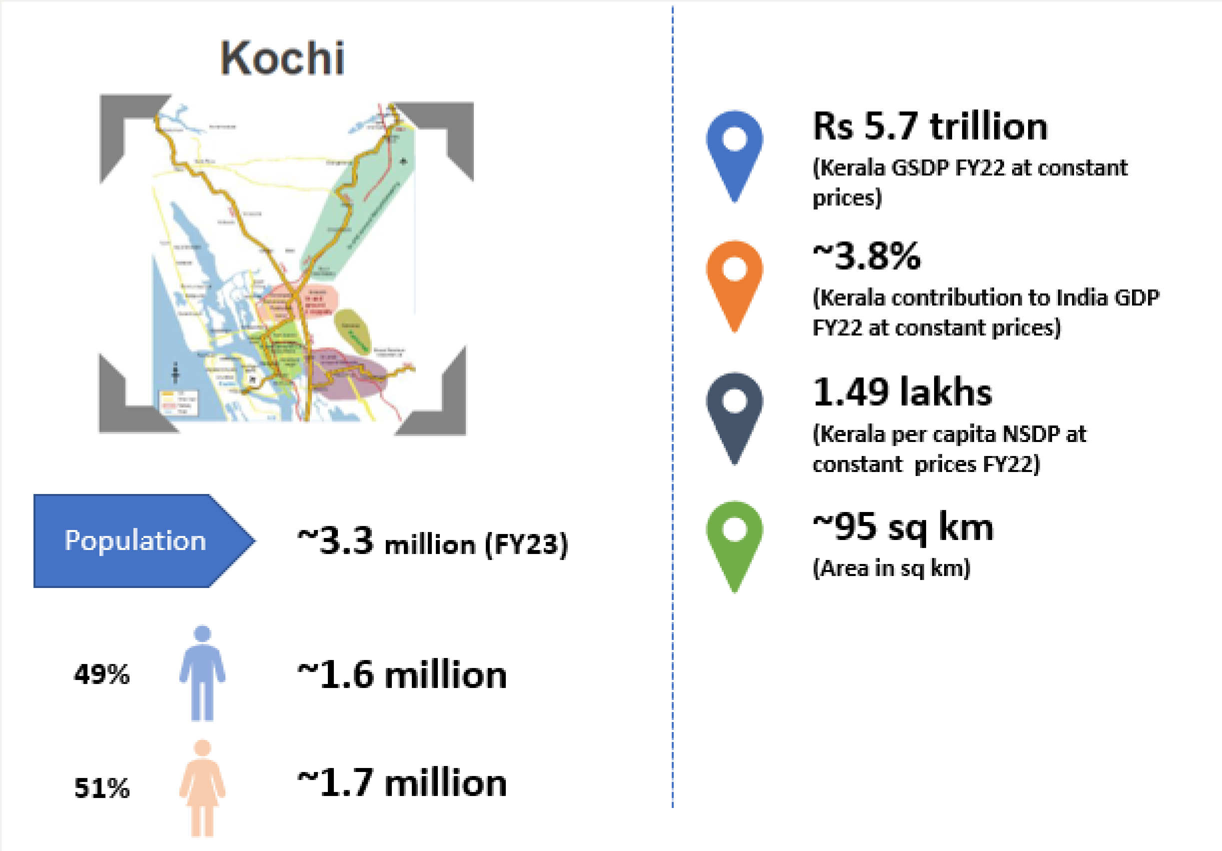
Construction was the third highest contributor by economic activity in terms of gross value added at current prices in Kerala for Fiscal 2022 at ₹ 1,129 billion. The sector registered an 8% CAGR between Fiscal 2012 and Fiscal 2022. Services and banking & insurance have been the fastest growing segments in the state, registering an 11% CAGR between Fiscal 2012 and Fiscal 2022.

**Gross state value added by economic activity in Kerala at current prices (Fiscal 2012 vs Fiscal 2022)**

| Economic activity | Value (Rs billion) in FY12 | Value (Rs billion) in FY22 | CAGR (FY12-22) |
|---|---|---|---|
| **Agriculture** | 290 | 348 | 2% |
| **Manufacturing** | 342 | 772 | 8% |
| **Construction** | 531 | 1,129 | 8% |
| **Industry** | 947 | 2,064 | 8% |
| **Banking & insurance** | 143 | 395 | 11% |
| **Services** | 1,932 | 5,319 | 11% |
| **Total** | 4,186 | 10,028 | 9% |

*Source: RBI, MOSPI, CRISIL MI&A*

**Overview of residential real estate in Kochi (Earlier Cochin)**

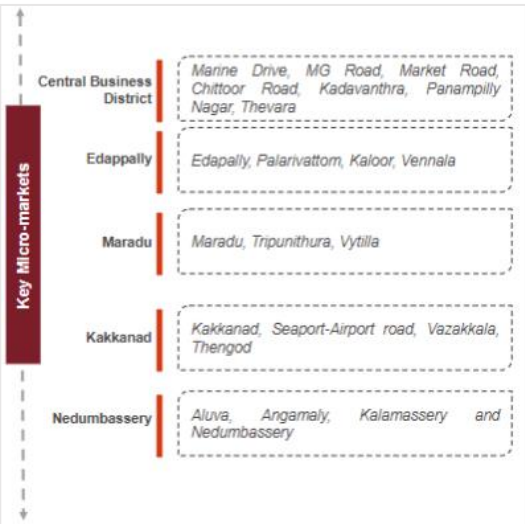



*Source: CRISIL MI&A*

**Kochi is a part of Ernakulum District, the highest revenue generating district in Kerala**

Kochi is part of the Ernakulam District of the state of Kerala in southern India. The district includes the largest metropolitan region of the state Greater Cochin (Kochi). Ernakulam District is the highest revenue yielding district in the state and is called and known as the commercial capital of Kerala. The estimated population of Kochi was 3.3 million in 2022 and covers an area of approximately 95 square kilometres.

**Key residential real estate micro-markets in Kochi**



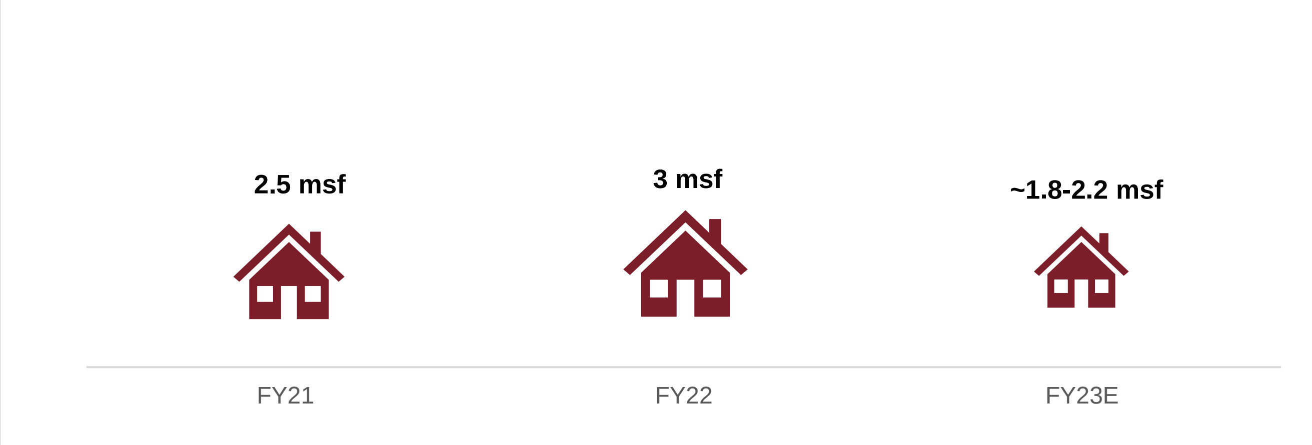

*Source: CRISIL MI&A*

**Residential real estate demand in Kochi remained subdued in Fiscal 2023**

Kochi's overall housing demand remained subdued in Fiscal 2023 with a drop in demand compared to Fiscal 2022 levels as per industry interactions. Investments by Non-Resident Keralites (NRKs), residing in the Middle Eastern countries, has been the major drivers of growth in the residential real estate market in the past. Kochi has also attracted several information technology (IT) companies such as WIPRO, TCS, Cognizant who have set up their offices in micro markets such as Kakkanad.

Key micro markets for residential real estate industry in Kochi include Edappally, Maradu, Kakkanad, Nedumbassery and Central Business District (CBD). CBD and Edapally are micro markets with relatively higher share of premium or luxury offerings compared to other micro markets. Maradu and Kakkanad witnessed slight increase in capital prices per square feet in Fiscal 2023, while other micro-markets saw prices remaining stable. 40-50% of the upcoming supply in Kochi is expected to be for premium and luxury segments which might drive up the prices in CBD and Edapally in this current fiscal going forward.

**Annual demand for residential real estate in Kochi (in million square feet or MSF)**




*Source: CRISIL MI&A*

As per CRISIL MI&A analysis, there might be a marginal drop in Kochi's residential real estate demand this fiscal due to hike in stamp duty charges before recovering in Fiscal 2025.

**Competitive mapping of key players in Indian residential real estate industry**

**Comparative analysis of players in the residential real estate sector**

**Brief profiles of select peers**

| Company | Year of Incorporation | Brief offerings | Geographic presence |
|---|---|---|---|
| **Brigade Enterprises Limited** | 1986 | Residential, commercial, retail and hospitality real estate | South and West India |
| **DLF Limited** | 1946 | Residential, commercial, retail and hospitality real estate | North and South India |
| **Godrej Properties Limited** | 1990 | Residential and commercial real estate | Pan India |
| **Macrotech Developers Limited** | 1980 | Residential and commercial real estate | West and South India |
| **Oberoi Realty Limited** | 1998 | Residential, commercial, retail and hospitality real estate | West India |
| **Prestige Estates Projects Limited** | 1986 | Residential, commercial, retail, hospitality and rental real estate | South and West India |
| **Puravankara Limited** | 1975 | Residential and commercial real estate | South and West India |
| **Sobha Limited** | 1976 | Residential, commercial real estate. Civil contract work, manufacturing of interior products | South, West and North India |

*Source: Company annual reports/investor presentations, official websites, CRISIL MI&A*

- Sobha Ltd. is a key real estate developer known for providing residential homes and communities
- Sobha Ltd. is one of the few vertically integrated real estate companies in India

**Collection and presales trends for key residential real estate players in India (Rs million)**

| Company (Rs million) | Fiscal 2021 Presales | Fiscal 2021 Collections | Fiscal 2022 Presales | Fiscal 2022 Collections | Fiscal 2023 Presales | Fiscal 2023 Collections |
|---|---|---|---|---|---|---|
| **Brigade Enterprises Limited** | 27,666 | 27,120 | 30,227 | 40,827 | 41,085 | 54,238 |
| **DLF Limited** | 30,840 | 25,090 | 72,730 | 46,520 | 150,580 | 56,500 |
| **Godrej Properties Limited** | 67,250 | 40,230 | 78,610 | 63,590 | 122,320 | 89,910 |

| Company (Rs million) | Fiscal 2021 | Fiscal 2021 | Fiscal 2022 | Fiscal 2022 | Fiscal 2023 | Fiscal 2023 |
|---|---|---|---|---|---|---|
| | Presales | Collections | Presales | Collections | Presales | Collections |
| Macrotech Developers Limited | 59,680 | 50,520 | 90,240 | 85,970 | 120,600 | 106,100 |
| Oberoi Realty Limited | 34,250+ | NA* | 40,000+ | NA* | 51,000+ | NA* |
| Prestige Estates Projects Limited | 54,608 | 50,752 | 103,822 | 74,664 | 129,309 | 98,055 |
| Puravankara Limited | 22,180 | 11,970 | 24,070 | 14,400 | 31,070 | 22,580 |
| Sobha Limited | 31,372 | 30,769 | 38,702 | 39,822 | 51,978 | 52,823 |

*Note: NA stands for not available, the figures in the above table are not reclassified as per CRISIL standards and are taken as reported by the respective players*
*For Godrej Properties Limited, DLF Limited, booking value are considered as presales values for FY21 to FY23.*
*For Sobha Ltd, presales values are real estate sales values as reported in investor presentation for FY21 to FY23*
*For Purvankara Ltd, sales values are considered as presales figures, customer collections from real estate business taken as collections*
*For Prestige Estates Projects Limited, sales are considered as presales figures*
*For Godrej Properties Limited and* Prestige *Estates Projects Limited, collection values are high collections values for FY21 to FY23 as reported;*
*For Brigade Enterprises Limited, sale values reported are considered as presales values For FY21 to FY23*
*For Oberoi Reality Limited, gross booking value taken as presales values as reported in investor presentations.*
**Collections not available at a consolidated level for Oberoi Realty Limited*
*Source: Company annual reports and investor presentations, CRISIL MI&A*

## Key financial parameters of major residential real estate players

### Operating Income

| Company (₹ Million) | Fiscal 2021 | Fiscal 2022 | Fiscal 2023 | CAGR (FY21-23) |
|---|---|---|---|---|
| Brigade Enterprises Limited | 19,500 | 29,988 | 34,446 | 32.9% |
| DLF Limited | 53,223 | 57,409 | 57,314 | 3.8% |
| Godrej Properties Limited | 7,747 | 18,432 | 22,802 | 71.6% |
| Macrotech Developers Limited | 54,272 | 91,791 | 94,704 | 32.1% |
| Oberoi Realty Limited | 20,526 | 26,940 | 41,926 | 42.9% |
| Prestige Estates Projects Limited | 72,419 | 63,895 | 83,339 | 7.3% |
| Puravankara Limited | 9,807 | 9,775 | 12,167 | 11.4% |
| Sobha Limited | 21,098 | 25,613 | 33,101 | 25.3% |

*Note: Data is considered on consolidated basis*
*Source: Companies' annual reports, CRISIL MI&A*

### OPBDIT

| Company (₹ Million) | Fiscal 2021 | Fiscal 2022 | Fiscal 2023 | CAGR (FY21-23) |
|---|---|---|---|---|
| Brigade Enterprises Limited | 4,719 | 7,470 | 8,591 | 34.9% |
| DLF Limited | 15,403 | 17,916 | 18,129 | 8.5% |
| Godrej Properties Limited | -989 | 4,329 | 2,756 | N.M |
| Macrotech Developers Limited | 26,871 | 33,734 | 19,663 | -14.5% |
| Oberoi Realty Limited | 10,006 | 11,820 | 21,117 | 45.3% |
| Prestige Estates Projects Limited | 26,575 | 23,321 | 21,052 | -11.0% |
| Puravankara Limited | 3,014 | 2,364 | 2,101 | -16.5% |
| Sobha Limited | 6,752 | 5,328 | 3,694 | -26.0% |

*Note: Data is considered on consolidated basis*
*OPBDIT= Operating income – cost of sales*
*Source: Companies' annual reports, CRISIL MI&A*

### Profit after tax (PAT)

| Company (₹ Million) | Fiscal 2021 | Fiscal 2022 | Fiscal 2023 |
|---|---|---|---|
| Brigade Enterprises Limited | -964 | -648 | 2,222 |
| DLF Limited | 10,826 | 15,003 | 20,339 |

| Company (₹ Million) | Fiscal 2021 | Fiscal 2022 | Fiscal 2023 |
|---|---|---|---|
| **Godrej Properties Limited** | -1,893 | 3,506 | 6,206 |
| **Macrotech Developers Limited** | 479 | 12,085 | 4,895 |
| **Oberoi Realty Limited** | 7,393 | 10,471 | 19,045 |
| **Prestige Estates Projects Limited** | 28,782 | 12,148 | 10,668 |
| **Puravankara Limited** | -39 | 1,476 | 665 |
| **Sobha Limited** | 623 | 1,732 | 1,042 |

*Note: Data is considered on consolidated basis*

*Source: Companies' annual reports, CRISIL MI&A*

**Operating and profit margins**

| Company (₹ Million) | Fiscal 2021 | | Fiscal 2022 | | Fiscal 2023 | |
|---|---|---|---|---|---|---|
| | OPBDIT margin | PAT margin | OPBDIT margin | PAT margin | OPBDIT margin | PAT margin |
| **Brigade Enterprises Limited** | 24.2% | -4.9% | 24.9% | -2.2% | 24.9% | 6.5% |
| **DLF Limited** | 28.9% | 20.3% | 31.2% | 26.1% | 31.6% | 35.5% |
| **Godrej Properties Limited** | -12.8% | -24.4% | 23.5% | 19.0% | 12.1% | 27.2% |
| **Macrotech Developers Limited** | 49.5% | 0.9% | 36.8% | 13.2% | 20.8% | 5.2% |
| **Oberoi Realty Limited** | 48.7% | 36.0% | 43.9% | 38.9% | 50.4% | 45.4% |
| **Prestige Estates Projects Limited** | 36.7% | 39.7% | 36.5% | 19.0% | 25.3% | 12.8% |
| **Puravankara Limited** | 30.7% | -0.4% | 24.2% | 15.1% | 17.3% | 5.5% |
| **Sobha Limited** | 32.0% | 3.0% | 20.8% | 6.8% | 11.2% | 3.1% |

*Note: Data is considered on consolidated basis*

*Source: Companies' annual reports, CRISIL MI&A*

**RoCE**

| Company (₹ Million) | Fiscal 2021 | Fiscal 2022 | Fiscal 2023 |
|---|---|---|---|
| **Brigade Enterprises Limited** | 3.2 | 5.6 | 9.6 |
| **DLF Limited** | 5.4 | 6.0 | 7.2 |
| **Godrej Properties Limited** | 2.5 | 7.4 | 6.7 |
| **Macrotech Developers Limited** | 11.5 | 16.1 | 4.3 |
| **Oberoi Realty Limited** | 9.8 | 12.0 | 16.4 |
| **Prestige Estates Projects Limited** | 33.4 | 14.9 | 13.7 |
| **Puravankara Limited** | 8.1 | 13.8 | 9.0 |
| **Sobha Limited** | 10.1 | 8.7 | 8.4 |

*Note: Data is considered on consolidated basis*

*RoCE= Profit before interest and taxes / (Total debt + tangible net worth)*

*Source: Companies' annual reports, CRISIL MI&A*

## OUR BUSINESS

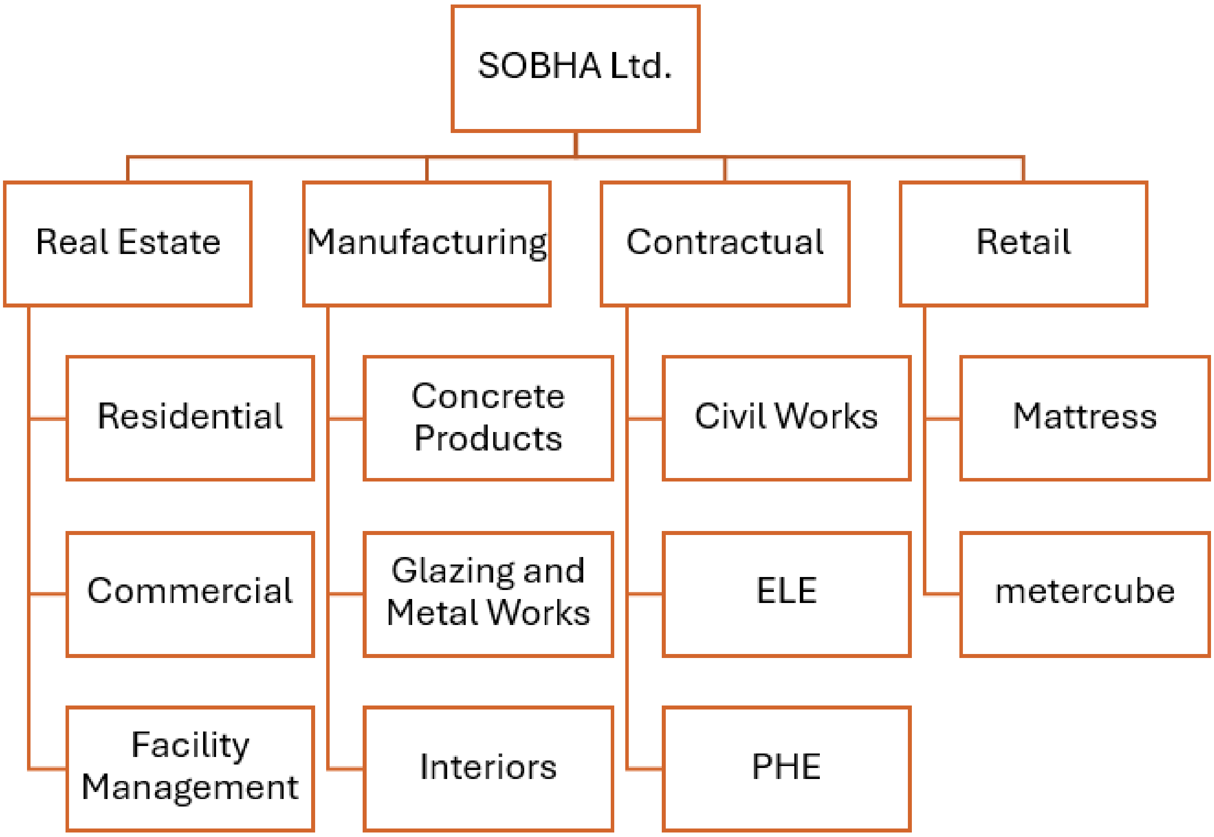
*Some of the information in this section, including information with respect to our business plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" on page 14 for a discussion of the risks and uncertainties related to those statements and "Risk Factors", "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 17, 127 and 315, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.*

*In this section, unless the context otherwise requires, indicates or implies, references to "we", "us", or "our" are to Sobha Limited and its consolidated Subsidiaries or Joint Venture, while references to the "Company" are to Sobha Limited on a standalone basis.*

*Unless otherwise stated, or unless the context requires otherwise, the financial information for Fiscal 2023 and 2024 used in this section is derived from our audited consolidated financial statements as of and for the year ended March 31, 2023 and as of and for the year ended March 31, 2024, respectively, which are included in "Financial Statements" on page 127. References to a "Fiscal", "Year" and "Fiscal Year" in this section are as of and for the relevant year ended March 31.*

*Industry and market data used in this section is derived from the industry report titled "Assessment of residential real estate industry in selected markets in India" dated May 2024 prepared by CRISIL Market Intelligence & Analytics, a division of CRISIL Limited ("**CRISIL MI&A**" and such report, the "**CRISIL Report**"), which has been prepared exclusively for the purpose of understanding the industry in connection with the Issue and commissioned and paid for by our Company, pursuant to the engagement letter dated January 10, 2024. The CRISIL Report will be available on the website of our Company at www.sobha.com/investor-relations/#rights from the date of this Letter of Offer until the Issue Closing Date. For further details, see "Presentation of Financial Information and Other Information - Market and Industry Data" on page 13.*

**Overview**




We are one of the few vertically integrated real estate companies in India known for providing residential homes in India (*Source: CRISIL Report*) as well as manufacturing construction related products. We have continuously endeavored to diversify and expand our offerings, through our focus on design, construction quality, building materials and technology. We have been awarded 'Real Estate Company of the Year — South' at the 13th Construction Week India Awards 2023 and 'One of India's Top Builders' at the 18th Construction World Architect and Builder Awards 2023.

We completed our first project in 1999 located in Bengaluru, Karnataka and have gradually expanded our geographical presence to other cities in India which, amongst others, include Gurugram, Haryana; Chennai, Tamil Nadu; Pune, Maharashtra; and Kochi, Kerala. Further, we have recently expanded our presence by launching projects in Hyderabad, Telangana; and Trivandrum, Kerala. In addition to developing real estate projects under the "*Sobha*" brand, we are also engaged in contractual engineering, procurement and construction capabilities for institutional customers.

As of March 31, 2024, we have completed construction of 136.25 million square feet of developable area across 27 cities in India including contractual projects and currently have 38.36 million square feet of developable area for our projects which are under various stages of construction (including projects developed under the Sobha brand as well as contractual projects undertaken by us). Our Company has received numerous awards as disclosed in "- *Our Strengths*" on page 107. In the last three Fiscals, we have completed construction of over 7 million square feet every Fiscal across our real estate and contractual projects.

In addition to our 69 Ongoing Projects, as of March 31, 2024, we had 21 Forthcoming Projects, which comprised 18 residential projects with an estimated Saleable Area of 16.85 million square feet and three commercial projects with an estimated Saleable/Leasable Area of 0.82 million square feet.

As a vertically integrated company, we have developed in-house competencies commencing from identification of developable land parcels and the conceptualization of the project to project execution, which involves planning, designing, costing, estimation and overseeing the construction activities at site and delivering units to our customers. We have a centralized marketing team which provides leads to regional sales teams located at respective project sites to promote efficiency and lower cost of sales. In addition, we also have an in-house team which supports maintenance of newly completed projects for a specific period of time as agreed for the respective projects.

We also manufacture a wide range of products required for construction activities such as concrete blocks, aluminum windows, doors and louvers, glass skylights, canopies and partitions, automatic sliding doors, glass, and railings; wooden products ranging from doors, home furniture, furnishing products and other home accessories. As of March 31, 2024, we had six manufacturing units located in Bengaluru, Karnataka; Alwar, Rajasthan; Kancheepuram, Tamil Nadu; and Sonipat, Haryana which cater to our internal construction material requirements as well as external customers.

We are led by our Chairman, Ravi PNC Menon, who has 19 years of experience in the field of construction and real estate development. As a Non-Executive Chairman, he continues to support as a mentor and guides the senior management in the areas of business strategy, quality assurance, technology advancement, design and engineering, sales and marketing, product delivery, project execution, risk mitigation, process and information technology and customer satisfaction.

Our Managing Director, Jagadish Nangineni has been associated with our Company since November 2009. He is entrusted with the overall responsibility of managing the affairs of our Company.

The following table sets forth certain financial measures of our operations for the periods indicated:

| **Particulars** | **As of and for the year ended March 31,** | |
|---|---|---|
| | **2024** | **2023** |
| | **(₹ million, unless otherwise indicated)** | |
| Total Income | 32,178.82 | 34,024.33 |
| EBITDA(1) | 3,979.54 | 4,618.36 |
| EBITDA Margin(2) (%) | 12.37% | 13.57% |
| Profit For the Year | 491.13 | 1,042.05 |
| Profit After Tax Margin (3) (%) | 1.53 | 3.06 |
| Total Equity | 25,140.74 | 24,946.71 |
| Net Debt(4) | 12,622.47 | 16,396.27 |
| Net Debt / Equity Ratio(5) | 0.50 | 0.66 |

*(1) EBITDA is calculated as profit after tax for the year plus total tax expense, finance costs, and depreciation and amortization expense.*
*(2) EBITDA Margin is calculated as EBITDA divided by total income.*
*(3) Profit after Tax Margin is calculated by dividing profit after tax for the year by total income.*
*(4) Net Debt refers to the sum of non-current borrowing, current borrowings and reduced by cash and cash equivalent, Bank balance including fixed deposits with maturity for more than 12 months and reduced by book overdraft.*
*(5) Net Debt / Equity Ratio is calculated as net debt divided by total equity for the relevant year.*

| **Particulars** | **As of and for the year ended March 31,** | |
|---|---|---|
| | **2024** | **2023** |
| Saleable Area sold (in million square feet) | 6.08 | 5.65 |
| Sales(6) (₹ million) | 66,441.11 | 51,977.64 |
| Our share of Sales (₹ million) | 54,149.93 | 42,313.02 |
| Our share of Sales as a percentage of total sales (%) | 81.50% | 81.41% |
| Average Sales Realization(7) (₹ per square feet) | 10,922.18 | 9,199.80 |

*(6) Sales for any period is reported net of possible cancellation of the total sale value for a particular unit, for which the amount has been received (net of cancellation).*

*(7) Average sales realization is defined as declared sale value divided by new sales area*

## Our Strengths

### *Vertically Integrated Real Estate Company*

We are one of the few vertically integrated real estate companies in India (*Source: CRISIL Report*) with in-house competencies from design to delivery. Our vertically integrated model caters to: (i) development of residential and commercial real estate projects under the "*Sobha*" brand; (ii) contractual engineering, procurement and construction capabilities for institutional customers; (iii) construction related production capabilities; and (iv) retail sales.

During the course of our operations, we have focused on developing competencies in-house, to maintain control over quality of our projects thereby reducing dependencies on external parties. As a vertically integrated company, we have developed in-house competencies for various stages of our business.

We also manufacture construction related products which includes concrete products such as concrete blocks, pavers, kerb stones, water drainage channels, paving slabs, aluminium windows, doors and louvers, glass skylights, canopies and partitions, automatic sliding doors, and glass, railings; wooden products ranging from doors, windows and panelling to cabinets, loose furniture; home furniture, furnishing products and other home accessories. In addition under our retail division, we manufacture wide range of mattresses such as spring, foam, organic, and rolled mattress while also providing one-stop solution for home buyers, allowing them the flexibility to furnish and decorate their homes through a wide range of interior packages available online through *Metercube* and retail stores under *Metercube* sub-brand.

Further, we also provide contractual services including project conceptualization, planning and design and engineering and execution for customers tailored for their requirements. As a testament to our project execution capabilities, we acted as the civil contractor for developing new campuses for a leading information technology company in Mysuru, Karnataka as well as in Nagpur, Maharashtra and recently have been awarded two commercial development projects in Bengaluru, Karnataka to be developed on 2.54 million square feet.

The table below provides the split of revenue from contract with customers generated from sale of products, sale of services and other operating income as a percentage of revenue from operations – contract with customers for the periods indicated:

| Particulars | Fiscal 2024 | | Fiscal 2023 | |
|---|---|---|---|---|
| | Amount (₹ million) | Percentage of Revenue from operations – Contract with customers (%) | Amount (₹ million) | Percentage of Revenue from operations – Contract with customers (%) |
| Sale of Products[(1)] | 26,405.89 | 87.00 | 28,177.90 | 86.37 |
| Sales of Services[(2)] | 3,607.79 | 11.89 | 4,093.01 | 12.55 |
| Other Operating Income[(3)] | 337.51 | 1.11 | 351.99 | 1.08 |
| **Total** | **30,351.19** | **100.00** | **32,622.90** | **100.00** |

(1) *Sale of Products includes income from of constructed properties, plots and other development activities; income from sale of land and development rights; income from glazing works income from interior works; income from concrete blocks and income from retail sales.*

(2) *Sale of Services includes income from contractual activity; and income from maintenance and other services.*

(3) *Other Operating revenue includes forfeiture income; interest collected from customer; transfer fees; marketing income and scrap sales.*

Further, as part of our real estate business, our Company engages individual/ corporate channel partners to solicit and procure business for the projects undertaken by our Company by (a) identifying proposed buyers; (b) booking units in our projects for such identified buyers; (c) ensuring that the application forms submitted by such proposed buyers are duly filled and supported by necessary documents; and (d) undertaking marketing activities/ sales promotion, with prior consent of our Company. As of March 31, 2024, we have an extensive distribution network of 592 active channel partners through whom we source customers for our projects.

### *Well Established Brand with Diversified Product Offerings*

In our experience, a strong and recognizable brand is a key attribute in our industry which increases customer confidence and influences a purchase decision. We believe that our track record of completing construction of over 7 million square feet across our real estate and contractual projects, each Fiscal during the last three Fiscals, has strengthened our brand and reputation and attracted corporate and retail customers across a spectrum of income and demographic segments. This has enabled us to achieve a consistent sales performance in the last two Fiscals.

Our experience of close to three decades, coupled with our design adaptability, has enabled us to provide modern product offerings in line with changing customer requirements, which has contributed to the success of our brand. We have also received several awards and accolades thereby strengthening our brand value.

In certain of projects, we have observed an increase in the price realization per square feet on Saleable Area between the launch of the project and the last sale made for a similar unit at such project. The upward trend in price realization not only establishes the premium value associated with our brand but also underscores the sustained demand for our projects.

The table below provide details of pricing premium for two projects across two different cities in Bengaluru, Karnataka and Gurugram, Haryana, as in the year of launch and the year of completion of latest sale:

| Name of Project | Saleable Area (million square feet) | Year of Launch | Year of Completion of Sale(1) | Starting Price Realization (in ₹) per square feet on Saleable Area* | Highest Price Realization at Project Completion (in ₹) per square feet on Saleable Area* |
|---|---|---|---|---|---|
| Sobha Dream Acres, Bengaluru | 6.50 | 2015 | 2023 | 4,815 | 9,931 |
| Sobha City, Gurugram | 3.19 | 2016 | 2024 | 8,186 | 16,538 |

* *The realization price pertains to residential units only.*
(1) *Refers to year in which last sale was completed.*

Certain of our recent awards include Best Real Estate Brand by Economic Times Realty Convention 2022, Builder of the Year (Large Category) at the BAM Awards 2022, Haryana State Safety Welfare & Health Awards 2023 and National Safety Council – Kerala Chapter 2023.

As a customer-centric brand that prioritizes customer satisfaction, we have implemented measures to address customer grievances such as a separate customer relationship management team. We believe that our continued engagement with customers even after the delivery of possession of units, including regular follow-ups and mechanism for collating feedback, has played a crucial part in further strengthening our brand. Our in-house facility management team caters to maintenance of properties which have given possession of for the first year or until the relevant residents' association is formed.

We have over the years expanded our product offerings, and our Completed and Ongoing Residential Projects include independent villas, rowhouses, and super luxury and luxury residential projects with lifestyle amenities such as sporting facilities, recreational facilities, swimming pool, spaces for organizing social events, amongst others.

The table below provides details of Saleable and Developable Area of our Completed Projects portfolio under the "Sobha" brand as of March 31, 2024:

| Particulars | Number of Projects(1) | Saleable Area (million Square Feet)** | Developable Area (million Square Feet)** |
|---|---|---|---|
| Apartments* | 140 | 41.80 | 56.20 |
| Club Houses and Others | 19 | 3.32 | 4.30 |
| Plotted Development | 17 | 5.27 | 6.90 |
| Row Houses | 18 | 3.55 | 4.80 |
| Villas | 11 | 2.78 | 4.88 |
| Shop | 1 | 0.01 | 0.01 |
| **Total** | **206** | **56.73** | **77.09** |

(1) *Includes projects under various business model such as on area share, own projects, revenue share projects, joint ventures, and development management projects.*
**Includes apartments of varying sizes.*
** *Details are disclosed only for the completed portions of the projects as some of the phases of these projects may be classified as Ongoing Projects or Forthcoming Projects, as applicable.*

The table below provides overview of our Ongoing Projects and Forthcoming Projects under the "*Sobha*" brand as of March 31, 2024:

| Particulars* | Ongoing Projects | | | Forthcoming Projects | |
|---|---|---|---|---|---|
| | Number of Projects | Saleable Area (Million Square Feet)** | Developable Area (Million Square Feet)** | Number of Projects | Total Estimated Saleable/Leasable Area (Million Square Feet)*** |
| Apartments* | 57 | 21.99 | 31.45 | 13 | 15.01 |
| Plots | 2 | 0.34 | 0.50 | 2 | 0.31 |
| Row Houses | 2 | 1.30 | 1.20 | - | - |
| Villas | 8 | 0.75 | 1.17 | 2 | 0.18 |
| Floors | - | - | - | 1 | 1.35 |
| Commercial | - | - | - | 3 | 0.82 |

| Particulars* | Ongoing Projects | | | Forthcoming Projects | |
|---|---|---|---|---|---|
| | Number of Projects | Saleable Area (Million Square Feet)** | Developable Area (Million Square Feet)** | Number of Projects | Total Estimated Saleable/Leasable Area (Million Square Feet)*** |
| **Total** | **69** | **24.38** | **34.32** | **21** | **17.67** |

**Includes apartments of varying sizes*
*** Details are disclosed only for the ongoing portions of the projects as some of the phases of these projects may be classified as Completed Projects or Forthcoming Projects, as applicable.*
**** Details are disclosed only for the forthcoming portions of the projects as some of the phases of these projects may be classified as Completed Projects or Ongoing Projects, as applicable.*

In addition, Fiscal 2023 witnessed an increased demand towards premium residential projects, reflected in growth of luxury home sales. (*Source: CRISIL Report*) In order to take advantage of the increased demand, we redesigned certain of our projects to suit demand for larger homes, which was well accepted by our customers such as Sobha City in Gurugram, Haryana. The table below provides split of our total Sales in Fiscal 2023 and Fiscal 2024 by ticket size:

| Ticket Size | Total Sales in Fiscal 2024 (₹ million) | Percentage of Total Sales (%) | Total Sales in Fiscal 2023 (₹ million) | Percentage of Total Sales (%) |
|---|---|---|---|---|
| Above ₹ 30 million | 19,206.88 | 28.91% | 11,554.10 | 22.23% |
| Between ₹ 20 million to ₹ 30 million | 20,463.56 | 30.80% | 3,510.93 | 6.75% |
| Between ₹ 10 million to ₹ 20 million | 16,126.47 | 24.27% | 16,077.44 | 30.93% |
| Less than ₹ 10 million | 10,644.21 | 16.02% | 20,835.17 | 40.08% |
| **Total Sales** | **66,441.11** | **100.00**% | **51,977.64** | **100.00**% |

***Proven Track Record of Execution Capabilities with a Comprehensive Project Pipeline***

We rely on the knowledge, experience and functional expertise of our in-house teams and leverage our backward integration design and construction capabilities to adapt to customer demands and requirements of local markets where we operate, with a focus on providing high quality projects. As a vertically integrated company, our in-house operations and capabilities help us to streamline our operations.

Our in-house legal team, is focused on reducing legal and regulatory risks emanating from our business. We also have a large IT team to support all IT-related matters. We have also begun implementing a new ERP system which will help us to optimize our operations and thereby reducing decision making times for various aspects of our business.

We believe that our in-house capabilities enable on-time delivery of our projects. In our experience, timely and efficient development of projects helps us optimize costs and bring new projects to market faster, allowing us to take advantage of market opportunities to capitalise on growing demand of customers.

We develop projects on land which is either (a) owned by us or our Subsidiaries or (b) land owned by third parties with respect to which our Company has entered into joint development agreements/ collaboration agreements/ development management agreements with such third parties. For projects developed through joint development agreements, the land owner provides the land and we undertake to develop properties on such land, subject to commercial considerations. In consideration for providing land for development, we typically agree to transfer certain percentage of constructed area or revenue proceeds, as applicable, to the land owner, as mutually agreed between parties. Further, we plan geographic expansion based on demands for real estate projects in that particular geography. As a result, we have successfully expanded our geographical footprint, evolving from a South India focused real estate developer to a real estate developer with presence across multiple major cities in India. As of March 31, 2024, our ongoing residential real estate projects were spread across 11 cities in India.

Set forth below are details of certain of our key Ongoing Projects:

***Sobha Neopolis***: Located in Panathur, off Outer Ring Road, in Bengaluru, Karnataka the project spans over 27.38 acres and has a total 3.44 million square feet of Saleable Area comprising 1,875 units (one, three and four BHKs) with three clubhouses.

***Sobha Galera*****:** Located in Bengaluru, Karnataka, Sobha Galera contains 40 row houses, with the project having a total Saleable Area of 0.13 million square feet.

***Sustainable business practices and initiatives***

We incorporate sustainable best practices and considerations into the design and construction of our projects and have implemented environmentally friendly building concepts in certain of our projects.

We have embedded sustainability practices across our operations and projects, which is visible in the several measures that we have implemented. We have our own environmental engineering department that is involved in projects from the time they are conceptualized and conducts studies from sustenance of water tables and noise pollution levels to groundwater testing, and ensuring feasibility of effective drainage systems. Our environmental engineering team works with Indian Green Building Council ("**IGBC**") accredited officials to ensure that projects are designed and executed in accordance with the latest regulations and standards. As a testament of our sustainability initiatives, our Sobha City project located in Thrissur, Kerala has been awarded Net Water Positive (Platinum) certification under IGBC Net Zero Water Rating System in 2022.

We also have an in-house team for water testing to ascertain physicochemical and microbiological parameters for our projects. Our concrete products division uses green materials such as ground granulated blast furnace slag and fly ash to reduce carbon footprint and contribute to the preservation of natural resources. We also install organic waste converters in certain of our projects to convert organic waste such as vegetable waste, meat waste, leaves, fruits, flowers into compost that can be used for organic farming activities. Considering the growing acceptance of electric vehicles ("**EVs**") going forward, we have also installed EV charging points in certain of our projects to provide the convenience to our customers to charge their EVs from the comfort of their homes.

***Robust Financials with Consistent Sales and Continued Efforts to Reduce Debt***

Our total Sales increased from ₹ 51,977.64 million during Fiscal 2023 to ₹ 66,441.11 million during Fiscal 2024, respectively. Further, we witnessed an increase in demand for homes between ₹ 20 million and ₹ 30 million, sales of which increased from ₹ 3,510.93 million during Fiscal 2023 to ₹ 20,463.56 million during Fiscal 2024.

Our net cashflows from operating activities also decreased from ₹ 11,502.12 million during Fiscal 2023 to ₹ 6,474.42 million during Fiscal 2024. Further, we reduced our Net Debt from ₹ 16,396.27 million as of March 31, 2023 to ₹ 12,622.47 million as of March 31, 2024. Our Net Debt/Equity Ratio as of March 31, 2023, and March 31, 2024 was 0.66 and 0.50, respectively. Reduction in Net Debt reflects our commitment towards sound fiscal practices, strengthening our financial position as well as enhancing the overall financial stability.

**Our Strategies**

***Continue to Diversify Our Geographical Footprint***

During Fiscal 2023, we made our residential debut in Thiruvananthapuram and Hyderabad, which has further increased our geographical footprint. Our newly launched projects in Thiruvananthapuram, Kerala and Hyderabad, Telangana are as follows:

- "***Sobha Meadows - Whispering Hill***" ***(Ongoing Project)*** – A luxury apartment project located in in Thiruvananthapuram, Kerala with a Saleable Area of 0.20 million square feet.

- ***"Sobha Waterfront" (Ongoing Project)*** – A luxury apartment project located in Somajiguda, in the heart of Hyderabad, Telangana, overlooking the Hussain Sagar lake, with views of the lake and cityscape. It is being developed on 4 acres land parcel and comprises four towers with a total Saleable Area of 0.65 million square feet.

We believe that our move to expand into different geographical regions will reduce our dependency on a single market, i.e., Bengaluru, Karnataka, which contributes to a substantial portion of our sales. The table below provides details of our sales contribution in the periods indicated:

| Geography | Fiscal 2024 | | Fiscal 2023 | |
|---|---|---|---|---|
| | Amount (₹ million) | Percentage of Total Sales (%) | Amount (₹ million) | Percentage of Total Sales (%) |
| Bengaluru, Karnataka(1) | 43,929.51 | 66.12% | 32,980.07 | 63.45% |
| Gurugram, Haryana | 8,299.79 | 12.49% | 10,553.49 | 20.30% |
| Kerala(2) | 9,579.26 | 14.42% | 3,770.57 | 7.25% |
| GIFT City, Gujarat | 2,196.34 | 3.31% | 1,575.55 | 3.03% |
| Tamil Nadu(3) | 982.70 | 1.48% | 941.25 | 1.81% |
| Hyderabad, Telangana | 1,028.09 | 1.55% | 1,451.75 | 2.79% |
| Pune, Maharashtra | 425.42 | 0.64% | 704.96 | 1.36% |
| **Total** | **66,441.11** | **100.00%** | **51,977.64** | **100.00%** |

(1) *Bengaluru includes Mysuru.*
(2) *Kerala includes Kochi, Thrissur, Calicut and Trivandrum.*
(3) *Tamil Nadu includes Chennai and Coimbatore.*

Further, we will also engage with new channel partners in new markets to drive our sales efficiently and undertake marketing activities/ sales promotion.

We will continue to leverage the "*Sobha*" brand to expand our operations, both within our established markets and in new markets where our presence may be limited or in the nascent stages. Our commitment to growth extends beyond familiar landscapes as we seek opportunities to establish our presence in markets with large capacity to purchase premium and luxury projects.

***Continue to focus on strengthening our future pipeline through addition of value added land parcels***

We intend to continue our focus on increasing our presence in our existing markets as well as new geographies, by evaluating opportunities for acquisition of land assets, either through outright purchase or through joint development arrangements based on our internal assessments of the potential benefits expected to arise from undertaking those opportunities including profitability, benefits to our brand, and impact on our market share amongst others.

The table below summarizes certain prominent land parcels acquired by us (including on a joint development basis):

| Sr. No. | Name of entity undertaking project | Size of land portion on which project has been developed or is being developed (in million square feet) | Mode of acquisition/ joint development | Financial Year of acquisition/ JDA | Acquisition/ joint development purpose |
|---|---|---|---|---|---|
| 1. | Sobha Limited | 3.80 | Outright acquisition | 2009 - 2015 | Utilised towards "*Sobha Dream Acres*" |
| 2. | Sobha Limited | 0.58 | Outright acquisition | 2023 | Proposed to be utilised towards Forthcoming Project in Bengaluru, Karnataka |
| 3. | Sobha Limited | 1.72 | Joint development | 2017 | Proposed to be utilised towards "*Sobha City Gurgaon*" |
| 4. | Sobha Limited | 0.73 | Co-ownership | 2017 | Proposed to be utilised towards "*Sobha Marina One*" |
| 5. | Sobha Contracting Private Limited | 0.23 | Outright acquisition | 2021 | Proposed to be utilised towards "*Sobha Whispering Hill*" |
| 6. | Sobha Limited | 1.48 | Joint development | 2024 | Proposed to be utilised towards Forthcoming Project in Pune, Maharashtra |

The following table sets out details of Ongoing Projects and Forthcoming Projects which are being developed under joint development agreements/ collaboration agreements/ development management agreements with such third parties as of March 31, 2024:

| Category | Total number of projects | Total number of projects (joint development/ development management) | As a percentage of total number of Ongoing Projects and Forthcoming Projects (%) | Developable area (in million square feet) | Saleable Area/ Estimated Saleable Area (in million square feet) |
|---|---|---|---|---|---|
| Ongoing Projects | 69 | 39 | 56.52% | 18.44 | 12.48 |
| Forthcoming Projects | 21 | 12 | 57.14% | N.A.* | 8.97 |

** Since these are Forthcoming Projects, the developable area cannot be ascertained.*

Some of the selection criteria that we may consider when evaluating strategic land acquisitions include (a) strategic integration with our existing business; (b) expand our geographical reach into new geographies; (c) strengthen our presence in existing markets; and (d) improved infrastructure.

The typical framework and process followed by us for land acquisitions involves identifying land parcels basis the selection criteria mentioned above, entering into requisite negotiations and agreements and conducting due diligence of the target lands. On conclusion of the diligence exercise, we enter into definitive agreements to acquire the targeted land, based on the approval of our Board and the shareholders, if required.

For further details, see "*Objects of the Issue – Funding acquisition of unidentified land parcels and general corporate purposes*" on page 74.

***Further improve our cashflow management and operating efficiency***

We intend to further enhance our operational efficiency in the life cycle of our projects and optimize execution of projects in an efficient and cost-effective manner, including through strengthening our planning and budgeting procedures, utilizing technology to streamline project tracking to prevent delays and cost overruns and developing robust relationships with vendors to ensure steady supply of quality raw materials at low cost for our future projects.

We will continue to follow our effective cash flow management and implementing robust cash flow management practices in order to optimize our working capital, streamline expenses, and enhance overall financial stability which has resulted in a reduction of our Net Debt which has reduced from ₹ 16,396.27 million as of March 31, 2023 to ₹ 12,622.47 million as of March 31, 2024. We aim to further reduce our Net Debt, through our focus on effective cash management, which if achieved, will also help us improve not only our financial position but also our creditworthiness, enabling us to access capital more efficiently.

As we further grow our business and strategically undertake new projects, we intend to improve our cost of borrowings by further strengthening our relationships with banks and financial institutions to secure more favourable loan terms, to control our finance cost and improve our financial performance.

***Continue to Focus on Improving Sustainability in Our Operations***

We incorporate sustainable best practices and considerations into the design and construction of our projects. We have implemented environmentally friendly building concepts in certain of our projects and aim to increase green cover in our developments to reduce our net carbon impact. Going forward, we will continue to incorporate environmentally friendly materials in our future developments, and expanding EV chargers at our residential properties.

***Continue to Diversify Our Corporate Customer Base by Undertaking Contractual Projects***

During Fiscal 2024, we completed 1.50 million square feet of contractual projects. Overall, since inception we have delivered 59.15 million square feet of contractual works and have 4.05 million square feet of area under execution in two cities as of March 31, 2024. Going forward, while our primary focus will remain on leveraging the full spectrum of our integrated operations to enhance our in-house projects, however, recognizing the strategic value and significance of landmark projects, we will grow our contractual operations by selectively incorporating contractual projects into our portfolio while preserving our margins.

## Our Business Operations

We are a vertically integrated company involved in developing residential and commercial real estate, internal manufacturing of raw materials for both our consumption and external sales, contract construction and retail operations.

The table below provides split of revenue from operations generated from real estate operations, contract manufacturing and other income (excluding unwinding of discount on refundable deposits & interest income on refundable deposits) for the periods indicated:

| **Particulars** | **Fiscal 2024** | | **Fiscal 2023** | |
|---|---|---|---|---|
| | **Amount(₹ million)** | **Percentage of Revenue from operations (%)** | **Amount(₹ million)** | **Percentage of Revenue from operations (%)** |
| Real Estate | 24,138.33 | 75.80 | 25,372.14 | 75.19 |
| Contractual and Manufacturing (net of inter segment revenues) | 6,831.13 | 21.45 | 7,729.00 | 22.91 |
| Unallocable finance and other income | 875.95 | 2.75 | 641.00 | 1.90 |
| **Total** | **31,845.41** | **100.00** | **33,742.14** | **100.00** |

## Our Business Verticals

***Real Estate Operations***

We have, for the purpose of describing our business, classified the description of our projects into the following categories: (i) Completed Projects; (ii) Ongoing Projects; and (iii) Forthcoming Projects. The following sets forth the definitions for each of these classification and other relevant terms.

| **Classification** | **Definition** |
|---|---|
| Completed Projects | Residential or commercial projects where the land (or rights thereto) has been acquired, the design, development pre-construction, and construction activities have been completed in accordance with the approved business plan of the project. |
| Ongoing Projects | Residential or commercial projects where the land, or rights thereto, has been acquired, the design development and pre-construction activities have been completed in accordance with the approved business plan of the project, |

| Classification | Definition |
|---|---|
| | and the key approvals for commencement of development of the project have been obtained from the competent authority and the construction has commenced but not yet completed. |
| Forthcoming Projects | Projects in respect of which (i) all title or development/re-development rights or other interest in the land is held either directly or indirectly by our Company or such subsidiaries of our Company or where development right agreements are in the process of execution or executed; and/or (ii) preliminary management development/re-development plans/designs are in place; and/or (iii) requisite applications for approvals and conversion of usage, if applicable, have been made; and/or (iv) architects have been identified and they have commenced planning; and/or (v) in respect of which, no construction, sales or development activities have commenced. |
| Saleable Area / Estimated Saleable Area | Total carpet area/estimated carpet area along with proportionate loading of common areas which includes area under various services and amenities provided. |
| Developable Area | Total construction area of a Project in accordance with approved plans and the applicable development control rules and regulations and including permissible transferable development rights ("**TDR**") and includes floor space index ("**FSI**") area, free of FSI area, fungible FSI, premium FSI, TDR, Incentive FSI, ancillary FSI, pro rata FSI etc., as applicable. This is inclusive of the total built-up area as per FSI and the area which is not included in the FSI e.g., staircases, passages, service areas, clubhouse, podiums, amenities, basements etc., according to the prevailing development control rules and regulations of the sanctioning authority. |

The following table shows the locations and total number of our Completed, Ongoing Projects and Forthcoming Projects as of March 31, 2024:

| Key Location | Completed(1)* | Ongoing(1)** | Forthcoming(1)*** | Total(1) |
|---|---|---|---|---|
| Bengaluru, Karnataka | 159 | 40 | 6 | 205 |
| Mysore, Karnataka | 4 | - | - | 4 |
| Gurugram, Haryana | 8 | 4 | 7 | 19 |
| Kochi, Kerala | 2 | 7 | 1 | 10 |
| Thrissur, Kerala | 11 | 5 | 1 | 17 |
| Calicut, Kerala | 1 | 1 | 1 | 3 |
| Trivandrum, Kerala | - | 2 | 1 | 3 |
| Chennai  Tamil Nadu | 7 | 2 | 1 | 10 |
| Coimbatore, Tamil Nadu | 9 | 1 | 2 | 12 |
| GIFT City, Gujarat | 1 | 3 | - | 4 |
| Pune, Maharashtra | 4 | 3 | 1 | 8 |
| Hyderabad, Telangana | - | 1 | - | 1 |
| **Total** | **206** | **69** | **21** | **296** |

*(1) Includes projects under various business model such as on area share, own projects, revenue share projects, joint ventures, and development management projects.*
** Details are disclosed only for the completed portions of the projects as some of the phases of these projects may be classified as Ongoing Projects or Forthcoming Projects, as applicable.*
*** Details are disclosed only for the ongoing portions of the projects as some of the phases of these projects may be classified as Completed Projects or Forthcoming Projects, as applicable.*
**** Details are disclosed only for the forthcoming portions of the projects as some of the phases of these projects may be classified as Completed Projects or Ongoing Projects, as applicable.*

Some of our notable Completed and Ongoing Residential Projects include:

***<u>Bengaluru, Karnataka</u>***

- ***Sobha Galera (Ongoing Project).*** A rowhouse project located in East Bengaluru, Karnataka spread over 4.08 acres. The project comprises of 40 row houses with total saleable area of 0.13 million square feet.
- ***Sobha Oakshire (Ongoing Project).*** A rowhouse project, comprises of 80 row houses spread over 8.86 acres comprising saleable area of 0.28 million square feet.
- ***Sobha Insignia (Ongoing Project).*** A boutique super-luxury project in Bhoganahalli, South-East Bengaluru, Karnataka with 33 apartments and a saleable area of 0.08 million square feet.
- ***Sobha Sentosa (Ongoing Project).*** A luxury residential project located in South-Bengaluru, Karnataka with total saleable area of 0.65 million square feet.
- ***Sobha Victoria Park – Phase I and Phase II (Ongoing Project).*** A project spread over 6.5 acres, in North-Bengaluru, Karnataka with 0.59 million square feet of saleable area comprising of row houses and apartments.
- ***Sobha Royal Crest (Ongoing Project).*** A luxury project with 3 and 4 BHK apartments only, near Banshankari, West Bengaluru, Karnataka with saleable area of 0.65 million square feet.
- ***Sobha Windsor (Ongoing Project):*** A residential project with a saleable area of 1.25 million square feet.
- ***Sobha Brooklyn Towers (Ongoing Project):*** A residential project with a saleable area of 1.00 million square feet.
- ***Sobha Crystal Meadows (Ongoing Project):***  A luxury rowhouse project with a saleable area of 1.25 million square feet.

***Chennai, Tamil Nadu***

- ***Sobha Arbor (Ongoing Project).*** A luxury apartment project with 0.39 million square feet of developable area and 0.29 million square feet of saleable area. The project is also proposed to feature landscapes including, the Arboretum and organic gardens.
- ***Sobha Gardenia and Sobha Gardenia Annexe (Completed Projects).*** A villa project spread across 6.85 acres with a saleable area of 0.35 million square feet.

***Trivandrum, Kerala***

- "***Sobha Meadows - Whispering Hill***" ***(Ongoing Project)***. A luxury apartment project with a saleable area of 196,420 square feet, and a developable area of the project of 0.23 million square feet. The residences are designed to maintain the natural contours with majority open spaces.
- ***"Sobha Ridge – Whispering Hills" (Ongoing Project).*** A luxury apartment project with a saleable area of 0.23 million square feet.

***Thrissur, Kerala***

***"Sobha Metropolis" (Ongoing Project***): A residential project with a saleable area of 1.14 million square feet.

***Kochi, Kerala***

***"Sobha Atlantis" (Ongoing Project):*** A residential project with a saleable area of 0.89 million square feet.

***Pune, Maharashtra***

***"Sobha Nesara" (Ongoing Project):*** A residential project with a saleable area of 0.64 million square feet.

***GIFT City, Gujarat***

Currently we have three Ongoing Projects in GIFT City, Gujarat. ***Sobha Dream Heights*** is in affordable Ongoing Project with developable area of 0.40 million square feet and saleable area of 0.26 million square feet, ***Sobha Avalon***, is an Ongoing Project with developable area of 0.42 million square feet and saleable area of 0.32 million square feet; and ***Sobha ELYSIA***, is an Ongoing Project with a developable area of 1.61 million square feet and saleable area of 1.25 million square feet.

***Hyderabad, Telangana***

During Fiscal 2023, we launched our first project in the Hyderabad market in the state of Telangana. "***Sobha Waterfront***" which is a luxury apartment Ongoing Project located in Somajiguda, Hyderabad, overlooking the Hussain Sagar lake. The project is being developed over 4 acres land parcel and comprises of four towers with a total saleable area of 654,661 square feet. The project comprises three bed-room and four bed-room apartments with views of the lake and cityscape. Total developable area of project is about 0.80 million square feet.

The following tables sets out our Saleable Area for Ongoing Projects location wise as of March 31, 2024:

| S No. | Key Location – Ongoing Projects* | Saleable Area (million sq. ft.)** |
|---|---|---|
| 1. | Bengaluru, Karnataka | 14.57 |
| 2. | Gurugram, Haryana | 1.84 |
| 3. | Kochi, Kerala | 2.58 |
| 4. | Thrissur, Kerala | 1.46 |
| 5. | Calicut, Kerala | 0.06 |
| 6. | Trivandrum, Kerala | 0.43 |
| 7. | Chennai Tamil Nadu | 0.30 |
| 8. | Coimbatore, Tamil Nadu | 0.02 |
| 9. | GIFT City, Gujarat | 1.83 |
| 10. | Pune, Maharashtra | 0.64 |
| 11. | Hyderabad, Telangana | 0.65 |
| **TOTAL** | | **24.38** |

* *Includes projects under various business model such as on area share, own projects, revenue share projects, joint ventures, and development management projects.*
** *Details are disclosed only for the ongoing portions of the projects as some of the phases of these projects may be classified as Completed Projects or Forthcoming Projects, as applicable.*

The following tables sets out our Estimated Saleable Area for Forthcoming Projects location wise as of March 31, 2024:

| S No. | Key Location – Forthcoming Projects* | Estimated Saleable Area (million sq. ft.)** |
|---|---|---|
| 1. | Bengaluru, Karnataka | 6.88 |
| 2. | Gurugram, Haryana | 7.36 |
| 3. | Kochi, Kerala | 0.92 |

| S No. | Key Location – Forthcoming Projects* | Estimated Saleable Area (million sq. ft.)** |
|---|---|---|
| 4. | Calicut, Kerala | 0.81 |
| 5. | Trivandrum, Kerala | 0.21 |
| 6. | Chennai Tamil Nadu | 0.19 |
| 7. | Coimbatore, Tamil Nadu | 0.27 |
| 8. | Pune, Maharashtra | 1.00 |
| 9. | Thrissur, Kerala | 0.03 |
| **Total** | | **17.67** |

* *Includes projects under various business model such as on area share, own projects, revenue share projects, joint ventures and development management projects.*
** *Details are disclosed only for the forthcoming portions of the projects as some of the phases of these projects may be classified as Completed Projects or Ongoing Projects, as applicable.*

The table below provide details of our inventory status for our residential projects as of March 31, 2024:

| Inventory Status | In Million Square Feet(1) |
|---|---|
| Unsold Area – Completed Projects | 0.22 |
| Unsold Area – Ongoing Projects – offered for sale | 5.17 |
| Unsold Area – Ongoing Projects – not offered for sale | 2.16 |
| Forthcoming Projects | 16.85 |
| Total inventory unsold | 24.40 |

(1) *Saleable Area / leaseable area for the Forthcoming Projects may vary subject to approvals*

During Fiscal 2024, we launched six residential projects having Saleable Area of 7.02 million square feet out of which 3.18 million square feet was launched during the fourth quarter of Fiscal 2024. The table below provides details of new residential projects launched in Fiscal 2024:

| Project Name | Location | Launch Period | Product Type | Configuration | Saleable Area (in million square feet) |
|---|---|---|---|---|---|
| Sobha Neopolis | Bengaluru, Karnataka | Third Quarter of Fiscal 2024 | Apartments | 1 BHK, 3 BHK and 4 BHK | 3.44 |
| Sobha Metropolis Phase 3 | Thrissur, Kerala | Third Quarter of Fiscal 2024 | | 3 BHK and 4 BHK | 0.40 |
| Sobha Crystal Meadows | Bengaluru, Karnataka | Fourth Quarter of Fiscal 2024 | Row Houses | 4 BHK | 1.25 |
| Sobha Atlantis Phase 2 – Block 1 and 2 | Kochi, Kerala | | Apartments | 3 BHK and 4 BHK | 0.45 |
| Sobha Ridge – Whispering Hill | Trivandrum, Kerala | | | 3.5 BHK and 4 BHK | 0.23 |
| Sobha Elysia | GIFT City, Gujarat | | | 3 BHK and 4 BHK | 1.25 |

In addition to our residential projects, we have developed two Commercial Completed Projects as mentioned below:

***Sobha City Mall***' at Thrissur has a total leasable area of 0.32 million square feet out of which our share of leasable area is 0.28 million square feet. It commenced its operations from December 2015.


'***One Sobha Mall***' in Bengaluru has a total leasable area of 0.22 million square feet of which our share of leasable area being 0.15 million square feet.

In addition, we have one commercial Ongoing Project and three commercial Forthcoming Projects as of March 31, 2024. The table below provides details of these projects:

| Project Name | Status | Total Leasable Area (in million square feet) | Sobha Share Lease Area (in million square feet) |
|---|---|---|---|
| Sobha City, Athena, Bengaluru, Karnataka | Ongoing Project | 0.03 | 0.03 |
| **Total (A)** | | **0.03** | **0.03** |
| Sobha Metropolis – Commercial | Forthcoming Project | 0.03 | 0.03 |
| International City, Gurugram – Commercial | | 0.62 | 0.62 |
| Sobha Altus - Commercial | | 0.18 | 0.12 |
| **Total (B)** | | **0.83** | **0.77** |
| **Total C (A+B)** | | **0.86** | **0.80** |

In Fiscal 2023, and 2024, our total rental income from operating leases were ₹ 478.24 million and ₹ 618.27 million, respectively.

***Contractual engineering, procurement and construction capabilities for institutional customers***

We provide contractual services from project conceptualization, planning and design to engineering and execution for institutional customers tailored for their requirements and budgets in addition to our in-house real estate projects. The table below provides details on our ongoing contractual projects location wise as of March 31, 2024:

| Location | Number of Projects | Built-up area (in million square feet) |
|---|---:|---:|
| Bengaluru, Karnataka | 5 | 3.56 |
| Haryana | 1 | 0.49 |
| **Total** | **6** | **4.05** |

*Certain of ongoing contractual projects illustration*

*Sonepat, Haryana*

*Bengaluru, Karnataka*

*Bengaluru, Karnataka*

***Construction Related Production Capabilities***



In addition to our real estate operations and providing engineering, procurement and construction services to institutional customers, we also manufacture construction related products. As of March 31, 2024, we had six manufacturing units located in Bengaluru, Karnataka; Alwar, Rajasthan; Kancheepuram, Tamil Nadu; and Sonipat, Haryana which cater to our internal construction material requirements as well as external customers.

The table below provides certain details in relation to our manufacturing facilities:

| Sr. No | State | Address | Division | Owned/Leased |
|---|---|---|---|---|
| 1. | Karnataka | Plot No 10, Sobha Limited, Bommasandra Jigani Link Road, KIADB Industrial Area Bommasandra, Bengaluru Rural, Karnataka | Glazing | Leased |
| 2. | Karnataka | 329, Sobha Limited, Bommasandra Jigani Link Road, KIADB Industrial Area Bommasandra, Bengaluru Rural, Karnataka | Concrete | Owned |
| 3. | Karnataka | Plot No 9, Sobha Limited, Bommasandra Jigani Link Road, KIADB Industrial Area Bommasandra, Bengaluru Rural, Karnataka | Interior and Mattress | Owned |
| 4. | Tamil Nadu | SIPCOT Industrial Park, Plot No – G6, Sobha Limited, Irungulam Taluk, Sriperumbudur village, Kancheepuram, Tamil Nadu | Glazing | Leased |
| 5. | Rajasthan | RIICO Industrial Area, SP-150, RIICO Industrial Area, Bhiwandi, Alwar, Rajasthan | Interior | Leased |
| 6. | Haryana | Plot No 345, Phase V, Sector 56, HSIIDC, Kundli Industrial Area, Sonipat, Haryana | Glazing | Leased |

Our constructed related manufacturing division includes:

- Concrete division;
- Glazing and metal works; and
- Interiors.

*Concrete division*



The concrete products manufacturing unit produces a variety of products, including pavers, kerbs, and concrete blocks. We source our raw materials from various vendors and they undergo rigorous testing in our laboratory to ensure that they comply with the "Sobha" standard of quality.

Capacity and Capacity Utilization:

The following table shows the relevant information relating to installed capacity and capacity utilisation (on the basis of installed capacity and actual production) for our concrete division as of/ for the Fiscal ended March 31, 2023 and 2024:

| **Products** | **As of and for the Fiscal ended March 31,** | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **2023** | | | | **2024** | | | |
| | **Installed capacity*** | **Available Capacity(1)(3)** | **Annual Actual Production** | **Capacity Utilisation (%)(2)** | **Installed capacity*** | **Available Capacity(1)** | **Annual Actual Production** | **Capacity Utilisation (%)(2)** |
| Blocks (number of units) | 6,351,000 | 4,819,800 | 4,354,722 | 68.57% | 6,351,000 | 4,819,800 | 6,056,409(4) | 95.36% |
| Pavers (square feet) | 4,726,750 | 3,587,150 | 3,351,962 | 70.91% | 4,726,750 | 3,587,150 | 3,804,740(4) | 80.49% |
| Kerb (number of units) | 730,000 | 554,000 | 588,965(4) | 80.68% | 1,022,000 | 775,600 | 758,373 | 74.20% |

**As certified by S. V. Manohar, an independent chartered engineer, by way of a certificate dated May 28, 2024.*

(1) *Available capacity for each of the products has been calculated on the basis of estimate daily available capacity. Please note that available capacity for the products in the manufacturing facility is a relevant Fiscals as discussed above may vary from annual installed capacity in such relevant Fiscal as the available capacity takes into account adjustments for actual scheduled and unscheduled downtime during such Fiscal. The information relating to the annual installed capacity and the available capacity of our products included above and elsewhere in this Letter of Offer are based on various assumptions and estimates of our management that have been taken into account by the chartered engineer in the calculation of our capacity. These assumptions and estimates include the standard capacity calculation practice of in our industry after examining the installed capacity, calculations and explanations provided by our management, the period during which the facility operates in a year, availability of raw ingredients, expected utilization*

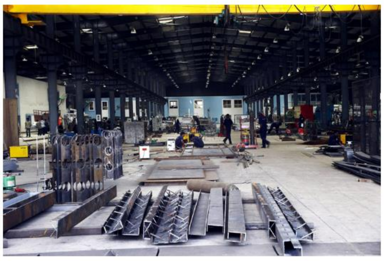
*levels, estimated downtime resulting from scheduled maintenance activities, assumptions relating to unscheduled breakdowns, as well as expected operational efficiencies. Actual production levels and capacity utilization rates may therefore vary significantly from the estimated installed capacity and the available capacity information of our manufacturing facility. Undue reliance should therefore not be placed on our capacity information or historical capacity utilization information for our existing products included in this Letter of Offer.*

*(2) Capacity utilization has been calculated on the basis of actual production during the relevant Fiscal divided by the installed capacity for each of the relevant products in such Fiscal.*

*(3) Available Capacity is arrived after removing holidays and maintenance of manufacturing facility, which is 277 days per year.*

*(4) Annual actual production is more than the available capacity on account of extra workhours by the employees to compensate for holidays and maintenance.*

*Glazing and Metal Works division*



The glazing and metal works division specializes in making unitized panels, with capabilities to make doors, windows, aluminum louvers, canopies and railings.

<u>Capacity and Capacity Utilization:</u>

The following table shows the relevant information relating to installed capacity and capacity utilisation (on the basis of installed capacity and actual production) for our glazing and metal works division as of/ for the Fiscal ended March 31, 2023 and 2024:

| **Products** | **As of and for the Fiscal ended March 31,** | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **2023** | | | | **2024** | | | |
| | **Installed capacity*** | **Available Capacity(1)(3)** | **Annual Actual Production** | **Capacity Utilisation (%)(2)** | **Installed capacity*** | **Available Capacity(1)(3)** | **Annual Actual Production** | **Capacity Utilisation (%)(2)** |
| Unitized curtain wall (square meters) | 153,500 | 153,500 | 130,575 | 85.07% | 153,500 | 153,500 | 84,900 | 55.31% |
| Semi-unitized curtain wall (square meters) | 21,000 | 21,000 | 16,600 | 79.05% | 21,000 | 21,000 | 9,300 | 44.29% |
| M. Streel (meters) | 12,000 | 12,000 | 8,000 | 66.67% | 12,000 | 12,000 | 7,850 | 65.42% |
| S. Steel (meters) | 100 | 100 | 40 | 40.00% | 100 | 100 | 50 | 50.00% |
| Windows and Doors (square meters) | 68,000 | 68,000 | 66,700 | 98.09% | 68,000 | 68,000 | 65,000 | 95.59% |
| Solid Sheet Cladding (square meters) | 40,000 | 40,000 | 33,000 | 82.50% | 40,000 | 40,000 | 31,000 | 77.50% |
| Aluminium Fins (rmt) | 6,000 | 6,000 | 5,100 | 85.00% | 6,000 | 6,000 | 5,000 | 83.33% |
| Aluminium Louvers (square meters) | 21,000 | 21,000 | 17,700 | 84.29% | 21,000 | 21,000 | 11,500 | 54.76% |

**As certified by S. V. Manohar, an independent chartered engineer, by way of a certificate dated May 28, 2024.*

*(1) Available capacity for each of the products has been calculated on the basis of estimate daily available capacity. Please note that available capacity for the products in the manufacturing facility is a relevant Fiscals as discussed above may vary from annual installed capacity in such relevant Fiscal as the available capacity takes into account adjustments for actual scheduled and unscheduled downtime during such Fiscal. The information relating to the annual installed capacity and the available capacity of our products included above and elsewhere in this Letter of Offer are based on various assumptions and estimates of our management that have been taken into account by the chartered engineer in the calculation of our capacity. These assumptions and estimates include the standard capacity calculation practice of in our industry after examining the installed capacity, calculations and*

*explanations provided by our management, the period during which the facility operates in a year, availability of raw ingredients, expected utilization levels, estimated downtime resulting from scheduled maintenance activities, assumptions relating to unscheduled breakdowns, as well as expected operational efficiencies. Actual production levels and capacity utilization rates may therefore vary significantly from the estimated installed capacity and the available capacity information of our manufacturing facility. Undue reliance should therefore not be placed on our capacity information or historical capacity utilization information for our existing products included in this Letter of Offer.*

*(2) Capacity utilization has been calculated on the basis of actual production during the relevant Fiscal divided by the installed capacity for each of the relevant products in such Fiscal.*

*(3) Available Capacity is arrived after removing holidays and maintenance of manufacturing facility, which is 277 days per year.*

*The interior division*

The interior division offers a wide range of products such as a comprehensive wooden product line of loose, fitted, upholstered, and wooden furniture, fitted furniture such as wardrobes, TV units, kitchens, storage units, wooden paneling and ceiling works, and tabletops.

Capacity and Capacity Utilization:

The following table shows the relevant information relating to installed capacity and capacity utilisation (on the basis of installed capacity and actual production) for our interior division and mattress as of/ for the Fiscal ended March 31, 2023 and 2024:

| Products | As of and for the Fiscal ended March 31, | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | | | | 2024 | | | |
| | Installed capacity* | Available Capacity(1)(3) | Annual Actual Production | Capacity Utilisation (%)(2) | Installed capacity* | Available Capacity(1)(3) | Annual Actual Production | Capacity Utilisation (%)(2) |
| Doors (number of units) | 67,200 | 67,200 | 21,179 | 40.44% | 67,200 | 67,200 | 42,048 | 62.57% |
| Furniture(3) (number of units) | 26,000 | 26,000 | 10,889 | 41.88% | 26,000 | 26,000 | 17,310 | 66.58% |
| Mattress | 30,000 | 30,000 | 13,869 | 46.23% | 30,000 | 30,000 | 11,423 | 38.08% |

**As certified by S V Manohar, S. V. Manohar, an independent chartered engineer, by way of a certificate dated May 28, 2024.*

*(1) Available capacity for each of the products has been calculated on the basis of estimate daily available capacity. Please note that available capacity for the products in the manufacturing facility is a relevant Fiscals as discussed above may vary from annual installed capacity in such relevant Fiscal as the available capacity takes into account adjustments for actual scheduled and unscheduled downtime during such Fiscal. The information relating to the annual installed capacity and the available capacity of our products included above and elsewhere in this Letter of Offer are based on various assumptions and estimates of our management that have been taken into account by the chartered engineer in the calculation of our capacity. These assumptions and estimates include the standard capacity calculation practice of in our industry after examining the installed capacity, calculations and explanations provided by our management, the period during which the facility operates in a year, availability of raw ingredients, expected utilization levels, estimated downtime resulting from scheduled maintenance activities, assumptions relating to unscheduled breakdowns, as well as expected operational efficiencies. Actual production levels and capacity utilization rates may therefore vary significantly from the estimated installed capacity and the available capacity information of our manufacturing facility. Undue reliance should therefore not be placed on our capacity information or historical capacity utilization information for our existing products included in this Letter of Offer.*

*(2) Capacity utilization has been calculated on the basis of actual production during the relevant Fiscal divided by the installed capacity for each of the relevant products in such Fiscal.*

*(3) Available Capacity is arrived after removing holidays and maintenance of manufacturing facility, which is 277 days per year.*

*(4) The installed capacity is calculated under the assumption of producing only one specific product, without accounting for the various types of products within the same category. Therefore, the diversity in our product range within a category means that the actual production might not accurately reflect our installed capacity and available capacity. These assumptions and estimates may vary significantly from the assumptions or estimates taken into account by other companies in calculating the annual installed capacities and available capacity. Consequently, this diversity in our product range precludes us from accurately determining capacity utilization, as the installed capacity does not account for the full spectrum of products within the category.*

***Retail***

*Mattresses*



We manufacture mattresses under "Sobha Restoplus" brand which includes multiple mattress combinations. The mattresses come in a variety of designs and features, from pocketed, bonnell, re-bonded and foam to rolled, coir and pure latex mattresses.

*Metercube*

metercube

Metercube is our one-stop solution for home buyers, allowing them the flexibility to furnish and decorate their homes through a wide range of interior packages available online. Metercube's interior packages offer, among others, semi-finished options with kitchens and wardrobes, as well as fully furnished homes for living rooms and bedrooms.

**Project Execution**

We rely on the knowledge, experience and functional expertise of our in-house teams and leverage our backward integration design and construction capabilities to adapt to customer demands and requirements of local markets where we operate.

In our experience, timely and efficient development of projects helps us control costs and bring new projects to market and allows us to take advantage of market opportunities and capitalise on the growing demand of customers, thereby allowing us to remain competitive.

**Channel Partners**

As part of our real estate operations, our Company engages individual/ corporate channel partners to solicit and procure business for the projects undertaken by our Company.

Pursuant to such arrangements with channel partners, selling commission becomes payable to them on execution of sale agreements with proposed buyers, subject to certain conditions which *inter alia* include timely realization of a percentage of the sale price (as mentioned in the respective arrangements with the channel partners) and payment of development charges, if applicable, in favour of our Company (collectively, "**Conditions**").

The selling commission is generally a percentage of the sale price which typically ranges from 2% to 5% of the basic sales price of the units which have been sold through such channel partners. The selling commission varies on a project basis and depends on several factors including market and other commercial considerations. Once the selling commission becomes payable, the channel partner is required to raise an invoice claiming the selling commission, which is thereafter verified by our Company. However, the selling commission will be payable in the same manner as above if the cancellation of booking was done after fulfilment of the Conditions and execution of the sale agreement.

The table below provides details of selling commission incurred towards our channel partners as a percentage of our revenue from operations and total expenses for Fiscal 2024 and 2023:

| Period | Number of projects | Selling Commission (in ₹ million) | As a percentage of revenue from operations (%) | As a percentage of total expenses (%) |
|---|---|---|---|---|
| Fiscal 2024 | 74 | 933.49 | 3.01% | 2.97% |
| Fiscal 2023 | 78 | 655.62 | 1.98% | 2.01% |

For further details, see "*Objects of the Issue - Funding certain project related expenses for Ongoing Projects and Forthcoming Projects*" on page 68.

**Health, Safety and Environment**

As part of our sustainability goals, we incorporate sustainable best practices and considerations into the design and construction of our projects. We have implemented environmentally friendly building concepts in certain of our projects. Marina One Kochi, one of our projects, was conferred First Prize for Best Safety Practices by the National Safety Council (Kerala Chapter) at the 52nd National Safety Week celebrations in 2024.

We have embedded sustainability practices across our operations and projects, which is visible in the several measures that we have taken.

We are a certified company for quality management (ISO 9001:2015), environmental management (ISO14001:2015) and occupational health and safety management (ISO 45001:2018). We have also obtained ISO/IMS certification for its quality, environmental and safety management systems.

Our operations are subject to various mandatory national, state and municipal environmental laws and regulations in India. Our operations are also subject to inspections by the government officials with regard to various environmental issues. As a vertically integrated company, we are committed to complying with applicable health, safety and environmental regulations and other requirements in our business operations. To help ensure effective implementation of our safety policies and practices, we identify potential material hazards, evaluate all material risks and institute, implement and monitor appropriate risk mitigation measures prior to commencement of the projects. We endeavour to minimize the risk of accidents occurring at our project sites through employment of internal safety professionals and adherence to our internal policy in this regard.

In addition, we practice energy conservation by installing solar panels for lighting common areas and solar water heaters in certain of our projects. Some of the highlights in our energy saving measures include sourcing electricity from solar rooftop and usage of heat pumps and solar water heaters instead of geysers to reduce power consumption.

We have also made significant efforts towards harvesting rainwater to address the water shortage in certain of the cities where our projects are located and we use sewage treatment plants to treat the wastewater generated in our projects. We have also been using organic waste converters in certain of our projects in India.

In addition, we have an in-house team to analyse water samples for physicochemical and microbiological parameters.

**Information Technology**

We leverage technology as an enabler in various aspects of our operations and focus on implementing digitisation measures to enable time and cost-efficiency while maintaining quality in our design and execution and customer relationship management.

We have a large IT team to support all IT-related matters. We have also begun implementing a new ERP system which will help us to optimize our operations and thereby reducing decision making times for various aspects of our business.

**Insurance**

Our Company and our Subsidiaries obtain building under construction policy for our sites under construction. Our insurance policies cover risks which we envisage for each project, which may include physical loss or damage, including natural perils. We generally maintain insurance covering our assets and operations at levels that we believe to be appropriate.

**Competition**

We face competition from various property developers in India. Moreover, as we seek to diversify into new geographies, we face the risk that some of our competitors have a pan-India presence while our other competitors have a strong presence in certain regional markets.

**Human Resources**

As of March 31, 2024, we had 3,814 permanent employees and more than 10,000 contractual workers. Through our focus on maintaining a skilled and diversified workforce, we aim to maintain flexibility and agility to adapt to the future needs of our business.

**Corporate Social Responsibility**

Our Company has adopted a Corporate Social Responsibility ("**CSR**") policy and our CSR activities are administered by the CSR Committee.

We are committed to following governance practices relevant to our industry and aim to achieve high levels of transparency, accountability and ethical behaviour in all aspects of our operations.

**Properties**

Our registered office is located in Bengaluru, Karnataka which is owned by us while we also have offices located in Gurugram, Haryana; Chennai and Coimbatore, Tamil Nadu; Thrissur and Ernakulam, Kerala; and GIFT City, Gujarat. In addition, we also have two international sales offices located in Dubai, United Arab Emirates which is owned by us and Milan, Italy respectively. Other than our registered office and our office located in Dubai, all other offices are on leasehold properties. In addition, four of our manufacturing facilities are on lease land, which includes our glazing division manufacturing facilities in Kancheepuram, Tamil Nadu, Bengaluru, Karnataka and Sonipat, Haryana, and our interior division manufacturing facility in Alwar, Rajasthan.

For further information, see "*Risk Factors - We do not own all our office premises and manufacturing facilities. Any termination or failure by us to renew the lease agreements in a favourable and timely manner, or at all, could adversely affect our business, cash flows, results of operations, and financial condition. Moreover, some of the agreements entered into by us may not be duly registered or adequately stamped.*" on page 40.

## OUR MANAGEMENT

### Board of Directors

The composition of the Board is governed by the Companies Act, 2013, the rules prescribed thereunder, the SEBI LODR Regulations and the Articles of Association. In accordance with the Articles of Association, unless otherwise determined by our Company in a general meeting, our Company shall not have less than three Directors and not more than 15 Directors.

Pursuant to the Companies Act, 2013, at least two-thirds of the total number of Directors, excluding the Independent Directors, are liable to retire by rotation, with one-third of such number retiring at each annual general meeting. A retiring Director is eligible for re-election. Further, pursuant to the Companies Act, 2013, the Independent Directors may be appointed for a maximum of two consecutive terms of up to five consecutive years each and thereafter have a cooling off period of three years prior to being eligible for re-appointment. Any re-appointment of Independent Directors shall be on the basis of, *inter alia*, the performance evaluation report and approval by the shareholders of our Company, by way of a special resolution.

As on the date of this Letter of Offer, our Company has six directors, comprising of one Executive Director who is a Managing Director, four Non-Executive Independent Directors, inclusive of one woman Independent Director and one Non-Executive Non-Independent Director. The Chairman is a Non-Executive Non-Independent Director.

The following table provides details regarding the Board of Directors of our Company as of the date of filing this Letter of Offer:

| Name, Address, Designation, Occupation, Term, Period of Directorship, DIN and Date of Birth | Age (in years) | Other Directorships |
|---|---|---|
| **Ravi PNC Menon**<br><br>***Address***: #128/4, Sobha, Varthur (Hobali) Boganahalli Village, Bhoganahalli Panathur, Bangalore 560 103, Karnataka, India<br><br>***Designation:*** Chairman and Non-Executive Non-Independent Director<br><br>***Occupation***: Business<br><br>***Term***: With effect from April 1, 2023 and liable to retire by rotation<br><br>***Period of Directorship:*** Director since June 8, 2004<br><br>***DIN***: 02070036<br><br>***Date of Birth:*** November 25, 1981 | 42 | ***Indian Companies***<br><br>Nil<br><br>***Foreign Companies***<br><br>Nil |
| **Jagadish Nangineni**<br><br>***Address***: 1, Sobha Lotus, Ryan School Road, Kundalahalli, Brookfield, Bengaluru 560 037, Karnataka, India<br><br>***Designation:*** Managing Director and Executive Director<br><br>***Occupation***: Service<br><br>***Term***: For a period of five years with effect from April 1, 2022<br><br>***Period of Directorship:*** Director since April 1, 2022<br><br>***DIN***: 01871780<br><br>***Date of Birth:*** April 16, 1979 | 45 | ***Indian Companies***<br><br>• PNC Technologies Private Limited<br>• Sobha Assets Private Limited<br>• Sobha Developers (Pune) Limited<br>• Sobha Highrise Ventures Private Limited<br>• Sobha Projects and Trade Private Limited<br><br>***Foreign Companies***<br><br>Nil |
| **Ramachandra Venkatasubba Rao**<br><br>***Address***: No.332/6, "Guru Kripa" 14th Main, Sadashivanagar, Bangalore 560 080, Karnataka, India<br><br>***Designation:*** Non-Executive Independent Director<br><br>***Occupation***: Professional<br><br>***Term***: For a period of five years with effect from August 9, 2019 | 80 | ***Indian Companies***<br><br>Nil<br><br>***Foreign Companies***<br><br>Nil |

| Name, Address, Designation, Occupation, Term, Period of Directorship, DIN and Date of Birth | Age (in years) | Other Directorships |
|---|---|---|
| ***Period of Directorship:*** Director since June 28, 2006<br><br>***DIN***: 00061599<br><br>***Date of Birth:*** March 15, 1944 | | |
| **Anup Sanmukh Shah**<br><br>***Address***: 129, 6th Main, P and T Colony, Sanjay Nagar, Bangalore 560 094, Karnataka, India<br><br>***Designation:*** Non-Executive Independent Director<br><br>***Occupation:*** Professional<br><br>***Term:*** For a period of five years with effect from August 9, 2019<br><br>***Period of Directorship:*** Director since June 28, 2006<br><br>***DIN***: 00317300<br><br>***Date of Birth:*** June 25, 1957 | 66 | ***Indian Companies***<br><br>• Bhoruka Power Corporation Limited<br>• Provident Housing Limited<br>• Puravankara Limited<br>• Stove Kraft Limited<br>• Welspun One Private Limited<br>• Brigade Hotel Ventures Limited<br><br>***Foreign Companies***<br><br>Nil |
| **Srivathsala Kanchi Nandagopal**<br><br>***Address***: No. 2595, 17th Cross, 8th Main Banashankari 2nd Stage, Bangalore 560 070, Karnataka, India<br><br>***Designation:*** Non-Executive Independent Director<br><br>***Occupation:*** Business<br><br>***Term:*** For a period of five years with effect from January 4, 2020<br><br>***Period of Directorship:*** Director since January 4, 2020<br><br>***DIN***: 06465469<br><br>***Date of Birth:*** December 3, 1976 | 47 | ***Indian Companies***<br><br>• Eleasee Private Limited<br>• Fintrans Investment Services Private Limited<br>• Load Controls India Private Limited<br>• Modutec Ready Panels Private Limited<br>• Ngenux Solutions Private Limited<br>• Sach Advisors Private Limited<br>• Sampurna Reliability Excellence Private Limited<br>• Vandyam Foundation<br>• Vandyam Prasada Foods Private Limited<br>• Winstrans Consultancy Private Limited<br><br>***Foreign Companies***<br><br>Nil |
| **Raman Mangalorkar**<br><br>***Address***: Flat No.201, No.52/4, Prestige Winston, Madras Sapper Officers Colony, Bangalore 560 005, Karnataka, India<br><br>***Designation:*** Non-Executive Independent Director<br><br>***Occupation:*** Service<br><br>***Term:*** For a period of five years with effect from April 1, 2022<br><br>***Period of Directorship:*** Director since April 1, 2022<br><br>***DIN***: 01866884<br><br>***Date of Birth:*** May 24, 1970 | 54 | ***Indian Companies***<br><br>• Arlant Atom Data Labs Private Limited<br><br>***Foreign Companies***<br><br>Nil |

## Confirmations

Except Srivathsala Kanchi Nandagopal, who held equity shares in and also was a director on the board of directors of Pioneer Distilleries Limited (where she was appointed as a director on September 12, 2019 for a period of five years), which is permanently suspended from trading in NSE since January 6, 2023 on account of scheme of amalgamation, none of our Directors is or was a director of any listed company during the five years preceding the date of filing of this Letter of Offer, whose equity shares have been or were suspended from being traded on any stock exchange, during the term of their directorship in such company.

None of our Directors is or was a director of any listed company which has been or was delisted from any stock exchange, during the term of their directorship in such company, in the last ten years immediately preceding the date of filing of this Letter of Offer.

**Details of Key Managerial Personnel and Senior Management Personnel**

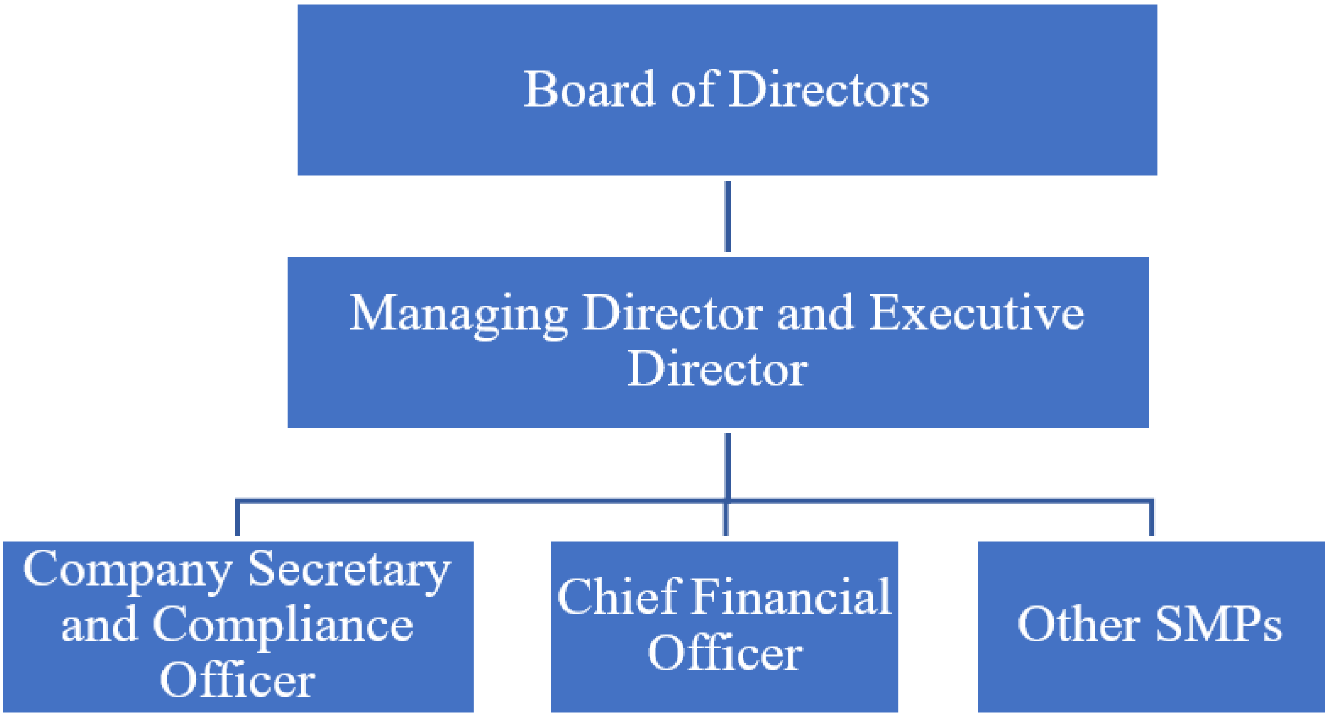
**Key Managerial Personnel ("KMP")**

| Sr. No. | Name of KMP | Designation |
|---|---|---|
| 1. | Jagadish Nangineni | Managing Director and Executive Director |
| 2. | Yogesh Bansal | Chief Financial Officer |
| 3. | Bijan Kumar Dash | Company Secretary and Compliance Officer |

**Senior Management Personnel ("SMP")**

| Sr. No. | Name of SMP | Designation |
|---|---|---|
| 1. | Devaraja T.H. | Business Head - Electrical |
| 2. | Gaurav Bhatia | Chief Sales Officer |
| 3. | Geetha K.Nair | Head - Design and Engineering |
| 4. | Harish Babu | Business Head - Interiors |
| 5. | Manish Verma | Regional Head - Pune |
| 6. | Manoj Rastogi | Business Head - CPD |
| 7. | Nisanth M N | Regional Head - Kerala |
| 8. | Prasanna Venkatesh G | Business Head - Plumbing |
| 9. | Prasun Basu | Head - Process and Information Technology |
| 10. | Raghu Balan | Head - Quality, Safety and Technology |
| 11. | Rajesh C Nair | Head - Procurement |
| 12. | Ravi K R | Regional Head - Tamil Nadu and Hyderabad |
| 13. | Satish Kamath | Head - Human Resources |
| 14. | Shanthi V | Head - Project Management |
| 15. | Sumeet Suresh Chunkhare | Chief Marketing and Communications Officer |
| 16. | Tina Talwar | Regional Head - NCR |
| 17. | Vikram Kumar | Executive Vice President – Legal and Land Purchase |
| 18. | Lalit Lahoty | Executive Vice President - Business Development |

# ORGANISATIONAL STRUCTURE



## SECTION V: FINANCIAL INFORMATION

## FINANCIAL STATEMENTS

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## Independent Auditor’s Report

**To the Members of Sobha Limited**

## Report on the Audit of the Consolidated Financial Statements

### Opinion

1. We have audited the accompanying consolidated financial statements of Sobha Limited (‘the Holding Company’) and its subsidiaries (the Holding Company and its subsidiaries together referred to as ‘the Group’), its associate and joint venture, as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2024, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flow and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a material accounting policy information and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, associate and joint venture, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (‘the Act’) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards (‘Ind AS’) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group and joint venture, as at 31 March 2024, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards 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, its associate and joint venture in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (‘ICAI’) together with the ethical requirements that are relevant to our audit of the consolidated 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 together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 16 of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter**

4. We draw attention to Note 39(5) of the accompanying consolidated financial statement, regarding the search operation carried out by the Income Tax Department ('the department') at various business premises of the Holding Company and certain other group companies during March 2023. During the current year, the Holding Company has received demand orders from the department for AY 2016-17 and AY 2022-23, in respect of disallowances of certain expenses and addition of certain incomes, against which subsequent to the year end the Holding Company has filed an appeal before the Hon'ble Commissioner of Income Tax (Appeals), Bengaluru. Given the uncertainty and pending outcome of the legal proceedings, the Holding Company, considering all available records and facts known to it including the independent legal review and opinion from external legal counsels obtained by it, has determined that no adjustments are required to the consolidated financial statement in respect of the aforesaid demand orders. Our opinion is not modified in respect of this matter.

**Key Audit Matters**

5. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, associate and joint venture, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

6. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **1. Revenue recognition for sale of residential units** | |
| The Group applies Ind AS 115, Revenue from Contracts with Customers ("Ind AS 115") for recognition of revenue from sale of residential units and revenue from joint development agreements. Refer note 2.2(a)(I)(i) and 25 to the consolidated financial statements for accounting policy and related disclosures.<br><br>Revenue is recognised upon transfer of control of residential units to customers for an amount which reflects the consideration the Group expects to receive in exchange for those units. The point of revenue recognition is normally based on the terms as included in the intimation for the handover of unit to the customer on completion of the project, and substantial collection is received. The Group recognises the revenue at a point in time upon handover/deemed handover of the residential units.<br><br>For revenue contracts forming part of joint development arrangements that are not jointly controlled operations ('JDA'), the revenue from the development and transfer of constructed area/revenue share with corresponding land/ development rights received by the Group is measured at the fair value of the estimated construction service rendered by the Group to the landowner under JDA. Such revenue is recognised over a period of time in accordance with the requirements of Ind AS 115.<br><br>Ind AS 115 requires significant judgment in determining when 'control' of the residential units is transferred to the customer. Further, for projects executed through JDA, significant estimate is undertaken by management for determining the fair value of the estimated construction service. | Our audit procedures on revenue recognised from sale of residential units included, but were not limited to the following:<br><br>• Evaluated the appropriateness of accounting policy for revenue recognition on sale of residential units in terms of principles enunciated under Ind AS 115;<br><br>• Obtained and understood the revenue recognition process, evaluated the design and performed test of controls over revenue recognition including determination of point of transfer of control and completion of performance obligations on a sample basis;<br><br>• Inspected, on a sample basis, underlying customer contracts and handover documents, evidencing the transfer of control of the residential units to the customer based on which revenue is recognised at a point in time;<br><br>• For projects executed during the year in accordance with JDAs, we have performed the following additional procedures on a sample basis:<br>o Obtained and examined the computation of the fair value of the construction service under JDA with reference to project cost estimates and mark up considered by the management; |

| Key audit matter | How our audit addressed the key audit matter |
| --- | --- |
| Considering the significance of management judgements and estimates involved and the materiality of amounts involved, aforementioned revenue recognition is identified as a key audit matter. | ○ Obtained the JDAs entered into by the Holding Company, including addendums thereto and compared the ratio of constructed area/ revenue sharing arrangement between the Holding Company and the landowner as mentioned in the agreement to the computation statement prepared by the management; and<br><br>○ Tested the computation for recognition of revenue over a period of time for revenue contracts forming part of JDA and management's assessment of stage of completion of projects and project cost estimates.<br>• Assessed the adequacy of disclosures included in the consolidated financial statements in compliance with the requirements of Ind AS 115. |
| **2. Revenue recognition for contractual construction and glazing projects** | |
| The Group recognises revenue over a period of time in accordance with Ind AS 115, Revenue from Contracts with Customers (“Ind AS 115”). Refer note 2.2(a)(I)(ii)(iv) and 25 to the consolidated financial statements for accounting policy and related disclosures.<br><br>The Group recognises revenue from construction contracts on the basis of stage of completion over a period of time. The recognition of revenue is therefore dependent on estimates in relation to total estimated costs of each such contract, which involves judgement.<br><br>Significant judgments are also involved in determining when the underlying performance obligations are satisfied and also determining expected losses, when such losses become probable based on the expected total contract cost. Cost contingencies are included in these estimates to take into account specific risks of uncertainties or disputed claims against the Group, arising within each contract. These contingencies are reviewed by the Management on a regular basis throughout the life of the contract and adjusted where appropriate.<br><br>Considering the significance of management judgements and estimates involved and the materiality of amounts involved, revenue recognition from contractual construction and glazing projects are identified as a key audit matter. | Our audit procedures on revenue recognition for contractual construction and glazing projects included, but were not limited to the following:<br><br>• Evaluated the appropriateness of accounting policy on revenue recognition for contractual construction and glazing projects in terms of principles enunciated under Ind AS 115;<br><br>• Evaluated the design and tested operating effectiveness of key controls around computation of stage of work completed, raising of invoices and estimating the cost to complete the project;<br><br>• On a sample basis, tested costs incurred by examining underlying invoices and other applicable documents;<br><br>• For sample contracts active during the year, verifying the underlying documents including work orders, last invoice, and customer acceptance on the latest RA bills/ Completion letter where applicable;<br><br>• Verified the mathematical accuracy of management’s computation of stage of Completion with respect to Contractual and Glazing projects.<br><br>• Assessed the adequacy of disclosures included in the consolidated financial statements in compliance with the requirements of Ind AS 115. |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **3. Assessing the recoverability of carrying value of Inventories, advances paid towards land procurement and deposits paid under joint development arrangements ("JDA")** | |
| Refer note 2.2(c), 2.2(d), 2.2(o), 10, 14 and 13 to the consolidated financial statements for accounting policies on inventories, advances paid towards land procurement and deposits paid under JDA (financial asset) and related financial disclosures.<br><br>As at 31 March 2024, the carrying value of the inventory comprising of Work in progress, Stock of residential units in completed projects and land stock is ₹ 90,882.32 million, land advances is ₹ 9,428.44 million and refundable deposits paid under JDA is ₹ 3,225.59 million, represents a significant portion of the Group's total assets.<br><br>The inventories are carried at lower of cost and net realisable value ('NRV'). The determination of the NRV involves estimates based on prevailing market conditions and taking into account the estimated future selling price, cost to complete projects and selling costs.<br><br>Advances paid by the Group to the seller/ intermediary towards outright purchase of land is recognised as land advance under other assets during the course of transferring the legal title to the Group, whereupon it is transferred to land stock under inventories. Further, deposits paid under joint development arrangements are in the nature of non-refundable/refundable deposits, for acquiring the development rights. On the launch of the project, the non-refundable amount is transferred as land cost to work-in-progress.<br><br>The aforesaid deposits and advances are carried at the lower of the amount paid/payable and net recoverable value, which is based on the management's assessment including the expected date of commencement and completion of the project and the estimate of sale prices and construction costs of the project.<br><br>We identified the assessment towards recoverability of carrying value of inventory, land advances and deposits paid under JDA as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole and the involvement of estimates and judgement in the assessment. | Our procedures in assessing the carrying value of the inventories, land advances and deposits paid under JDA included, but were not limited to the following:<br><br>• Evaluated the appropriateness of accounting policies with respect to inventories, land advances and deposits paid under JDA in terms of principles enunciated under applicable accounting standards;<br><br>• Evaluated the design and tested operation of internal controls related to comparing NRV/ net recoverable value with carrying amount of inventory, land advances and deposits paid under JDA;<br><br>• Inquired with management to understand key assumptions used in determination of the NRV/ net recoverable value;<br><br>• For inventory balance:<br><br>o Compared the NRV to recent sales in the project or to the estimated selling price;<br><br>o Compared the estimated construction costs to complete each project with the Holding Company's updated budgets; and<br><br>o For land stock, on a sample basis, obtained the fair valuation reports or the guidance values and reviewed the valuation methodology, key estimates and assumptions adopted in the valuation. Involved auditor's valuation expert, where such fair valuation reports were obtained.<br><br>• For land advances/ deposits paid under JDA:<br><br>o Obtained an update on the status of the land acquisition/ project progress from the management and verified the underlying documents for related developments;<br><br>o For land advances, compared the acquisition cost of the underlying land with the guidance values; and |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| | ○ Carried out external confirmation procedures on sample basis to obtain evidence supporting the carrying value of land advance and deposits paid under JDA.<br><br>• Assessed the adequacy of disclosures included in the consolidated financial statements in compliance with the applicable accounting standards. |
| **4. Assessment of certain transactions entered into by the Holding Company and recoverability of balances, on which regulatory proceedings are ongoing** | |
| The Holding Company had entered into a joint development arrangement with certain landowners in Gurugram, Haryana, in earlier years. In respect of this transaction, the Enforcement Directorate ('ED') after due investigation has filed a complaint with Adjudicating Authority, Prevention of Money Laundering ('AA-PML'), alleging certain irregularities in respect of the manner of allotment and pricing of certain plots under this project or payment of applicable fees and charges by the Holding Company or the landowners, with respect to the terms and conditions mentioned in the development policy of Haryana Development and Regulation of Urban Areas Act (HDRUAA), 1975 and the bilateral agreement between the land owners and Directorate of Town and Country Planning, Haryana (DTCP) resulting in provisional attachment under the Prevention of Money Laundering Act, 2002 ('PMLA') of land parcels with value of ₹ 2,016.05 million held by Technobuild Developers Private Limited ('TDPL') disclosed under Note 39. The Holding Company has entered into a Memorandum of Understanding ('MoU') with TDPL for acquiring land parcels using advances extended by the Holding Company, of equivalent value. As per the MoU, TDPL and its affiliates cannot transfer land parcels without prior approval of the Holding Company and the Holding Company has absolute rights over land parcels acquired by TDPL and its affiliates acquired from such advance given by the Holding Company.<br><br>As part of the inquiry process, the Holding Company and its officers have been asked to provide contracts, documents and justification in respect of this transaction by the concerned authorities. The Holding Company and its officers have been responding to the queries raised / documents sought from time to time. During the previous year, the Holding Company is in receipt of Show Cause Notice (SCN) under the PMLA from AA-PML and the Holding Company has duly filed the detailed responses to allegations made in SCN.<br><br>During the current year, AA-PML had passed an order confirming the provisional attachment of the aforesaid | Our audit procedures on this matter included, but were not limited to the following:<br><br>• Obtained an understanding from the management with respect to process and controls followed by the Holding Company for identification, monitoring of significant developments and impact analysis in relation to the litigations, including completeness thereof;<br><br>• Gaining an understanding of the ongoing regulatory proceedings through discussions with the management, and reading the underlying case related documents, communications and legal opinions to ensure consistency with the explanations provided to us and we have also assessed the objectivity, experience, competence and independence of management's expert;<br><br>• Evaluated and challenged the Holding Company's assessment of recoverability of the balances outstanding as at the balance sheet date, the business rationale for entering these transactions, including considering the developments on the matter subsequent to the balance sheet date;<br><br>• Engaged auditor's expert, who obtained an understanding of the current status of the litigation, reviewed independent legal opinion obtained by the management and considered relevant legal provisions and available precedents to validate the conclusions made by the management's expert;<br><br>• Communicated and discussed periodic updates on these transactions with those charged with governance, including the recoverability and management's business rationale aspects for these transactions; and |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| land parcels, to which the Holding Company had appealed before the Appellate Tribunal.<br><br>The Holding Company, based on its overall assessment and independent legal opinion obtained, believes that these transactions have been carried out in accordance with all the applicable laws and regulations and the said bilateral agreement and has not identified any adverse material impact to the consolidated financial statements.<br><br>Considering the significance of the matter which involves uncertainty of outcome due to ongoing proceedings in AA-PML and significant judgements and estimates by the Holding Company on the assessment of the legality and outcome of the above case, this is considered as a key audit matter.<br><br>Considering this matter is also fundamental to the understanding of the user of consolidated financial statement, we draw attention to Note 39 of the consolidated financial statements. | • Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the consolidated financial statements. |

**Information other than the Consolidated Financial Statements and Auditor's Report thereon**

7. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's 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 consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

8. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associate and joint venture in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company's Board of Directors are also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act the respective Board of Directors of the companies included in the Group, and its associate company covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

9. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for assessing the ability of the Group and of its associate and joint venture 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 intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

10. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its associate and joint venture.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

11. 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 Standards on Auditing 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.

12. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act 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 whether the Holding Company has adequate internal financial controls with reference to consolidated 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 made by management;

- Conclude on the appropriateness of 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 ability of the Group and its associate and joint venture 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate and joint venture to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

- Obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group, and its associate and 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 statements 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 the 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.

13. 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.

14. 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.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 Matter**

16. We did not audit the financial statements of 19 subsidiaries, whose financial statements reflects total assets of ₹11,703.32 million, total revenues of ₹ 1,044.32 million and net cash inflows amounting to ₹ 20.35 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive loss) of ₹ 0.05 million for the year ended 31 March 2024, as considered in the consolidated financial statements, in respect of 1 associate and 1 joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associate and joint venture, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries, associate and joint venture, are based solely on the reports of the other auditors.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

**Report on Other Legal and Regulatory Requirements**

17. As required by section 197(16) of the Act based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 16, on separate financial statements of the subsidiaries, we report that the Holding Company has paid remuneration to their directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that 18 subsidiaries incorporated in India whose financial statements have been audited under the Act have not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable in respect of such subsidiary companies.

18. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued by us and by the respective other auditors as mentioned in paragraph 16 above, of companies included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such companies.

19. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, associate and joint venture incorporated in India whose financial statements have been audited under the Act, 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 purpose of our audit of the aforesaid consolidated financial statements;

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors except for the matters stated in paragraph 19(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);

    c) The consolidated financial statements 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 Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;

    e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company, and the reports of the statutory auditors of its subsidiaries, covered under the Act, none of the directors of the Group companies and its associate company, are disqualified as on 31 March 2024 from being appointed as a director in terms of section 164(2) of the Act.

    f) The qualification relating to the maintenance of accounts and other matters connected therewith with respect to the consolidated financial statements are as stated in paragraph 19(b) above on reporting under section 143(3)(b) of the Act and paragraph 19(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);

    g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiaries and associate company covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure II' wherein we have expressed an unmodified opinion; and

    h) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), 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 report of the other auditors on separate financial statements and other financial information of the subsidiaries incorporated in India whose financial statements have been audited under the Act:

        i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate and joint venture as detailed in Note 39 to the consolidated financial statements;

ii. The Holding Company, its subsidiaries, associate and joint venture did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2024;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2024. Further, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary companies and the associate company covered under the Act, during the year ended 31 March 2024;

iv.

a. The respective managements of the Holding Company and its subsidiaries incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, as disclosed in note 45 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiaries to or in any persons or entities, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiaries, associate and joint venture ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The respective managements of the Holding Company and its subsidiaries, incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associate and joint venture respectively that, to the best of their knowledge and belief, as disclosed in the note 45 to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiaries from any persons or entities, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiaries, associate and joint venture shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed by us and that performed by the auditors of the subsidiaries, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The final dividend paid by the Holding Company during the year ended 31 March 2024 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend. Further, the subsidiary companies, associate company and joint venture have not declared or paid any dividend during the year ended 31 March 2024.

As stated in note 19 to the accompanying consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year ended 31 March 2024 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

vi. Based on our examination which included test checks and that performed by the respective auditors of the 18 subsidiaries of the Holding Company which are companies incorporated in India and audited under the Act, the Holding Company, its 18 subsidiaries in respect of financial year commencing on 01 April 2023, has used accounting software for maintaining its books of account which have a feature of recording audit trail (edit log) facility and the same have been operated throughout the year for all relevant transactions recorded in the software except that, the accounting software used for maintenance of payroll records of the Holding Company is operated by a third-party software service provider. The 'Independent Service Auditor's Report on a Description of the Service Organization's System and the Suitability of the Design and Operating Effectiveness of Controls' (based on the criteria for a description of a service organization's system as set forth in DC Section 200, 2018 Description Criteria for a Description of a Service Organization's System in a SOC 2 Report, in AICPA Description criteria), does not provide information on retention of audit trail (edit logs) for any direct changes made at the database level. Accordingly, we are unable to comment on whether audit trail feature with respect to the database of the said software was operated throughout the year.

Further, during the course of our audit we and respective auditors of the above referred 18 subsidiaries did not come across any instance of audit trail feature being tampered with, in respect of the accounting software where such feature is enabled.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

**Manish Agrawal**
Partner
Membership No.: 507000
UDIN: 24507000BKDHOT4218

New Delhi
17 May 2024

**Annexure I**

**List of entities consolidated in the consolidated financial statements of Sobha Limited for the year ended 31 March 2024 (in addition to the Sobha Limited, the Holding Company)**

| S. No. | Name of the Company/Entity | Relationship |
|---|---|---|
| 1 | Sobha City | Subsidiary |
| 2 | Sobha Highrise Ventures Private Limited | Subsidiary |
| 3 | Sobha Developers (Pune) Limited | Subsidiary |
| 4 | Sobha Assets Private Limited | Subsidiary |
| 5 | Sobha Tambaram Developers Limited | Subsidiary |
| 6 | Sobha Nandambakkam Developers Limited | Subsidiary |
| 7 | Sobha Construction Products Private Limited | Subsidiary |
| 8 | Vayaloor Properties Private Limited | Step-down subsidiary |
| 9 | Vayaloor Builders Private Limited | Step-down subsidiary |
| 10 | Vayaloor Developers Private Limited | Step-down subsidiary |
| 11 | Vayaloor Real Estate Private Limited | Step-down subsidiary |
| 12 | Vayaloor Realtors Private Limited | Step-down subsidiary |
| 13 | Valasai Vettikadu Realtors Private Limited | Step-down subsidiary |
| 14 | Sobha Contracting Private Limited | Step-down subsidiary |
| 15 | Kilai Builders Private Limited | Step-down subsidiary |
| 16 | Kuthavakkam Builders Private Limited | Step-down subsidiary |
| 17 | Kuthavakkam Realtors Private Limited | Step-down subsidiary |
| 18 | Sobha Interiors Private Limited | Step-down subsidiary |
| 19 | CVS Tech Park Private Limited | Subsidiary (effective 14 February 2024 until which Associate) |
| 20 | Kondhwa Projects LLP | Joint Venture |

**Annexure II to the Independent Auditor's Report of even date to the members of Sobha Limited on the consolidated financial statements for the year ended 31 March 2024**

**Independent Auditor's Report on the internal financial controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

1. In conjunction with our audit of the consolidated financial statements of Sobha Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associate and joint venture as at and for the year ended 31 March 2024, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, its associate company, which are companies covered under the Act, as at that date.

**Responsibilities of Management and Those Charged with Governance for Internal Financial Controls**

2. The respective Board of Directors of the Holding Company, its subsidiary companies, its associate company, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to consolidated 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 ('Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). 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 the Company's business, including adherence to the 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 Act.

**Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Consolidated Financial Statements**

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. 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 if such controls operated effectively in all material respects.

4. 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 includes 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 consolidated financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained, and the audit evidence obtained by the other auditors 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 financial statements of the Holding Company and its subsidiary companies as aforesaid.

**Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements**

6. 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 consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated 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 unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

**Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements**

7. 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.

**Opinion**

8. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies, associate company and joint venture, the Holding Company, its subsidiary companies and its associate Company, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to consolidated financial statements and such controls were operating effectively as at 31 March 2024, based on the internal financial controls with reference to financial statements criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**Annexure II to the Independent Auditor's Report of even date to the members of Sobha Limited on the consolidated financial statements for the year ended 31 March 2024 (cont'd)**

**Other Matter**

9. We did not audit the internal financial controls with reference to financial statements insofar as it relates to 18 subsidiary companies, which are companies covered under the Act, whose financial statements reflect total assets of ₹ 8,219.67 million, total revenues of ₹ 617.44 million and net cash inflows amounting to ₹ 5.38 million for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies, have been audited by other auditors whose report have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company, its subsidiary companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

**Manish Agrawal**
Partner
Membership No.: 507000
UDIN: 24507000BKDHOT4218

New Delhi
17 May 2024

**Sobha Limited**
**Consolidated Balance Sheet as at 31 March 2024**
(All amounts in ₹ millions, unless otherwise stated)

| Particulars | Note | As at 31 March 2024 | As at 31 March 2023 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 4 | 4,652.74 | 4,129.98 |
| Investment property | 5 | 4,433.13 | 4,518.72 |
| Investment property under development | 6 | 67.89 | 67.89 |
| Intangible asset under development | 7 | 54.36 | 17.62 |
| Goodwill | 8 | 171.67 | 171.67 |
| Other intangible assets | 8 | 2.39 | 2.55 |
| Right of use assets | 38 | 135.29 | 103.27 |
| Investments accounted for using the equity method | 9A | 1,149.33 | 1,149.38 |
| Financial assets | | | |
| (i) Investments | 9B | - | 0.08 |
| (ii) Trade receivables | 11 | 393.45 | 795.18 |
| (iii) Loans | 12 | - | - |
| (iii) Other financial assets | 13 | 907.48 | 382.60 |
| Income tax assets (net) | 33 | 531.73 | 217.46 |
| Deferred tax asset (net) | 33 | 1,256.31 | 222.38 |
| Other non-current assets | 14 | 10,781.67 | 9,297.99 |
| | | **24,537.44** | **21,076.77** |
| **Current assets** | | | |
| Inventories | 10 | 93,764.13 | 87,609.75 |
| Financial assets | | | |
| (i) Trade receivables | 11 | 1,645.25 | 1,580.16 |
| (ii) Cash and cash equivalents | 15 | 1,137.31 | 2,793.86 |
| (iii) Bank balance other than (ii) above | 16 | 5,595.64 | 1,720.18 |
| (iv) Loans | 12 | - | 9.00 |
| (v) Other financial assets | 13 | 4,161.42 | 4,711.51 |
| Other current assets | 14 | 6,123.72 | 6,381.20 |
| | | **112,427.47** | **104,805.66** |
| **Total assets** | | **136,964.91** | **125,882.43** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 17 | 948.46 | 948.46 |
| Other equity | 18 | 24,192.28 | 23,998.25 |
| **Equity attributable to owners of the Holding Company** | | **25,140.74** | **24,946.71** |
| Non-controlling interest | | - | - |
| **Total equity** | | **25,140.74** | **24,946.71** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| (i) Borrowings | 20 | 7,163.49 | 6,134.59 |
| (ii) Lease liabilities | 38 | 213.44 | 204.77 |
| Provisions | 22 | 245.54 | 228.85 |
| Deferred tax liabilities (net) | 33 | 149.39 | 125.82 |
| | | **7,771.86** | **6,694.03** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| (i) Borrowings | 20 | 11,971.60 | 13,900.90 |
| (ii) Lease liabilities | 38 | 48.80 | 28.04 |
| (iii) Trade payables | | | |
| (A) Total outstanding dues of micro enterprises and small enterprises; and | 23 | - | - |
| (B) Total outstanding dues of creditors other than micro enterprises and small enterprises | 23 | 6,165.47 | 5,986.75 |
| (iv) Other financial liabilities | 21 | 6,001.84 | 8,970.44 |
| Other current liabilities | 24 | 78,984.68 | 65,152.80 |
| Provisions | 22 | 223.12 | 202.76 |
| Current tax liabilities (net) | 33 | 656.80 | - |
| | | **104,052.31** | **94,241.69** |
| **Total liabilities** | | **111,824.17** | **100,935.72** |
| **Total equity and liabilities** | | **136,964.91** | **125,882.43** |
| Summary of material accounting policies | 2.4 | | |

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

*For* **Walker Chandiok & Co LLP**
*Chartered Accountants*
Firm registration number: 001076N/N500013

**Manish Agrawal**
*Partner*
Membership No.: 507000

New Delhi
17 May 2024

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

**Ravi PNC Menon**
*Chairman*
DIN: 02070036

**Jagadish Nangineni**
*Managing Director*
DIN: 01871780

**Yogesh Bansal**
*Chief Financial Officer*

**Bijan Kumar Dash**
*Company Secretary and Compliance Officer*
ACS17222

Bengaluru
17 May 2024

**Sobha Limited**
**Consolidated Statement of Profit and Loss for the year ended 31 March 2024**
(All amounts in ₹ millions, unless otherwise stated)

| Particulars | Note | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 25 | 30,969.46 | 33,101.14 |
| Other income | 26 | 1,209.36 | 923.19 |
| **Total income** | | **32,178.82** | **34,024.33** |
| **Expenses** | | | |
| Land purchase and related cost | | 2,236.52 | 10,528.43 |
| Cost of materials consumed | 27 | 2,890.49 | 3,659.79 |
| Purchase of project materials | | 9,907.75 | 9,554.69 |
| Changes in inventories of raw materials, land stock, work in progress and finished goods | 28 | (5,216.51) | (11,013.29) |
| Sub-contractor cost | | 9,230.17 | 8,291.69 |
| Employee benefits expense | 29 | 3,526.30 | 2,944.75 |
| Finance costs | 30 | 2,455.06 | 2,490.24 |
| Depreciation and amortisation expense | 31 | 782.21 | 678.37 |
| Other expenses | 32 | 5,624.51 | 5,439.91 |
| **Total expenses** | | **31,436.50** | **32,574.58** |
| **Profit before tax and share of loss in associate/joint venture** | | **742.32** | **1,449.75** |
| Share of loss in associate / joint venture | | **(0.05)** | - |
| **Profit before tax** | | **742.27** | **1,449.75** |
| Tax expenses | | | |
| Current tax | 33 | 1,245.40 | 360.46 |
| Tax adjustments relating to earlier year | 33 | 11.87 | - |
| Deferred tax (credit) / charge | 33 | (1,006.13) | 47.24 |
| **Tax expense** | | **251.14** | **407.70** |
| **Profit for the year** | | **491.13** | **1,042.05** |
| **Other comprehensive income** | | | |
| **Item that will not be reclassified to profit or loss** | | | |
| Re-measurement on defined benefit plan | 37 | (16.79) | (53.36) |
| Income tax relating to above | 33 | 4.23 | 13.43 |
| **Other comprehensive income / (loss) for the year, net of tax** | | **(12.56)** | **(39.93)** |
| **Total comprehensive income for the year** | | **478.57** | **1,002.12** |
| **Profit attributable to:** | | | |
| Owners of the Holding Company | | **491.13** | **1,042.05** |
| Non-controlling interests | | - | - |
| **Other comprehensive income / (loss) attributable to:** | | | |
| Owners of the Holding Company | | **(12.56)** | **(39.93)** |
| Non-controlling interests | | - | - |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Holding Company | | **478.57** | **1,002.12** |
| Non-controlling interests | | - | - |
| **Earnings per equity share [nominal value of ₹ 10 per share]** | | | |
| Basic and diluted (in ₹) | 34 | 5.18 | 10.99 |
| Summary of material accounting policies | 2.4 | | |

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

*For* **Walker Chandiok & Co LLP**
*Chartered Accountants*
Firm registration number: 001076N/N500013

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

**Ravi PNC Menon**
*Chairman*
DIN: 02070036

**Jagadish Nangineni**
*Managing Director*
DIN: 01871780

**Manish Agrawal**
*Partner*
Membership No.: 507000

**Yogesh Bansal**
*Chief Financial Officer*

**Bijan Kumar Dash**
*Company Secretary and Compliance Officer*
ACS17222

New Delhi
17 May 2024

Bengaluru
17 May 2024

**Sobha Limited**
**Consolidated Statement of Cash Flow for the year ended 31 March 2024**
(All amounts in ₹ millions, unless otherwise stated)

| | Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|---|---|---|
| **A** | **Cash flows from operating activities** | | |
| | Profit before tax | **742.27** | **1,449.75** |
| | **Adjustments to reconcile profit before tax to net cash flows from operating activities** | | |
| | Depreciation and amortisation expense | 782.21 | 678.37 |
| | Gain on sale of property, plant and equipment and investment property | (2.41) | (1.00) |
| | Finance costs (including fair value change in financial instruments) | 2,455.06 | 2,490.24 |
| | Finance income (including fair value change in financial instruments) | (686.84) | (293.32) |
| | Reversal of impairement loss on financial assets | - | (50.55) |
| | Impairment of property, plant and equipment | 29.47 | 58.71 |
| | Allowance for credit loss | 12.32 | 372.10 |
| | Provision for doubtful land advances | 82.63 | 168.16 |
| | Other advances written off | 50.21 | 60.85 |
| | Liabilities written back | (198.52) | (327.96) |
| | **Operating profit before working capital changes** | **3,266.40** | **4,605.35** |
| | **Working capital adjustments** | | |
| | Changes in trade receivables | 324.32 | 1,412.63 |
| | Changes in inventories | (6,361.06) | (11,093.95) |
| | Changes in other current and non-current financial assets | 299.05 | 1,098.10 |
| | Changes in other current and non-current assets | (1,543.55) | 766.56 |
| | Changes in trade payables | 377.24 | 1,844.86 |
| | Changes in provisions | 20.26 | 102.36 |
| | Changes in other current financial liabilities | (2,809.42) | 1,512.52 |
| | Changes in other current liabilities | 13,672.83 | 11,932.69 |
| | **Cash generated from operating activities** | **7,246.07** | **12,181.12** |
| | Income tax paid (net of refund) | (771.65) | (679.00) |
| | **Net cash flows from operating activities (A)** | **6,474.42** | **11,502.12** |
| | | | |
| **B** | **Cash flow from investing activities** | | |
| | Purchase of property, plant and equipment, investment property and intangible assets | (1,247.17) | (1,234.05) |
| | Proceeds from sale of property, plant and equipment and investment property | 10.42 | 68.00 |
| | Investments in fixed deposits (net) | (3,875.38) | (1,326.76) |
| | Interest income | 362.79 | 124.39 |
| | **Net cash flows used in investing activities (B)** | **(4,749.34)** | **(2,368.42)** |
| | | | |
| **C** | **Cash flow from financing activities** | | |
| | Repayments of current borrowings (net) | (701.79) | (6,438.83) |
| | Proceeds from non-current borrowings | 6,645.38 | 2,723.80 |
| | Repayment of non-current borrowings | (6,843.99) | (1,404.12) |
| | Repayment of principal portion of lease liabilities | (48.89) | (52.10) |
| | Repayment of interest portion of lease liabilities | (25.12) | (27.26) |
| | Interest paid | (2,122.68) | (2,246.65) |
| | Dividend paid on equity shares | (284.54) | (285.32) |
| | **Net cash flows used in financing activities (C)** | **(3,381.63)** | **(7,730.48)** |
| | | | |
| | Net (decrease) / increase in cash and cash equivalents (A+B+C) | (1,656.55) | 1,403.21 |
| | Cash and cash equivalents at the beginning of the year | 2,793.86 | 1,390.65 |
| | **Cash and cash equivalents at the end of the year (Refer Note 15)** | **1,137.31** | **2,793.86** |
| | **Less:** Book overdraft from scheduled banks (Refer Note 21) | (427.70) | (1,026.00) |
| | **Net Cash and cash equivalents at the end of the year** | **709.61** | **1,767.86** |
| | Changes in liabilities arising from financing activities (Refer Note 15) | | |

Summary of material accounting policies 2.4

The above Consolidated Statement of Cash Flow has been prepared under the "Indirect Method' as set out in the Ind AS 7, 'Statement of Cash flow'
The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

*For* **Walker Chandiok & Co LLP**
*Chartered Accountants*
Firm registration number: 001076N/N500013

**Manish Agrawal**
*Partner*
Membership No.: 507000

New Delhi
17 May 2024

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

**Ravi PNC Menon**
*Chairman*
DIN: 02070036

**Jagadish Nangineni**
*Managing Director*
DIN: 01871780

**Yogesh Bansal**
*Chief Financial Officer*

**Bijan Kumar Dash**
*Company Secretary and Compliance Officer*
ACS17222

Bengaluru
17 May 2024

**Sobha Limited**
**Consolidated Statement of Changes in Equity for the year ended 31 March 2024**
(All amounts in ₹ millions, unless otherwise stated)

**A. Equity share capital (*)**

| | Amount |
|---|---|
| **Balance as at 1 April 2022** | **948.46** |
| Changes in equity share capital during the year | - |
| **Balance as at 31 March 2023** | **948.46** |
| | |
| **Balance as at 1 April 2023** | **948.46** |
| Changes in equity share capital during the year | - |
| **Balance as at 31 March 2024** | **948.46** |

**B. Other equity (**)**

| | Attributable to owners of the Holding Company | | | | | |
|---|---|---|---|---|---|---|
| | Reserves and Surplus | | | | Items of OCI | Total |
| | Capital redemption reserve | Securities premium | General reserve | Retained earnings | Other items of OCI | |
| **Balance as at 1 April 2022** | **119.47** | **9,328.92** | **4,348.50** | **9,492.29** | **(8.51)** | **23,280.67** |
| Profit for the year | - | - | - | 1,042.05 | - | 1,042.05 |
| Other comprehensive income/(loss) | - | - | - | - | (39.93) | (39.93) |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **1,042.05** | **(39.93)** | **1,002.12** |
| **Transfer to other reserves** | | | | | | |
| General reserve | - | - | 104.20 | (104.20) | - | - |
| **Total transfer to other reserves** | **-** | **-** | **104.20** | **(104.20)** | **-** | **-** |
| **Transaction with owners, recorded directly in equity** | | | | | | |
| Dividend | - | - | - | (284.54) | - | (284.54) |
| **Total distribution to owners** | **-** | **-** | **-** | **(284.54)** | **-** | **(284.54)** |
| **Balance as at 31 March 2023** | **119.47** | **9,328.92** | **4,452.70** | **10,145.60** | **(48.44)** | **23,998.25** |
| Profit for the year | - | - | - | 491.13 | - | 491.13 |
| Other comprehensive income/(loss) | - | - | - | - | (12.56) | (12.56) |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **491.13** | **(12.56)** | **478.57** |
| **Transfer to other reserves** | | | | | | |
| General reserve | - | - | 49.11 | (49.11) | - | - |
| **Total transfer to other reserves** | **-** | **-** | **49.11** | **(49.11)** | **-** | **-** |
| **Transaction with owners, recorded directly in equity** | | | | | | |
| Dividend | - | - | - | (284.54) | - | (284.54) |
| **Total distribution to owners** | **-** | **-** | **-** | **(284.54)** | **-** | **(284.54)** |
| | | | | | | |
| **Balance as at 31 March 2024** | **119.47** | **9,328.92** | **4,501.81** | **10,303.07** | **(61.00)** | **24,192.28** |

(*) Refer Note 17
(**) Refer Note 18

Summary of material accounting policies 2.4

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

*For* **Walker Chandiok & Co LLP**
*Chartered Accountants*
Firm registration number: 001076N/N500013

**Manish Agrawal**
*Partner*
Membership No.: 507000

New Delhi
17 May 2024

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

**Ravi PNC Menon**
*Chairman*
DIN: 02070036

**Jagadish Nangineni**
*Managing Director*
DIN: 01871780

**Yogesh Bansal**
*Chief Financial Officer*

**Bijan Kumar Dash**
*Company Secretary and Compliance Officer*
ACS17222

Bengaluru
17 May 2024

## 1 Corporate information

Sobha Limited (the 'Company' or the 'Holding Company ') was incorporated on 07 August 1995 under the provision of erstwhile Companies Act, 1956. The Holding Company along with its subsidiaries, associate and joint venture (collectively referred to as 'the Group') is engaged in the business of real estate 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 Sobha's turnkey projects.

The Holding Company is a public limited company, incorporated and domiciled in India and has its registered office at, Sarjapur – Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bengaluru - 560 103. The Holding Company's equity shares are listed on two recognized stock exchanges in India namely National Stock Exchange of India Limited and BSE Limited.

## 2.1 Basis of preparation

### a. Statement of compliance

The consolidated financial statements of the Group are prepared in accordance with the Indian Accounting Standards (Ind-AS) specified under section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules 2015 and other accounting principles generally accepted in India.

The consolidated financial statements for the year ended 31 March 2024 were authorized and approved for issue by the Board of Directors on 17 May 2024.The revision to consolidated financial statements is permitted by Board of Directors after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of Companies Act, 2013.

### b. Functional and presentation currency

These consolidated financial statements are presented in Indian Rupee ('₹') which is also the functional and presentation currency of the Group. All amounts have been rounded-off to the nearest million (two decimals), unless otherwise indicated.

### c. Basis of measurement

These consolidated financial statements have been prepared on going concern basis under the historical cost basis except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies below.
Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

### d. Use of estimates

The preparation of consolidated financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. The Management believes that, although these estimates used in preparation of the financial statements are prudent and reasonable and are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities. The effect of change in an accounting estimate is recognized prospectively. Significant management judgement in applying accounting policies and estimation uncertainty have been disclosed in note 2.5.

### e. Fair value measurement

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116, 'Leases', and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2, 'Inventories', or value in use in Ind AS 36, 'Impairment of assets'.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques have been disclosed in note 2.4(p)(xi).

### f. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

The Group classifies an asset as current asset when:
- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the asset primarily for the purpose of trading;
- it expects to realise the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent unless the asset is 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 classified as current when –
- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

The real estate development projects undertaken by the Group generally run over a period ranging up to 5 years. Based on the nature of service and the time between the acquisition of assets for development and their realization in cash and cash equivalents, Operating assets and liabilities relating to such projects are classified as current based on an operating cycle as 5 years. For all other assets and liabilities the Group has considered twelve months.

## 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 2024 | 31 March 2023 |
|---|---|---|---|---|
| **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% | 100% |
| Sobha Nandambakkam Developers Limited | | India | 100% | 100% |
| Sobha Tambaram Developers Limited | | India | 100% | 100% |
| Sobha Construction Products Private Limited | | India | 100% | 100% |
| C.V.S.Tech Park Private Limited (*) | | India | 100% | 49% |
| Kilai Builders Private Limited | | India | 100% | 100% |
| Kuthavakkam Builders Private Limited | | India | 100% | 100% |
| Kuthavakkam Realtors Private Limited | | India | 100% | 100% |
| Vayaloor Properties Private Limited | | India | 100% | 100% |
| Vayaloor Builders Private Limited | | India | 100% | 100% |
| Vayaloor Developers Private Limited | | India | 100% | 100% |
| Vayaloor Real Estate Private Limited | | India | 100% | 100% |
| Vayaloor Realtors Private Limited | | India | 100% | 100% |
| Valasai Vettikadu Realtors Private Limited | | India | 100% | 100% |

(*) Subsidiary with effect from 14 February 2024

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.

The consolidated financials statements also includes the result of associate, C.V.S.Tech Park Private Limited (till 14 February 2024), 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, an associate company 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 2024.

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.

**2.3 Basis of consolidation (cont'd)**

**Investments accounted for using the equity method**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.
The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.
A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.The Group's investments in its joint ventures and associates are accounted for using the equity method.
Under the equity method, the investment in a joint venture or associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill, if any, relating to the joint venture or associate is included in the carrying amount of the investment and is not tested for impairment individually.
The statement of profit and loss reflects the Group's share of the results of operations of the joint venture or associate.Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture or associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture or associate are eliminated to the extent of the interest in the joint venture or associate.
If an entity's share of losses of a joint venture or associate equals or exceeds its interest in the joint venture or associate (which includes any long term interest that, in substance, form part of the Group's net investment in the joint venture or associate), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate. If the joint venture or associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of a joint venture or associate is shown on the face of the statement of profit and loss.
The financial statements of joint venture or associate used for the purpose of consolidation are drawn up to same reporting date as that of the Holding Company, i.e., year ended on March 31st and are prepared using uniform accounting policies for like transactions and other events in similar circumstances.
After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture or associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture or associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture or associate and its carrying value, and then recognises the loss as 'Share of profit in joint venture or associate' in the statement of profit or loss.
Upon loss of significant influence over the joint venture or associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture or associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or 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 Material 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.

Impairment of Goodwill
Goodwill recognized on business combination are tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount of the asset or the cash generating unit to which these pertain is less than the carrying value. The recoverable amount of the asset or the cash generating units is higher of value-in-use and fair value less cost of disposal. The calculation of value in use of an asset or a cash generating unit involves use of significant estimates and assumptions which include turnover, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

**2.4 Material accounting policies (cont'd)**

**b) Revenue recognition**

**I. Revenue from contracts with customers**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts and other credits, if any, as specified in the contract with the customer. The Group presents revenue from contracts with customers net of indirect taxes in its statement of profit and loss.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

The Group has applied five step model as per Ind AS 115 'Revenue from contracts with customers' to recognise revenue in the consolidated financial statements. The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

**a)** The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or

**b)** The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

**c)** The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where any of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue is recognised either at point of time or over a period of time based on various conditions as included in the contracts with customers.

The billing schedules agreed with customers include periodic performance-based billing and / or milestone-based progress billings. Revenues in excess of billing are classified as unbilled revenue, while billing in excess of revenues is classified as contract liabilities (which we refer to as deferred revenues).

**i) Recognition of revenue from sale of real estate property**

Revenue from real estate development of residential unit is recognised at the point in time, when the control of the asset is transferred to the customer, which generally coincides with transfer of physical possession of the residential unit to the customer ie., handover/ deemed handover of the residential units. Deemed handover of the residential units is considered upon intimation to the customers about receipt of occupancy certificate and receipt of substantial sale consideration.

Revenue consists of sale of undivided share of land and constructed area to the customer, which have been identified by the Group as a single performance obligation, as they are highly interrelated/ interdependent.

Further, for projects executed through joint development arrangements not being jointly controlled operations, wherein the land owner/ possessor provides land and the Group undertakes to develop properties on such land and in lieu of land owner providing land, the Group has agreed to transfer certain percentage of constructed area or certain percentage of the revenue proceeds, the revenue from the development and transfer of constructed area/revenue sharing arrangement in exchange of such development rights/ land is being accounted on gross basis on launch of the project. Revenue is recognised over time, on the basis of the inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation.

The revenue is measured at the fair value of the land received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the land received cannot be measured reliably, the revenue is measured at the fair value of the estimated construction service rendered to the land owner, adjusted by the amount of any cash or cash equivalents transferred. The fair value so estimated is considered as the cost of land in the computation of percentage of completion for the purpose of revenue recognition as mentioned above.

For contracts involving sale of real estate unit, the Group receives the consideration in accordance with the terms of the contract in proportion of the percentage of completion of such real estate project and represents payments made by customers to secure performance obligation of the Group under the contract enforceable by customers. Such consideration is received and utilised for specific real estate projects in accordance with the requirements of the Real Estate (Regulation and Development) Act, 2016. Consequently, the Group has concluded that such contracts with customers do not involve any financing element since the same arises for reasons explained above, which is other than for provision of finance to/from the customer.

**ii) Recognition of revenue from contractual projects**

Revenue from contractual project is recognised over time, with reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

The Group recognises revenue only when it can reasonably measure its progress in satisfying the performance obligation. Until such time, the Group recognises revenue to the extent of cost incurred, provided the Group expects to recover the costs incurred towards satisfying the performance obligation.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately when such probability is determined.

**iii) 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.

**iv) Recognition of revenue from glazing works**

Revenue from glazing projects is recognised over time, with reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of the budgeted cost associated to the units produced/ installed for work performed to date relative to the total contractual obligation of production/ installation of such units.

The Group recognises revenue only when it can reasonably measure its progress in satisfying the performance obligation. Until such time, the Group recognises revenue to the extent of cost incurred, provided the Group expects to recover the costs incurred towards satisfying the performance obligation.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately when such probability is determined.

**2.4 Material accounting policies (cont'd)**

**b) Revenue recognition (cont'd)**

**v) Recognition of revenue from interior works and sale of concrete products and scrap**

Revenue is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. Revenue excludes indirect taxes and is after deduction of any trade discounts.

**vi) Recognition of revenue from maintenance and other services**

Revenue in respect of maintenance services and other services is recognised on an accrual basis, in accordance with the terms of the respective contract as and when the Group satisfies performance obligations by delivering the services as per contractual agreed terms.

**vii) Other operating income**

Interest on delayed receipts, cancellation/ forfeiture income, transfer fees, marketing fee from customers are recognised based upon underlying agreements with customers and when reasonable certainty of collection is established.

**viii) Contract balances**

Contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivable represents the Group’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

**ix) Cost to obtain a contract**

The Group recognises as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The Group incurs costs such as sales commission when it enters into a new contract, which are directly related to winning the contract. The asset recognised is amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

**II. 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.

**III. Interest income**

Interest income, including income arising from other financial instruments, is recognised using the effective interest rate method.

**c) Borrowing cost**

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

The Group treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

**d) Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost is determined based on a weighted average basis. Net realizable 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.

**I. *Related to real estate and contractual activity***

Direct expenditure relating to real estate 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 real estate activity. Cost incurred/ items purchased specifically for projects are taken as consumed as and when incurred/ received.

| | |
|---|---|
| i) Work-in-progress (Real estate) | Represents cost incurred in respect of projects where the revenue is yet to be recognized and includes cost of land (including development rights and non-refundable deposits paid, if any under joint development arrangements (‘JDA’)), internal development costs, external development charges, construction costs, overheads, borrowing cost etc. Land/ development rights received under JDA 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. |
| ii) Stock of units/ plots in completed real estate projects | Represents cost incurred in respect of completed real estate project net cost of revenue. |
| iii) Building materials | Cost comprises of purchase price and other costs incurred in bringing the inventories to their present location and condition.<br>Building materials are valued at cost computed on weighted average basis. |
| iv) Land stock | Represents land other than area transferred to work-in-progress at the commencement of construction. Cost comprises of purchase price under agreement to purchase, stamp duty, registration charges, brokerage cost and other incidental expenses. |

**2.4 Material accounting policies (cont'd)**

**d) Inventories (cont'd)**

**II. *Related to glazing, interiors and concrete products activity***

| | |
|---|---|
| i) Raw material, components and stores | Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.<br>Raw material, components and stores are valued at cost computed on weighted average basis. |
| ii) Work-in-progress and Finished goods | Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. |

**e) Advance paid towards land procurement**

Advances paid by the Group to the seller/ intermediary towards outright purchase of land is recognised as land advance under other assets 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. Management is of the view that these advances are given under normal trade practices and are neither in the nature of loans nor advance in the nature of loans. (refer note 14)

**f) Foreign currency transactions and balances**

**i) Initial recognition**
Foreign currency transactions are recorded in the functional currency, by applying the exchange rate between the functional currency and the foreign currency at the date of the transaction.

**ii) Conversion**
Foreign currency monetary items are retranslated 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. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

**iii) Exchange differences**
The Group accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as income or as expense in the period in which they arise.

**g) Property, plant and equipment**

**i) Recognition and initial measurement**
Property, plant and equipment at their initial recognition are stated at their cost of acquisition. Cost of an item of property, plant and equipment comprises its purchase price, borrowing costs (if capitalization criteria are met), import duties, non-refundable taxes and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. the Group identifies and determines cost of each component/ part of the asset separately, if the component/ part have a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour, borrowing costs (if capitalization criteria are met) and any other costs directly attributable to bringing the asset to working condition for its intended use.

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.

**ii) Subsequent measurement**
Items of property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses, if any. 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 recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

**iii) Subsequent expenditure**
Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

**iv) Derecognition**
An item of Property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the Property, plant and equipment is de-recognized.

**h) Investment property**

**i) Recognition and initial measurement**
Investment property is property held either to earn rental income or for capital appreciation or for both. Upon initial recognition, an investment property is measured at cost, including related transaction costs. The cost comprises purchase price, cost of replacing parts, borrowing cost, if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

The cost of a self-constructed item of Investment property comprises the cost of materials, direct labour, borrowing costs (if capitalization criteria are met) and any other costs directly attributable to bringing the asset to working condition for its intended use.

**ii) Subsequent measurement**
Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any. 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.

**iii) Subsequent expenditure**
Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

**2.4 Material accounting policies (cont'd)**

**h) Investment property (cont'd)**

**iv) Derecognition**

Investment property is derecognised either when control of the same is transferred to the buyer or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

**v) Reclassification from / to investment property**

Transfers to (or from) investment property are made only when there is a change in use. Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

**vi) Fair value disclosure**

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 valuation performed by an accredited external independent valuer.

**i) Depreciation on property, plant and equipment and Investment property**

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

| Particulars | Useful lives estimated by the management (in years) |
|---|---|
| **Property, plant and equipment** | |
| Factory buildings | 30 |
| Buildings - other than factory buildings | 60 |
| Buildings - temporary structure for precast plant | 8 |
| Buildings - temporary structure | 3 |
| Plant and machinery | |
| i. General plant and machinery | 15 |
| ii. Plant and machinery - Civil construction | 12 |
| iii. Plant and machinery - Electrical installations | 10 |
| iv. Plant and machinery - Precast plant | 8 |
| v. Plant and machinery - Others | 3-5 |
| Furniture and fixtures | 10 |
| Motor vehicles - Two wheelers | 10 |
| Motor vehicles - Four wheelers | 8 |
| Computers | |
| i. Computer equipment | 3 |
| ii. Servers and network equipment | 6 |
| Office equipment | 5 |
| **Investment property** | |
| Buildings - other than factory buildings | 60 |
| Buildings - One Sobha | 46-48 |
| Plant and machinery | |
| i. General plant and machinery | 15 |
| ii. Plant and machinery | 12 |
| Office equipments | 5 |
| Furniture and fixtures | 10 |

The Group, based on technical assessment made by technical expert and management estimate, depreciates certain items of building and plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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

Leasehold land is amortized on a straight-line basisover the balance period of lease.

Freehold land is not depreciated and is stated at cost less impairment loss, if any.

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.

**j) Capital work-in-progress and intangible assets under development**

Capital work-in-progress and intangible assets under development represents expenditure incurred in respect of capital projects/ intangible assets under development which are not yet ready for their intended use and are carried at cost less accumulated impairment loss, if any.

Depreciation/ amortisation is not provided on capital work-in-progress and intangible assets under development until construction/ installation are complete and the asset is ready for its intended use.

**k) 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. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is derecognised.

**2.4 Material accounting policies (cont'd)**

**l) Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**I. Group as a lessee**

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**i) Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, if any and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 2.4(q)(ii) on impairment of non-financial assets.

**ii) Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

**iii) Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

**II. Group as a lessor**

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Assets subject to operating leases are included under Investment property.

Lease income from operating lease is recognized on a straight-line basis over the term of the relevant lease including lease income on fair value of refundable security deposits, unless the lease agreement explicitly states that increase is on account of inflation. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. 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.

**m) Retirement and other employee benefits**

**i) Employee Provident Fund and Employee State Insurance**

Retirement benefits in the form of state governed Employee Provident Fund and Employee State Insurance are defined contribution schemes (collectively the ‘Schemes’). The Group has no obligation, other than the contribution payable to the Schemes. The Group recognizes contribution payable to the Schemes as expenditure, when an employee renders the related service. The contribution paid in excess of amount due is recognized as an asset and the contribution due in excess of amount paid is recognized as a liability.

**ii) Gratuity**

Gratuity is a post-employment benefit and is in the nature of a defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit/ obligation at the balance sheet date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit/ obligation is calculated at or near the balance sheet date by an independent actuary using the projected unit credit method. This is based on standard rates of inflation, salary growth rate and mortality. Discount factors are determined close to each year-end by reference to market yields on government bonds that have terms to maturity approximating the terms of the related liability. Service cost and net interest expense on the Group’s defined benefit plan is included in statement of profit and loss. Actuarial gains/ losses resulting from re-measurements of the liability are included in other comprehensive income in the period in which they occur and are not reclassified to profit or loss in subsequent periods.

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.

**iii) Compensated absences**

Accumulated leave, which is expected to be utilized within the next twelve 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 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.

**iv) Other short-term benefits**

Short-term employee benefits comprising employee costs including performance bonus is recognized in the statement of profit and loss on the basis of the amount paid or payable for the period during which services are rendered by the employee.

**2.4 Material accounting policies (cont'd)**

**n) Provisions, contingent assets and contingent liabilities**

**i) Provisions**

Provisions are recognized only when there is a present obligation (legal or constructive), as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of obligation can be made at the reporting date. Provisions are discounted to their present values, where the time value of money is material, 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.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

**ii) Onerous contracts**

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e. the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

**iii) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within 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 it in the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

**iv) Contingent assets**

Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

**o) Income taxes**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognized in the statement of profit and loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

**i) Current income tax**

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for that period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

**ii) Deferred income tax**

Deferred income tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

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.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

**p) 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.

**i) Initial recognition and measurement of financial assets and liabilities**

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value, however, trade receivables and trade payables that do not contain a significant financing component are measured at transaction value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

**ii) Financial assets at amortized cost**

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**iii) Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**2.4 Material accounting policies (cont'd)**

**p) Financial Instruments (cont'd)**

**iv) Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in statement of profit and loss.

**v) Debt instruments at amortized cost**

A ‘debt instrument’ is measured at the amortized cost if both the following conditions are met:

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.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized 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 amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

**vi) Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments. Gains or losses on liabilities held for trading are recognized in the profit or loss.

**vii) Financial liabilities at amortized cost**

Financial liabilities are subsequently carried at amortized cost using the effective interest (‘EIR’) method.

Interest-bearing loans and borrowings are subsequently measured at amortized cost using EIR method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**viii) De-recognition of financial instruments**

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

**ix) Reclassification of financial assets**

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial instruments.

**x) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**xi) Fair value of financial instruments**

In determining the fair value of its financial instruments, the Group uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

*Fair value hierarchy:*

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized 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 (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**q) Impairment**

**i) Financial assets**

The Group assesses at each date of balance sheet whether a financial asset or a group of financial assets (except financial assets valued through fair value through profit or loss) is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Group recognizes 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.

The presumption under Ind AS 109 with reference to significant increases in credit risk since initial recognition (when financial assets are more than 30 days past due), has been rebutted and is not applicable to the Group, as the Group is able to collect a significat portion of its receivables that exceed the due date.

**ii) Non-financial assets**

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

Impairment losses are recognized in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**iii)** Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit and loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase .

**2.4 Material accounting policies (cont'd)**

**r) Segment reporting**

**i) Identification of segments**

In accordance with Ind AS 108 – Operating Segment, the operating segments used to present segment information are identified on the basis of information reviewed by the Group’s management to allocate resources to the segments and assess their performance. An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. Results of the operating segments are reviewed regularly by the Managing Director who has been identified as the chief operating decision maker (CODM), to make decisions about resources to be allocated to the segment and assess its performance.

**ii) Inter-segment transfers**

The Group generally accounts for intersegment sales and transfers at appropriate margins.

**iii) Unallocated items**

Unallocated items include general corporate asset, liability, income and expense items which are not allocated to any business segment.

**iv) Segment accounting policies**

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Group as a whole.

**s) Cash dividend to equity holders of the Group or Holding Company**

The Group recognizes a liability to make cash distributions to equity holders of the Group when the distribution is authorized 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.

**t) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

**u) Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

**2.5 Significant accounting judgements, estimates and assumptions**

Significant accounting judgements, estimates and assumptions used by management are as below

Determination of performance obligations and timing of revenue recognition on revenue from real estate development [Refer note 2.4(b)(I)(i)]
Accounting for revenue and land cost for projects executed through joint development arrangement [Refer note 2.4(b)(I)(i)]
Computation of percentage completion for projects in progress, project cost, revenue and saleable area estimates [Refer note 2.4(b)(I)(i),(ii)(iv)]
Estimation of net realizable value for inventory [Refer note 2.4(d)], land advance and refundable deposits paid under JDA
Provision for litigations and contingencies [Refer note 2.4(n)]
Useful life and residual value of property, plant and equipment, investment property and intangible assets [Refer note 2.4(i)]
Evaluation of indicators and impairment of financial and non-financial assets [Refer note 2.4(q)]
Classification of property as investment property or inventory [Refer note 2.4(d) and (h)]
Fair value measurement disclosures [Refer note 2.4(p)]
Provision for tax [Refer note 2.4(o)]

**3 Recent accounting pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2024.

**4 Property, plant and equipment**

| | Freehold land | Factory buildings | Other buildings | Plant and machinery | Scaffolding items | Furniture and fixtures | Vehicles | Computers | Office equipment | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | | |
| **As at 1 April 2022** | **1,826.41** | **708.54** | **1,085.03** | **1,962.83** | **1,980.75** | **54.76** | **12.63** | **199.21** | **40.75** | **7,870.91** |
| Additions during the year | - | - | 43.82 | 61.21 | 383.57 | 4.33 | 3.63 | 35.26 | 6.44 | **538.26** |
| Disposal during the year | - | - | - | (24.40) | (12.52) | (0.18) | (0.01) | (2.72) | (0.34) | **(40.17)** |
| **As at 31 March 2023** | **1,826.41** | **708.54** | **1,128.85** | **1,999.64** | **2,351.80** | **58.91** | **16.25** | **231.75** | **46.85** | **8,369.00** |
| Additions during the year | 12.54 | 71.78 | 84.62 | 89.67 | 815.04 | 17.91 | 6.37 | 52.06 | 6.97 | **1,156.96** |
| Disposal during the year | - | - | - | (12.92) | (0.39) | (0.05) | - | (0.08) | (0.07) | **(13.51)** |
| **As at 31 March 2024** | **1,838.95** | **780.32** | **1,213.47** | **2,076.39** | **3,166.45** | **76.77** | **22.62** | **283.73** | **53.75** | **9,512.45** |
| | | | | | | | | | | |
| **Accumulated depreciation and impairment loss** | | | | | | | | | | |
| **As at 1 April 2022** | **-** | **475.44** | **389.17** | **1,306.66** | **1,309.60** | **37.72** | **8.73** | **153.23** | **29.43** | **3,709.98** |
| Charge for the year | - | 71.82 | 46.85 | 140.57 | 199.58 | 4.43 | 1.04 | 31.41 | 5.13 | 500.83 |
| Impairment loss | 2.85 | - | 55.62 | 0.24 | - | - | - | - | - | 58.71 |
| Disposal during the year | - | - | - | (20.13) | (7.48) | (0.14) | (0.01) | (2.43) | (0.31) | (30.50) |
| **As at 31 March 2023** | **2.85** | **547.26** | **491.64** | **1,427.34** | **1,501.70** | **42.01** | **9.76** | **182.21** | **34.25** | **4,239.02** |
| Charge for the year | - | 53.85 | 58.20 | 133.68 | 295.84 | 6.86 | 2.17 | 39.01 | 7.13 | **596.74** |
| Impairment loss | - | 1.35 | 3.36 | 15.76 | - | 1.36 | 1.39 | 5.18 | 1.07 | 29.47 |
| Disposal during the year | - | - | - | (4.94) | (0.39) | (0.04) | - | (0.08) | (0.07) | (5.52) |
| **As at 31 March 2024** | **2.85** | **602.46** | **553.20** | **1,571.84** | **1,797.15** | **50.19** | **13.32** | **226.32** | **42.38** | **4,859.71** |
| | | | | | | | | | | |
| **Carrying amount** | | | | | | | | | | |
| **As at 31 March 2024** | **1,836.10** | **177.86** | **660.27** | **504.55** | **1,369.30** | **26.58** | **9.30** | **57.41** | **11.37** | **4,652.74** |
| **As at 31 March 2023** | **1,823.56** | **161.28** | **637.21** | **572.30** | **850.10** | **16.90** | **6.49** | **49.54** | **12.60** | **4,129.98** |

**Note:**

a) **Contractual obligations**
The contractual commitments pending for the acquisition of property, plant and equipment as at 31 March 2024 is ₹ 493.42 (31 March 2023: ₹ 250.03).

b) **Property, plant and equipment pledged as security**
Refer Note 43 for details of Property, plant and equipment pledged as security for borrowings.

c) The title deeds of all the immovable properties (other than properties where the Group is the lessee and the lease agreements are duly executed in favour of the lessee), are held in the name of the Group.

d) The Group has not revalued its property, plant and equipment during the current or previous year.

**5 Investment property**

| Particulars | Freehold land | Right of use - Land | Other buildings | Other assets forming part of building | | | Total |
|---|---|---|---|---|---|---|---|
| | | | | Plant and machinery | Furniture and fixtures | Office Equipment | |
| **Cost** | | | | | | | |
| **As at 1 April 2022** | **132.47** | **142.84** | **3,760.60** | **307.94** | **36.81** | **0.17** | **4,380.83** |
| Additions during the year | - | - | 671.30 | 1.66 | 0.22 | 3.52 | 676.70 |
| Disposal during the year | - | | - | - | - | - | - |
| **As at 31 March 2023** | **132.47** | **142.84** | **4,431.90** | **309.60** | **37.03** | **3.69** | **5,057.53** |
| Additions during the year | - | - | 50.60 | 0.01 | - | 1.73 | 52.34 |
| Disposal during the year | - | - | - | (0.11) | - | - | (0.11) |
| **As at 31 March 2024** | **132.47** | **142.84** | **4,482.50** | **309.50** | **37.03** | **5.42** | **5,109.76** |
| | | | | | | | |
| **Accumulated depreciation and amortisation** | | | | | | | |
| **As at 1 April 2022** | **-** | **3.01** | **274.16** | **124.25** | **17.23** | **0.16** | **418.81** |
| Charge for the year | - | 3.01 | 84.58 | 28.32 | 3.56 | 0.53 | 120.00 |
| Disposal during the year | - | - | - | - | - | - | - |
| **As at 31 March 2023** | **-** | **6.02** | **358.74** | **152.57** | **20.79** | **0.69** | **538.81** |
| Charge for the year | - | 3.02 | 104.17 | 25.38 | 3.30 | 2.04 | 137.91 |
| Disposal during the year | - | - | - | (0.09) | - | - | (0.09) |
| **As at 31 March 2024** | **-** | **9.04** | **462.91** | **177.86** | **24.09** | **2.73** | **676.63** |
| | | | | | | | |
| **Carrying amount** | | | | | | | |
| **As at 31 March 2024** | **132.47** | **133.80** | **4,019.59** | **131.64** | **12.94** | **2.69** | **4,433.13** |
| **As at 31 March 2023** | **132.47** | **136.82** | **4,073.16** | **157.03** | **16.24** | **3.00** | **4,518.72** |

a. One investment property is constructed/ developed on a leasehold land where the Group is the lessee and the lease agreement is duly executed in favour of the lessee. The Right-of-use assets meet the definition of investment property, and hence is presented within 'investment property'.

b. Investment property comprises of various commercial properties and club houses that is leased to third parties. Each of the leases contains an initial non-cancellable period of 2-3 years. The Group has no restrictions on the realisability of its investment property.

c. **Fair value of investment property**

The fair value of Investment property is ₹ 9,198.60 (31 March 2023: ₹ 9,054.10). The valuations is based on valuation performed by an accredited independent valuer and is a registered valuer as defined under Rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. The fair value of the Group's investment properties have been arrived at using discounted cash flow method, direct comparison approach, and depreciated replacement cost method. Under discounted cash flow method, cash flow projections based on reliable estimates of cash flow are discounted. The main inputs used are rental growth rate, expected vacancy rates, discount rates, and transacted values of similar properties which are based on comparable transactions and industry data. The fair value measurement of the investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used. (refer note 40b)

d. **Investment property pledged as security**

Refer Note.43 for details of investment property pledged as security for borrowings.

e. **Amounts recognised in profit or loss**

| Particulars | 31 March 2024 | 31 March 2023 |
|---|---|---|
| **Rental income derived from investment properties (refer note 25B)** | **618.27** | **478.24** |
| Direct operating expenses (including repairs and maintenance) generating rental income | (170.14) | (173.77) |
| Direct operating expenses (including repairs and maintenance) that did not generate rental income | (19.34) | (19.37) |
| **Profit arising from investment properties before depreciation and indirect expenses** | **428.79** | **285.10** |
| Less:- Depreciation | (137.91) | (120.00) |
| **Profit arising from investment properties before indirect expenses** | **290.88** | **165.10** |

## 6 Investment property under development

| | Amount |
|---|---|
| **As at 1 April 2022** | **65.03** |
| Additions during the year | 2.86 |
| Disposal during the year | - |
| Capitalised during the year | - |
| **As at 31 March 2023** | **67.89** |
| Additions during the year | - |
| Disposal during the year | - |
| Capitalised during the year | - |
| **As at 31 March 2024** | **67.89** |

**As at 31 March 2024**

| | Amount of Investment property under construction for the period of | | | | |
|---|---|---|---|---|---|
| | **Less than 1 year** | **1-2 Years** | **2-3 Years** | **More than 3 years** | **Total** |
| Projects in progress | - | - | - | - | - |
| Projects temporarily suspended (*) | - | 2.86 | 6.75 | 58.28 | 67.89 |
| Total | - | 2.86 | 6.75 | 58.28 | 67.89 |

**As at 31 March 2023**

| | Amount of Investment property under construction for the period of | | | | |
|---|---|---|---|---|---|
| | **Less than 1 year** | **1-2 Years** | **2-3 Years** | **More than 3 years** | **Total** |
| Projects in progress | 2.86 | 6.75 | 2.27 | 56.01 | 67.89 |
| Projects temporarily suspended | - | - | - | - | - |
| Total | 2.86 | 6.75 | 2.27 | 56.01 | 67.89 |

(*) Refer note 39(6)

**Note:** The Management is of the view that the fair value of investment properties under development cannot be reliably measured and hence fair value disclosures pertaining to investment properties under development have not been provided.

## 7 Intangible asset under development

| | Software | Amount |
|---|---|---|
| **As at 1 April 2022** | - | - |
| Additions during the year | 17.62 | 17.62 |
| Charged to cost of sale | - | - |
| **As at 31 March 2023** | **17.62** | **17.62** |
| Additions during the year | 36.74 | 36.74 |
| Charged to cost of sale | - | - |
| **As at 31 March 2024** | **54.36** | **54.36** |

**Contractual obligations**
The contractual commitments pending for the acquisition of intangible asset under development as at 31 March 2024 is ₹ 8.75 (31 March 2023: ₹ 13.93)

**Ageing of intangible assets under development as at 31 March 2024**

| **Particulars** | Amount in intangible assets under development for a period of | | | | **Total** |
|---|---|---|---|---|---|
| | **Less than 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | |
| Projects in progress ***** | 36.74 | 17.62 | - | - | 54.36 |
| Projects temporarily suspended | - | - | - | - | - |
| | **36.74** | **17.62** | **-** | **-** | **54.36** |

**Ageing of intangible assets under development as at 31 March 2023**

| **Particulars** | Amount in intangible assets under development for a period of | | | | **Total** |
|---|---|---|---|---|---|
| | **Less than 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | |
| Projects in progress ***** | 17.62 | - | - | - | 17.62 |
| Projects temporarily suspended | - | - | - | - | - |
| | **17.62** | **-** | **-** | **-** | **17.62** |

**(*)** There are no projects in progress under 'Intangible assets under development' whose completion is overdue or has exceeded its cost compared to its original plan.

## 8 Intangible assets

| | Goodwill | Software | Intellectual property rights | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| **As at 1 April 2022** | **171.67** | **26.72** | **0.05** | **198.44** |
| Additions during the year | - | - | - | - |
| **As at 31 March 2023** | **171.67** | **26.72** | **0.05** | **198.44** |
| Additions during the year | - | 1.00 | - | 1.00 |
| **As at 31 March 2024** | **171.67** | **27.72** | **0.05** | **199.44** |
| | | | | |
| **Amortization and impairment** | | | | |
| **As at 1 April 2022** | **-** | **22.03** | **0.05** | **22.08** |
| Charge for the year | - | 2.14 | - | 2.14 |
| **As at 31 March 2023** | **-** | **24.17** | **0.05** | **24.22** |
| Charge for the year | - | 1.16 | - | 1.16 |
| **As at 31 March 2024** | **-** | **25.33** | **0.05** | **25.38** |
| | | | | |
| **Carrying amount** | | | | |
| **As at 31 March 2024** | **171.67** | **2.39** | **-** | **174.06** |
| **As at 31 March 2023** | **171.67** | **2.55** | **-** | **174.22** |

**Note:**

The Group has not revalued its intangible assets during the current or previous year.

**Allocation of goodwill to Cash Generating Units**

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|---|---|
| Sobha City | 123.85 | 123.85 |
| Kuthavakkam Builders Private Limited | 47.82 | 47.82 |
| | **171.67** | **171.67** |

For impairment testing, goodwill is allocated to a CGU representing the lowest level within the Group at which goodwill is monitored for internal management purposes. Goodwill is tested for impairment at least annually in accordance with the Group's procedure for determining the recoverable value of each CGU. The recoverable amount of the CGU is determined on the basis of Higher of value in use or Fair Value Less Cost of Disposal (FVLCD). The recoverable amount of the CGU is determined based on the discounted cash flow approach, using the discount rate and terminal income growth rate from unobservable market data by the Management for the year ended March 31, 2024. The discount rate applied to the cash flow projections is within the range of 17% (31 March 2023: 17%) and cash flows beyond the five-year period were extrapolated using a growth rate of 8% (31 March 2023: 8%), which was the same as the long term average growth rate of the real estate industry in the India. The fair value measurement is categorised as a level 3 fair value based on the inputs in the valuation techniques used. Goodwill acquired through business combinations have been allocated to the reporting units for impairment testing. As at March 31, 2024, the estimated recoverable amount of the CGU exceeded its carrying amount. Reasonable sensitivities in key assumptions is unlikely to cause the carrying amount to exceed the recoverable amount of the cash generating units.

*(This space is intentionally left blank)*

## 9A Investments accounted for using the equity method

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|---|---|
| Investment in associates (refer note a below) | - | 0.05 |
| Investments in joint ventures (refer note b below) | 1,149.33 | 1,149.33 |
| | **1,149.33** | **1,149.38** |

| Particulars | Principal activities | Place of registration | % of voting rights 31 March 2024 | % of voting rights 31 March 2023 | Amount As at 31 March 2024 | Amount As at 31 March 2023 |
|---|---|---|---|---|---|---|
| a. *Investment in associate* | | | | | | |
| **Investment in equity instruments (Unquoted)** | | | | | | |
| (i) C.V.S.Tech Park Private Limited (till 14 February 2024) | Real estate | India | NA | 49% | - | 0.05 |
| b. *Investments in joint venture* | | | | | | |
| **In Limited Liability Partnership (LLP) firm** | | | | | | |
| 50% (31 March 2023 - 50%) share in the profits of partnership firm: | | | | | | |
| Kondhwa Projects LLP | Real estate | India | 50% | 50% | | |
| - Capital account | | | | | 0.05 | 0.05 |
| - Current account | | | | | 1,149.28 | 1,149.28 |
| | | | | | 1,149.33 | 1,149.33 |
| | | | | | **1,149.33** | **1,149.38** |
| **Aggregate amount of quoted investments and market value thereof** | | | | | - | - |
| **Aggregate amount of unquoted investments** | | | | | **1,149.33** | **1,149.38** |
| **Aggregate amount of impairment in value of investments** | | | | | - | - |

The principle place of business of all the investments of the Holding Company is India

**Investment in Joint venture (Kondhwa Projects LLP)**

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|---|---|
| **Share of the joint venture's statement of financial position :** | | |
| Non current assets | | |
| Propoerty, Plant, and Equipment | 2,285.56 | 2,292.06 |
| Current assets | | |
| Cash and Cash Equivalents | 6.60 | 0.02 |
| Other Current Assets | 6.86 | 6.73 |
| | 2,299.02 | 2,298.81 |
| Non current liabilities | - | - |
| Current liabilities | (0.37) | (0.16) |
| Equity | 2,298.65 | 2,298.65 |
| Proportion of group ownership (50%) | 1,149.33 | 1,149.33 |
| Revenue | - | - |
| Total comprehensive income | - | - |
| Group's carrying amount of the investment (50%) | 1,149.33 | 1,149.33 |

## 9B Investment

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|---|---|
| Investments in Government or trust securities | - | 0.08 |
| **Investments at amortized cost** | | |
| *Investment in Government or trust securities (unquoted)* | | |
| National savings certificates | - | 0.08 |
| **Total investments carried at amortised cost** | **-** | **0.08** |

## 10 Inventories

**(Valued at cost or net realisable value, which ever is lower)**

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|---|---|
| Raw materials, components and stores | 600.70 | 717.54 |
| Building materials | 1,525.16 | 1,336.47 |
| Land stock (*) | 5,909.67 | 7,225.32 |
| Work-in-progress | | |
| - Real estate projects (*) | 79,017.98 | 63,484.04 |
| - Others | 624.45 | 491.94 |
| Stock of units in completed real estate projects (*) | 5,954.67 | 14,198.74 |
| Finished goods | 131.50 | 155.70 |
| | **93,764.13** | **87,609.75** |

(*) Refer note 43 for details of inventories pledged as security for borrowings.

**Note:**

The write-down (net) of inventories to net realisable value for the year ended 31 March 2024 is ₹ 54.82 (31 March 2023: ₹ 124.00). This was recorded as an expense during the respective years and included in 'changes in inventories' in consolidated statement of profit and loss.

## 11 Trade receivables

| | Non-current | | Current | |
|---|---|---|---|---|
| | As at 31 March 2024 | As at 31 March 2023 | As at 31 March 2024 | As at 31 March 2023 |
| Trade receivables considered good - unsecured | 393.45 | 795.18 | 2,278.52 | 2,247.16 |
| Trade receivables - credit impaired | - | - | 29.12 | 29.12 |
| | 393.45 | 795.18 | 2,307.64 | 2,276.28 |
| Less: Impairment allowance (allowance for credit loss) | | | | |
| Trade receivables considered good - unsecured | | | (633.27) | (667.00) |
| Trade receivables - credit impaired | - | - | (29.12) | (29.12) |
| **Net trade receivables** | **393.45** | **795.18** | **1,645.25** | **1,580.16** |

**Note:**

| | | | | |
|---|---|---|---|---|
| **a.** Trade receivables due by firms or private companies in which the director of the Group is a partner or a director or a member (refer note 35) | - | - | 192.17 | 212.01 |
| **b.** Trade receivables from other related parties (refer note 35) | - | - | 15.28 | 10.06 |

**c.** Refer Note 43 for details of Trade receivables pledged as security for borrowings.

**d. Trade receivable ageing schedule**

| As at 31 March 2024 | Not Due | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|---|
| | | Less than 6 months | 6 months-1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| **A. Non-current** | | | | | | | |
| Undisputed Trade receivables-considered good | 373.74 | 2.99 | 4.20 | 1.79 | 0.57 | 10.16 | 393.45 |
| Undisputed Trade receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| Undisputed Trade receivables-credit impaired | - | - | - | - | - | - | - |
| Disputed Trade receivables-considered good | - | - | - | - | - | - | - |
| Disputed Trade receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| Disputed Trade receivables-credit impaired | - | - | - | - | - | - | - |
| **Total of Non-current** | **373.74** | **2.99** | **4.20** | **1.79** | **0.57** | **10.16** | **393.45** |
| **B. Current** | | | | | | | |
| Undisputed Trade receivables-considered good | 235.84 | 934.41 | 254.10 | 135.79 | 159.09 | 469.73 | 2,188.96 |
| Undisputed Trade receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| Undisputed Trade receivables-credit impaired | - | - | - | - | - | 29.12 | 29.12 |
| Disputed Trade receivables-considered good | - | - | 0.68 | 0.74 | 0.83 | 87.31 | 89.56 |
| Disputed Trade receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| Disputed Trade receivables-credit impaired | - | - | - | - | - | - | - |
| **Total of Current** | **235.84** | **934.41** | **254.78** | **136.53** | **159.92** | **586.16** | **2,307.64** |

**11 Trade receivables (cont'd)**

**d. Trade receivable ageing schedule (cont'd)**

| As at 31 March 2023 | | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|---|
| | Not Due | Less than 6 months | 6 months-1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| **A. Non-current** | | | | | | | |
| Undisputed Trade receivables-considered good | 770.71 | 4.27 | 1.94 | 4.33 | 0.28 | 13.65 | 795.18 |
| Undisputed Trade receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| Undisputed Trade receivables-credit impaired | - | - | - | - | - | - | - |
| Disputed Trade receivables-considered good | - | - | - | - | - | - | - |
| Disputed Trade receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| Disputed Trade receivables-credit impaired | - | - | - | - | - | - | - |
| **Total** | **770.71** | **4.27** | **1.94** | **4.33** | **0.28** | **13.65** | **795.18** |
| **B. Current** | | | | | | | |
| Undisputed Trade receivables-considered good | 235.70 | 855.46 | 293.24 | 238.64 | 91.14 | 532.98 | 2,247.16 |
| Undisputed Trade receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| Undisputed Trade receivables-credit impaired | - | - | - | - | - | 29.12 | 29.12 |
| Disputed Trade receivables-considered good | - | - | - | - | - | - | - |
| Disputed Trade receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| Disputed Trade receivables-credit impaired | - | - | - | - | - | - | - |
| **Total of Current** | **235.70** | **855.46** | **293.24** | **238.64** | **91.14** | **562.10** | **2,276.28** |

**e.** Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days

**12 Loans**

| | Non-current | | Current | |
|---|---|---|---|---|
| | As at 31 March 2024 | As at 31 March 2023 | As at 31 March 2024 | As at 31 March 2023 |
| **Loans to related parties (refer note 35)** | | | | |
| Loans Receivables considered good – unsecured | - | - | - | 9.00 |
| Loans Receivables – credit impaired | - | - | - | - |
| | **-** | **-** | **-** | **9.00** |
| **Less: Allowances for credit loss** | | | | |
| Loans Receivables – credit impaired | - | - | - | - |
| **Net loans** | **-** | **-** | **-** | **9.00** |

There are no loans due from directors or other officers either severally or jointly with any other person.

## 13 Other financial assets

| | Non-current | | Current | |
|---|---|---|---|---|
| | **As at 31 March 2024** | **As at 31 March 2023** | **As at 31 March 2024** | **As at 31 March 2023** |
| **Unsecured, considered good** | | | | |
| Refundable deposits towards joint development agreement | 180.00 | 180.00 | 3,045.59 | 3,211.06 |
| Security deposit | 53.37 | 51.56 | 137.43 | 135.61 |
| Earnest money deposit | 466.74 | - | - | - |
| External/Internal development charges (EDC/IDC) | - | - | 144.36 | 1,284.84 |
| Settlement share recoverable | | | 599.87 | - |
| Other receivables | - | - | 234.17 | 80.00 |
| **Fixed deposits with maturity for more than 12 months** | | | | |
| - Pledged/ under lien/ earmarked/ margin money (^^) | 207.37 | 151.04 | - | - |
| | **907.48** | **382.60** | **4,161.42** | **4,711.51** |

**Note:** Refer Note 43 for details of deposits pledged as security for borrowings

(^^) Includes interest accrued but not due.

## 14 Other assets

| | Non-current | | Current | |
|---|---|---|---|---|
| | **As at 31 March 2024** | **As at 31 March 2023** | **As at 31 March 2024** | **As at 31 March 2023** |
| **Unsecured, considered good** | | | | |
| Land advances (*) | 9,115.49 | 9,021.93 | 312.95 | 683.59 |
| Advances recoverable in kind | 0.24 | 0.24 | 897.96 | 1,015.21 |
| Prepaid expenses | - | - | 1,625.57 | 1,017.99 |
| Balances with statutory/ government authorities | - | - | 878.46 | 1,127.67 |
| Unbilled revenue (^) | - | - | 1,736.87 | 1,764.53 |
| Advances for joint development arrangements (#) | 1,654.82 | 275.82 | 663.20 | 772.21 |
| Other receivables | 11.12 | - | 8.71 | - |
| **Unsecured, considered doubtful** | | | | |
| Land advances (^^) | 82.63 | 168.16 | - | - |
| Less: Provision for doubtful advances | (82.63) | (168.16) | - | - |
| | **10,781.67** | **9,297.99** | **6,123.72** | **6,381.20** |

(*) 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 has either already obtained a clear and marketable title, or is in the process of obtaining the same.

(^) Classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

(#) Advances under Joint Development Arrangements (JDA) are paid predominantly under JDA agreement/MOU's where there are certain conditions precedent to execute and register a JDA agreement. On completion of such conditions precedent and registration of JDA, such advances are usually reclassified to refundable deposit based on the terms of the registered JDA.

(^^) Land advances amounting to ₹ 218.37 have been written off during the year. Out of such write off ₹ 168.16 was provided for as at 31 March 2023.

**Note**

| | | Non-current | | Current | |
|---|---|---|---|---|---|
| | | **As at 31 March 2024** | **As at 31 March 2023** | **As at 31 March 2024** | **As at 31 March 2023** |
| a | Advances recoverable in kind from firms or private companies in which the director of the Holding Company is a partner or a director or a member | - | - | 11.06 | 10.02 |
| b. | Includes from related parties | | | | |
| | Land advances (refer note 35) | 7,962.80 | 8,212.92 | - | - |
| | Advances recoverable in kind (refer note 35) | - | - | 177.24 | 215.25 |

*(This space is intentionally left blank)*

**15 Cash and cash equivalents**

| | As at 31 March 2024 | As at 31 March 2023 |
|---|---|---|
| Balances with banks in current accounts (*) | 1,082.91 | 2,659.65 |
| Cash on hand | 4.49 | 9.16 |
| Cheques/ drafts on hand | 49.91 | 125.05 |
| | **1,137.31** | **2,793.86** |

| | | |
|---|---|---|
| **(*)** Includes amount held in escrow account for projects under Real Estate Regulation and Development Act, 2016, to be utilised for project specific purposes. | 576.19 | 1,758.76 |

**Note:**

(i) Changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes:

| Liabilities | Non-cash changes | | | | | |
|---|---|---|---|---|---|---|
| | As at 1 April 2023 | Cash flow | Amortization of transaction cost | Accrued Interest | Initial recognition of Lease Liability | As at 31 March 2024 |
| Borrowings from bank and other parties | 20,035.49 | (900.40) | - | - | - | 19,135.09 |
| Interest on Borrowings | 62.39 | (2,122.68) | - | 2,080.88 | - | 20.59 |
| Unclaimed dividend | 2.00 | - | - | - | - | 2.00 |
| Lease liabilities | 232.81 | (74.01) | - | 25.12 | 78.42 | 262.34 |

| Liabilities | Non-cash changes | | | | | |
|---|---|---|---|---|---|---|
| | As at 1 April 2022 | Cash flow | Amortization of transaction cost | Accrued Interest | Initial recognition of Lease Liability | As at 31 March 2023 |
| Borrowings from bank and other parties | 24,542.18 | (4,624.06) | 117.37 | - | - | 20,035.49 |
| Non-convertible debentures | 495.09 | (495.09) | - | - | - | - |
| Interest on Borrowings | 35.07 | (2,246.65) | - | 2,273.97 | - | 62.39 |
| Unclaimed dividend | 2.32 | (0.32) | - | - | - | 2.00 |
| Lease liabilities | 253.49 | (79.36) | - | 27.26 | 31.42 | 232.81 |

**16 Bank balance other than cash and cash equivalents**

| | As at 31 March 2024 | As at 31 March 2023 |
|---|---|---|
| **Earmarked bank balances** | | |
| – On unclaimed dividend account | 2.00 | 2.00 |
| **Fixed deposits with banks with maturity less than 12 months (#)(^)** | | |
| - Pledged/ under lien/ earmarked/ margin money (^^) | 5,593.64 | 1,718.18 |
| | **5,595.64** | **1,720.18** |

| | | |
|---|---|---|
| **(#)** Includes amount held in escrow account for projects under Real Estate Regulation and Development Act, 2016, to be utilised for project specific purposes. | 5,587.84 | 1,636.01 |

**(^)** Refer Note 43 for details of deposits pledged as security for borrowings.

**(^^)** Includes interest accrued but not due.

## 17 Equity share capital

| | 31 March 2024 | | 31 March 2023 | |
|---|---|---|---|---|
| | **No of shares** | **Amount** | **No of shares** | **Amount** |
| **Authorised shares(*)** | | | | |
| Equity shares of ₹ 10 each (in ₹ ) | 150,000,000 | 1,500.00 | 150,000,000 | 1,500.00 |
| **Issued, subscribed and fully paid-up shares** | | | | |
| Equity shares of ₹ 10 ((in ₹ ) each fully paid up | 94,845,853 | 948.46 | 94,845,853 | 948.46 |
| **Total issued, subscribed and fully paid-up share capital** | **94,845,853** | **948.46** | **94,845,853** | **948.46** |

**(*)** Excludes 5,000,000, 7% Redeemable preference shares of ₹ 100 each (in ₹ ) amounting to ₹ 500 (31 March 2023: ₹ 500)

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

| | 31 March 2024 | | 31 March 2023 | |
|---|---|---|---|---|
| | **No of shares** | **Amount** | **No of shares** | **Amount** |
| *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 Group has only one class of equity shares having a par value of ₹ 10 per share ((in ₹ ) fully paid up. Each holder of equity shares is entitled to one vote per share. The Group 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 Group, the holders of equity shares would be entitled to receive remaining assets of the Group, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

| | 31 March 2024 | | 31 March 2023 | |
|---|---|---|---|---|
| | **No of shares** | **Holding %** | **No of shares** | **Holding %** |
| *Equity shares of ₹ 10 (in ₹ )each fully paid up* | | | | |
| Mrs. Sobha Menon | 28,726,420 | 30.29% | 28,726,420 | 30.29% |
| Mr. P.N.C. Menon | 12,339,259 | 13.01% | 12,319,259 | 12.99% |
| Mr. P.N.C. Menon (inclusive of joint holding with Mrs. Sobha Menon) | 5,289,054 | 5.58% | 5,289,054 | 5.58% |
| Anamudi Real Estates LLP | 9,475,096 | 9.99% | 9,475,096 | 9.99% |
| Schroder International Selection Fund Emerging Asia (^) | 355,638 | 0.37% | 5,541,913 | 5.84% |
| Franklin India Focused Equity Fund (^) | 2,805,879 | 2.96% | 5,828,613 | 6.15% |

(^) Held more than 5% as at 31st March 2023

**(d) Details of shares held by promoters**

| | 31 March 2024 | | | 31 March 2023 | | |
|---|---|---|---|---|---|---|
| **Promoter Name** | **No.of shares** | **% of total shares** | **% change during the** | **No.of shares** | **% of total shares** | **% change during the** |
| Mrs. Sobha Menon | 28,726,420 | 30.29% | - | 28,726,420 | 30.29% | - |
| Mr. P.N.C. Menon | 12,339,259 | 13.01% | 0.02% | 12,319,259 | 12.99% | 0.27% |
| Mr. P.N.C. Menon (inclusive of joint holding with Mrs. Sobha Menon) | 5,289,054 | 5.58% | - | 5,289,054 | 5.58% | - |
| Mr. Ravi PNC Menon | 3,185,930 | 3.36% | - | 3,185,930 | 3.36% | - |

**(e)** There have been no buy back of shares, issue of bonus shares and issue of shares pursuant to contract without payment being received in cash for the period of 5 years immediately preceding the reporting date

**(f)** There are no shares reserved for issue under options and contracts/ commitments for sale of shares/ disinvestments.

## 18 Other equity

| | As at 31 March 2024 | As at 31 March 2023 |
|---|---|---|
| Capital redemption reserve | 119.47 | 119.47 |
| Securities premium | 9,328.92 | 9,328.92 |
| General reserve | 4,501.82 | 4,452.70 |
| Retained earnings | 10,242.06 | 10,097.15 |
| | **24,192.28** | **23,998.25** |

**Nature and purpose of reserve**

**(a) Capital redemption reserve**
The Group recognises profit and loss on purchase, sale, issue or cancellation of the Group's own equity instruments to capital redemption reserve.

**(b) Securities premium**
Securities premium reserve is used to record the premium received on issue of shares by the Group. The reserve can be utilised in accordance with the provision of Section 52(2) of Companies Act, 2013.

**(c) General reserve**
The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

**(d) Retained earnings**
The cumulative gain or loss arising from the operations which is retained by the Group is recognised and accumulated under the heading of retained earnings.

## 19 Distribution made and proposed

| | As at 31 March 2024 | As at 31 March 2023 |
|---|---|---|
| **Final dividend on equity shares declared and paid** | | |
| ₹ 3 per share for the year ended 31 March 2023 | 284.54 | - |
| ₹ 3 per share for the year ended 31 March 2022 | - | 284.54 |
| | **284.54** | **284.54** |
| **Details of proposed final dividend on equity shares (*)** | | |
| ₹ 3 per share for the year ended 31 March 2024 | 284.54 | - |
| ₹ 3 per share for the year ended 31 March 2023 | - | 284.54 |
| | **284.54** | **284.54** |

(*) Proposed dividends on equity shares are subject to the approval of the shareholders at the ensuing annual general meeting and are not recognised as a liability as at respective balance sheet dates.

*(This space is intentionally left blank)*

## 20 Borrowings

| | As at 31 March 2024 | As at 31 March 2023 |
|---|---|---|
| **Non-current borrowings** | | |
| **Term loans (Secured)** | | |
| - from banks | 7,773.41 | 8,942.75 |
| - from other parties | 3,011.48 | 3,033.83 |
| | **10,784.89** | **11,976.58** |
| **Term loans (Unsecured)** | | |
| - from banks | 993.06 | - |
| Less: Current maturities of long term borrowings | (4,614.46) | (5,841.99) |
| **Total non-current borrowings** | **7,163.49** | **6,134.59** |
| **Current borrowings** | | |
| **Term loans (Secured)** | | |
| - from banks | 98.29 | 813.04 |
| - from other parties | 952.69 | 928.02 |
| **Loans repayable on demand** | | |
| - from banks | 3,650.98 | 3,991.21 |
| Cash credit from banks | 2,655.18 | 2,326.64 |
| Current maturities of long term borrowings | 4,614.46 | 5,841.99 |
| **Total current borrowings** | **11,971.60** | **13,900.90** |

**Notes:-**

i) The Group has borrowings from banks and financial institutions on the basis of security of current assets. The quarterly returns or statements of current assets filed by the Group with banks and financial institutions are in agreement with the books of accounts.

ii) None of the entities in the Group have been declared wilful defaulter by any bank or financial institution or government or any government authority.

*(This space is intentionally left blank)*

## 20 Borrowings

| Particulars | As at 31 March 2024 | As at 31 March 2023 | Effective interest rate | Security Details | Repayment terms |
|---|---|---|---|---|---|
| **Non-current borrowings** | | | | | |
| Term loans from banks | 1,154.17 | 2,789.15 | 8%-10% | Secured by way of<br>a. equitable mortgage on immovable properties of the project<br>b. equitable mortgage on vacant land parcels<br>c. hypothecation of Escrow balances, other current assets and receivables (both present and future) of the project | Repayable in 10 equal quarterly installments, after a moratorium period of 39 months from the date of first disbursement. |
| Term loans from banks | 1,394.52 | 1,475.98 | 8%-10% | Secured by way of<br>a. mortgage of Investment Property and hypothecation of current assets and receivables relating to the Investment Property<br>b. hypothecation of Escrow account and Debt Service Reserve account | Repayable in 153 monthly installments, after a moratorium period of 3 months from the date of first disbursement. |
| Term loans from banks | 179.55 | 1,387.87 | 8%-10% | Secured by way of<br>a. first charge on the Holding Company's share of Inventory in the project<br>b. equitable mortgage on vacant land parcels<br>c. hypothecation of Escrow balances, other current assets and Company's share of receivables (both present and future) of the project and Debt Service Reserve account | Repayable in 10 equal quarterly installments, after a moratorium period of 42 months from the date of first disbursement. |
| Term loans from banks | 548.47 | 641.13 | 8%-10% | Secured by way of<br>a. mortgage of Investment Property of the Group<br>b.hypothecation of receivables (both present and future) of the relation to the Investment Property<br>c. corporate guarantee from the Group | Repayable in 126 monthly installments, after a moratorium period of 3 months from the date of first disbursement. |
| Term loans from banks | 372.03 | 558.39 | 8%-10% | Security charge by way of<br>a. equitable mortgage of immovable property of the Subsidiary project<br>b. first Charge on Escrow balances and all assets of the Subsidiary project<br>c. Corporate guarantee of the subsidiary | Repayable in 15 equal quarterly installments, after a moratorium period of 3 months from the date of first disbursement. |
| Term loans from banks | 1,168.74 | 462.51 | 8%-10% | Secured by way of<br>a. equitable mortgage on immovable properties of the project<br>b. equitable mortgage on vacant land parcels<br>c. hypothecation of Escrow balances, other current assets and receivables (both present and future) of the project and Debt Service Reserve account | Repayable in 10 equal quarterly installments, after a moratorium period of 51 months from the date of first disbursement. |
| Term loans from banks | 74.17 | 222.43 | 8%-10% | Secured by way of<br>a. first charge on Property, Plant and Equipment<br>b. equitable mortgage on vacant land parcels | Repayable in 16 equal quarterly installments from the date of first disbursement |
| Term loans from banks | 46.84 | 195.78 | 8%-10% | Secured by way of<br>a. equitable mortgage on immovable properties of the project<br>b. hypothecation of receivables (both present and future) | Repayable in 48 quarterly installments, after a moratorium period of 30 months from the date of first disbursement. |

**20 Borrowings**

| Particulars | As at 31 March 2024 | As at 31 March 2023 | Effective interest rate | Security Details | Repayment terms |
|---|---|---|---|---|---|
| Term loans from banks | 374.47 | 684.96 | 8%-10% | Security charge by way of<br>a. equitable mortgage of immovable property of the Subsidiary project<br>b. first charge on all assets of the Subsidiary project | Repayable in 36 equal quarterly installments, after a moratorium period of 12 months from the date of first disbursement. |
| Term loans from banks | 186.46 | 524.55 | 8%-10% | Secured by way of<br>a. first charge on the Holding Company's share of Inventory of the project<br>b. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project and Debt Service Reserve account | Repayable in 24 monthly installments, after a moratorium period of 36 months from the date of first disbursement. |
| Term loans from banks | 839.04 | - | 9%-10% | Secured by way of<br>a. Registered mortgage on immovable properties of the project<br>b. hypothecation of Escrow balances, other current assets and receivables (both present and future) of the project and Debt Service Reserve account | Repayable in 36 monthly installments, after a moratorium period of 12 months from the date of first disbursement. |
| Term loans from banks | 497.83 | - | 9%-10% | Secured by way of<br>a. equitable mortgage on immovable properties of the project(both present and future)<br>b. hypothecation of receivables (both present and future) | Repayable in 8 equal quarterly installments, after a moratorium period of 12 months from the date of first disbursement. |
| Term loans from banks | 661.73 | - | 9%-11% | Secured by way of<br>a. mortgage of property owned by Group<br>b. mortgage of building owned by the Holding Company<br>c. corporate guarantee of Group | Repayable in 20 equal quarterly installments from the date of first disbursement. |
| Term loans from banks | 275.39 | - | 9%-10% | Secured by way of<br>a. hypothecation of Escrow balances, other current assets and receivables (both present and future) of the project and Debt Service Reserve account | Repayable in 11 equal quarterly installments, after a moratorium period of 3 months from the date of first disbursement. |
| Term loans from other parties | 386.32 | 603.81 | 9%-11% | Secured by way of<br>a. mortgage of property owned by Group<br>b. mortgage of building owned by the Holding Company<br>c. corporate guarantee of Group | Repayable in 20 equal quarterly installments, after a moratorium period of 6 months from the date of first disbursement. |
| Term loans from other parties | 826.41 | 1,012.98 | 8%-10% | Secured by way of<br>a. first charge on the Holding Company's share of Inventory of the project<br>b. hypothecation of Escrow balances and Holding Company's share of receivables (both present and future) of the project | Repayable in 24 monthly installments, after a moratorium period of 48 months from the date of first disbursement. |

**20 Borrowings**

| Particulars | As at 31 March 2024 | As at 31 March 2023 | Effective interest rate | Security Details | Repayment terms |
|---|---|---|---|---|---|
| Term loans from other parties | 420.71 | 797.90 | 8%-10% | Secured by way of<br>a. equitable mortgage on the Holding Company's share of Inventory of the project<br>b. equitable mortgage on vacant land parcels<br>c. hypothecation of Escrow balances and Holding Company's share of receivables (both present and future) of the project | Repayable in 24 equal monthly installments, after a moratorium period of 24 months from the date of first disbursement. |
| Term loans from other parties | 147.06 | 595.47 | 8%-10% | Secured by way of<br>a. equitable mortgage on the Holding Company's share of Inventory of the project<br>b. hypothecation of Escrow balances and Holding Company's share of receivables (both present and future) of the project | Repayable in 24 monthly installments, after a moratorium period of 24 months from the date of first disbursement. |
| Term loans from other parties | - | 23.67 | 9%-11% | Secured by way of<br>a. equitable mortgage on the Holding Company's share of Inventory of the project<br>b. first charge on the vacant land parcels<br>c. hypothecation of Escrow balances and Holding Company's share of receivables (both present and future) of the project | Repayable in 24 monthly installments, after a moratorium period of 24 months from the date of first disbursement. |
| Term loans from other parties | 325.17 | - | 9%-10% | Secured by way of<br>a. equitable mortgage on vacant land parcels<br>b. hypothecation of Escrow balances and Holding Company's share of receivables (both present and future) of the project<br>c. corporate guarantee of Group | Repayable in 24 equal monthly installments, after a moratorium period of 24 months from the date of first disbursement. |
| Term loans from other parties | 905.81 | - | 8%-10% | Secured by way of<br>a. equitable mortgage on the Holding Company's share of Inventory of the project<br>b. equitable mortgage on vacant land parcels<br>c. hypothecation of Escrow balances and Holding Company's share of receivables (both present and future) of the project | Repayable in 36 monthly installments, after a moratorium period of 36 months from the date of first disbursement. |
| Term loans from banks | 993.06 | - | 9%-11% | Unsecured | Repayable in 30 equal monthly installments, after a moratorium period of 24 months from the date of first disbursement. |
| **Sub - total** | **11,777.95** | **11,976.58** | | | |

**20 Borrowings**

| Particulars | As at 31 March 2024 | As at 31 March 2023 | Effective interest rate | Security Details | Repayment terms |
|---|---|---|---|---|---|
| **Current borrowings** | | | | | |
| Loans from banks | - | 1,178.53 | 8%-10% | Secured by way of<br>a. first charge on receivables and inventory of the contracting business and concrete product division<br>b. first charge on identified moveable fixed assets of the Holding Company<br>c. hypothecation of receivables of project<br>d. equitable mortgage on vacant land parcels | Repayable on demand |
| Loans from banks | 695.76 | 696.42 | 8%-10% | Secured by way of<br>a. first charge on inventory, receivables and other current assets of the manufacturing division.<br>b. Equitable mortgage on vacant land parcels | Repayable on demand |
| Term loans from banks | - | 551.03 | 8%-10% | Security charge by way of<br>a. equitable mortgage of immovable property of the project<br>b. equitable mortgage on vacant land parcels<br>c. hypothecation of other current assets and receivables (both present and future) of the project | Repayable in 10 quarterly installments, after a moratorium period of 30 months from the date of first disbursement. |
| Loans from banks | - | 406.26 | 8%-11% | Secured by way of<br>a. first charge on the Holding Company's share of Inventory in the project<br>b. hypothecation of Escrow balances, other current assets and Holding Company's share of receivables (both present and future) of the project and Debt Service Reserve account | Repayable on demand |
| Loans from banks | 1,475.87 | 1,490.25 | 8%-10% | Secured by way of<br>a. first charge on inventory of the project<br>b. first charge on identified moveable fixed assets of the Holding Company<br>c. hypothecation of receivables of project<br>d. equitable mortgage on vacant land parcels | Repayable on demand |
| Term loans from banks | 98.29 | 262.01 | 8%-10% | Secured by way of<br>a. first charge on the Holding Company's share of Inventory of the project<br>b. hypothecation of Escrow balances and Holding Company's share of receivables (both present and future) of the project and Debt Service Reserve account<br>c.fund shortfall undertaking by the director of the Holding Company towards funding of underlying projects (*) | Repayable in 24 monthly installments, after a moratorium period of 36 months from the date of first disbursement. |
| Loans from banks | 479.35 | 219.75 | 8%-10% | Secured by way of<br>a. first charge on the Holding Company's share of Inventory of the project<br>b. hypothecation of Escrow balances and Holding Company's share of receivables (both present and future) of the project and Debt Service Reserve account | Repayable on demand |

**20 Borrowings**

| Particulars | As at 31 March 2024 | As at 31 March 2023 | Effective interest rate | Security Details | Repayment terms |
|---|---|---|---|---|---|
| Loans from banks | 1,000.00 | - | 8%-10% | Secured by way of<br>a. first charge on inventory of the project receivables and inventory of contractual business<br>b. first charge on identified moveable fixed assets of the Holding Company<br>c. hypothecation of receivables of project<br>d. equitable mortgage on vacant land parcels | Repayable on demand |
| Term loans from other parties | - | 678.68 | 8%-10% | Secured by way of<br>a. equitable mortgage on immovable properties of the project<br>b. hypothecation of receivables (both present and future) of the project. | Repayable in 30 monthly installments, after a moratorium period of 24 months from the date of first disbursement. |
| Term loans from other parties | 581.07 | 249.34 | 8%-10% | Secured by way of<br>a. equitable mortgage on the Holding Company's share of Inventory of the project<br>b. equitable mortgage on vacant land parcels<br>c. hypothecation of Escrow balances and Holding Company's share of receivables (both present and future) of the project | Repayable in 24 equal monthly installments, after a moratorium period of 24 months from the date of first disbursement. |
| Term loans from other parties | 371.62 | - | 9%-10% | Secured by way of<br>a. equitable mortgage on vacant land parcels<br>b. hypothecation of Escrow balances and Holding Company's share of receivables (both present and future) of the project<br>c. corporate guarantee of Group | Repayable in 24 equal monthly installments, after a moratorium period of 24 months from the date of first disbursement. |
| Cash credit | 1,815.15 | 838.68 | 9%-11% | Secured by way of<br>a. equitable mortgage on vacant land parcels<br>b. hypothecation of receivables (both present and future) of projects | Repayable on demand |
| Cash credit | 301.28 | 707.77 | 8%-10% | Secured by way of receivables of the projects | Repayable on demand |
| Cash credit | 126.60 | 276.72 | 8%-10% | Secured by way of<br>a. first charge on receivables and inventory of the contracting business and concrete product division<br>b. first charge on identified moveable fixed assets of the Holding Company<br>c. hypothecation of receivables of project<br>d. equitable mortgage on vacant land parcels | Repayable on demand |
| Cash credit | 163.39 | 85.00 | 7%-9% | Secured by way of<br>a. first charge on inventory, receivables and other current assets of the manufacturing division.<br>b. Equitable mortgage on vacant land parcels | Repayable on demand |

**20 Borrowings**

| Particulars | As at 31 March 2024 | As at 31 March 2023 | Effective interest rate | Security Details | Repayment terms |
|---|---|---|---|---|---|
| Cash credit | - | 20.09 | 8%-11% | Secured by way of<br>a. first charge on the Holding Company's share of Inventory in the project<br>b. hypothecation of Escrow balances, other current assets and Holding Company's share of receivables (both present and future) of the project and Debt Service Reserve account | Repayable on demand |
| Cash credit | 8.14 | 4.92 | 7%-9% | Secured by way of<br>a. first charge on inventory, receivables and other current assets of the manufacturing division.<br>b. Equitable mortgage on vacant land parcels | Repayable on demand |
| Cash credit | - | 7.40 | 7%-9% | Secured by way of<br>a. first charge on inventory, receivables and other current assets of the manufacturing division.<br>b. Equitable mortgage on vacant land parcels | Repayable on demand |
| Cash credit | 0.39 | 9.93 | 8%-10% | Secured by way of<br>a. first charge on receivables and inventory of the contracting business and concrete product division<br>b. first charge on identified moveable fixed assets of the Holding Company<br>c. hypothecation of receivables of project<br>d. equitable mortgage on vacant land parcels | Repayable on demand |
| Cash credit | - | 3.65 | 8%-10% | Secured by way of<br>a. first charge on receivables (both present and future) of the project<br>b. equitable mortgage on the vacant lands | Repayable on demand |
| Cash credit | - | 0.72 | 8%-10% | Secured by way of<br>a. first charge on receivables and inventory of the contracting business and concrete product division<br>b. first charge on identified moveable fixed assets of the Holding Company<br>c. hypothecation of receivables of project<br>d. equitable mortgage on vacant land parcels | Repayable on demand |
| Cash credit | 0.32 | 0.04 | 7%-9% | Secured by way of<br>a. first charge on inventory, receivables and other current assets of the manufacturing division.<br>b. Equitable mortgage on vacant land parcels | Repayable on demand |
| Cash credit | 124.22 | 272.54 | 8%-10% | Secured by way of<br>a. first charge on the Holding Company's share of Inventory of the project<br>b. hypothecation of Escrow balances and Holding Company's share of receivables (both present and future) of the project and Debt Service Reserve account | Repayable on demand |

## 20 Borrowings

| Particulars | As at 31 March 2024 | As at 31 March 2023 | Effective interest rate | Security Details | Repayment terms |
|---|---|---|---|---|---|
| Cash credit | 30.00 | 50.20 | 8%-10% | Secured by way of<br>a. first charge on receivables and inventory of the contracting business and concrete product division<br>b. first charge on identified moveable fixed assets of the Holding Company<br>c. hypothecation of receivables of project<br>d. equitable mortgage on vacant land parcels | Repayable on demand |
| Cash credit | 58.30 | 30.00 | 8%-10% | Secured by way of<br>a. first charge on receivables and inventory of the contracting business and concrete product division<br>b. first charge on identified moveable fixed assets of the Holding Company<br>c. hypothecation of receivables of project<br>d. equitable mortgage on vacant land parcels | Repayable on demand |
| Cash credit | 10.22 | 18.98 | 8%-10% | Secured by way of<br>a. first charge on receivables and inventory of the contracting business and concrete product division<br>b. first charge on identified moveable fixed assets of the Holding Company<br>c. hypothecation of receivables of project<br>d. equitable mortgage on vacant land parcels | Repayable on demand |
| Cash credit | 1.52 | - | 8%-10% | Secured by way of<br>a. first charge on inventory of the project receivables and inventory of contractual business<br>b. first charge on identified moveable fixed assets of the Holding Company<br>c. hypothecation of receivables of project<br>d. equitable mortgage on vacant land parcels | Repayable on demand |
| Cash credit | 15.00 | - | 8%-10% | Secured by way of<br>a. first charge on receivables and inventory of the contracting business and concrete product division<br>b. first charge on identified moveable fixed assets of the Holding Company<br>c. hypothecation of receivables of project<br>d. equitable mortgage on vacant land parcels | Repayable on demand |
| Cash credit | 0.10 | - | 9%-10% | Secured by way of<br>a. first charge on receivables and inventory of the contracting business and concrete product division<br>b. first charge on identified moveable fixed assets of the Holding Company<br>c. hypothecation of receivables of project<br>d. equitable mortgage on vacant land parcels | Repayable on demand |
| Cash credit | 0.10 | - | 9%-10% | Secured by way of<br>a. first charge on receivables and inventory of the contracting business and concrete product division<br>b. first charge on identified moveable fixed assets of the Holding Company<br>c. hypothecation of receivables of project<br>d. equitable mortgage on vacant land parcels | Repayable on demand |

**20 Borrowings**

| Particulars | As at 31 March 2024 | As at 31 March 2023 | Effective interest rate | Security Details | Repayment terms |
|---|---|---|---|---|---|
| Cash credit | 0.10 | - | 9%-10% | Secured by way of<br>a. first charge on receivables and inventory of the contracting business and concrete product division<br>b. first charge on identified moveable fixed assets of the Holding Company<br>c. hypothecation of receivables of project<br>d. equitable mortgage on vacant land parcels | Repayable on demand |
| Cash credit | 0.10 | - | 9%-10% | Secured by way of<br>a. first charge on receivables and inventory of the contracting business and concrete product division<br>b. first charge on identified moveable fixed assets of the Holding Company<br>c. hypothecation of receivables of project<br>d. equitable mortgage on vacant land parcels | Repayable on demand |
| Cash credit | 0.10 | - | 9%-10% | Secured by way of<br>a. first charge on receivables and inventory of the contracting business and concrete product division<br>b. first charge on identified moveable fixed assets of the Holding Company<br>c. hypothecation of receivables of project<br>d. equitable mortgage on vacant land parcels | Repayable on demand |
| Cash credit | 0.10 | - | 9%-10% | Secured by way of<br>a. first charge on receivables and inventory of the contracting business and concrete product division<br>b. first charge on identified moveable fixed assets of the Holding Company<br>c. hypothecation of receivables of project<br>d. equitable mortgage on vacant land parcels | Repayable on demand |
| Cash credit | 0.05 | - | 9%-10% | Secured by way of<br>a. first charge on receivables and inventory of the contracting business and concrete product division<br>b. first charge on identified moveable fixed assets of the Holding Company<br>c. hypothecation of receivables of project<br>d. equitable mortgage on vacant land parcels | Repayable on demand |
| **Sub - total** | **7,357.14** | **8,058.91** | | | |
| **Total borrowings** | **19,135.09** | **20,035.49** | | | |

(*) Refer Note 35

## 21 Other financial liabilities

| | As at 31 March 2024 | As at 31 March 2023 |
|---|---|---|
| **Current** | | |
| Payable to land owner for acquisition of land/developmental rights | 2,495.50 | 3,133.03 |
| Security deposit received towards | | |
| -Maintenance services | 1,736.93 | 2,087.41 |
| -Lease deposit | 182.62 | 152.37 |
| Letter of credit payable | 521.78 | 1,346.96 |
| Book overdraft | 427.70 | 1,025.86 |
| Revenue share payable under joint development agreement | 189.99 | 632.42 |
| Interest accrued but not due on borrowings | 20.59 | 62.39 |
| Deferred lease rental | 13.63 | 27.93 |
| Unclaimed dividend (*) | 2.00 | 2.00 |
| Payable for purchase of property, plant and equipment | 2.04 | 2.19 |
| Payable to related parties (refer note 35) | 192.41 | 170.53 |
| Others | 216.65 | 327.35 |
| **Total other financial liabilities** | **6,001.84** | **8,970.44** |

(*) Investor Protection and Education Fund is credited for unclaimed dividends when due.

## 22 Provisions

| | Non-current | | Current | |
|---|---|---|---|---|
| | As at 31 March 2024 | As at 31 March 2023 | As at 31 March 2024 | As at 31 March 2023 |
| **Provision for employee benefits** | | | | |
| Provision for gratuity (refer note 37) | 245.54 | 228.85 | 98.15 | 85.67 |
| Provision for compensated absence | - | - | 124.97 | 117.09 |
| | **245.54** | **228.85** | **223.12** | **202.76** |

*(This space is intentionally left blank)*

**23 Trade payables**

| | As at 31 March 2024 | As at 31 March 2023 |
|---|---|---|
| Dues of micro enterprises and small enterprises | - | - |
| Dues of creditors other than micro enterprises and small enterprises (refer note 35) | 6,165.47 | 5,986.75 |
| | **6,165.47** | **5,986.75** |

**Trade payable ageing schedule**

| As at 31 March 2024 | Accrued | Not Due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Total outstanding dues of micro enterprises and small enterprises | - | - | - | - | - | - | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 1,097.73 | 1,067.88 | 3,794.81 | 110.18 | 40.31 | 54.56 | 6,165.47 |
| Disputed dues of micro enterprises and small enterprises | - | - | - | - | - | - | - |
| Disputed dues of creditors other than micro enterprises and small enterprises | - | - | - | - | - | - | - |
| | **1,097.73** | **1,067.88** | **3,794.81** | **110.18** | **40.31** | **54.56** | **6,165.47** |

| As at 31 March 2023 | Accrued | Not Due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Total outstanding dues of micro enterprises and small enterprises | - | - | - | - | - | - | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 930.80 | 1,360.17 | 3,365.02 | 108.57 | 62.27 | 159.92 | 5,986.75 |
| Disputed dues of micro enterprises and small enterprises | - | - | - | - | - | - | - |
| Disputed dues of creditors other than micro enterprises and small enterprises | - | - | - | - | - | - | - |
| | **930.80** | **1,360.17** | **3,365.02** | **108.57** | **62.27** | **159.92** | **5,986.75** |

**Note:** Details of dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprises Development Act, 2006

The information as required under the Micro, Small and Medium Enterprises Development

| | Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|---|---|---|
| i. | Principal amount remaining unpaid to any supplier as at the year end | - | - |
| ii. | Interest due thereon | - | - |
| iii. | Amount of interest paid by the Group in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year. | - | - |
| iv. | Amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED, 2006 | - | - |
| v. | Amount of interest accrued and remaining unpaid at the end of the accounting year | - | - |
| vi. | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006 | - | - |

**24 Other liabilities**

| | As at 31 March 2024 | As at 31 March 2023 |
|---|---|---|
| Contract liabilities | | |
| -Advance from customers | 69,515.39 | 52,912.64 |
| -Mobilisation advance | 651.45 | 581.31 |
| -Liability under joint development agreement (*) | 8,250.87 | 11,222.11 |
| -Deferred revenue | 165.18 | 168.70 |
| Withholding taxes payable | 107.43 | 135.71 |
| Others | 294.36 | 132.33 |
| | **78,984.68** | **65,152.80** |

(*) Represents amount payable to landowners where the Holding Company has entered into joint development arrangements with landowners for joint development of properties on land in lieu of which, the Holding Company has agreed to transfer certain percentage of constructed area or certain percentage of the revenue proceeds, net of revenue recognised.

## 25 Revenue from operations (refer note 35)

| | | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|---|---|---|
| **A** | **Revenue from contract with customers** | | |
| I | **Sale of products** | | |
| | Income from of constructed properties, plots and other development activities | 22,377.08 | 23,937.32 |
| | Income from sale of land and development rights | 286.10 | - |
| | Income from glazing works | 1,723.91 | 2,626.08 |
| | Income from interior works | 983.85 | 831.49 |
| | Income from concrete blocks | 843.15 | 649.08 |
| | Income from retail sales | 191.80 | 133.93 |
| II | **Sale of services** | | |
| | Income from contractual activity | 3,088.42 | 3,622.51 |
| | Income from maintenance and other services | 519.37 | 470.50 |
| III | **Other operating revenue** | | |
| | Forfeiture income | 83.77 | 140.96 |
| | Interest collected from customer | 71.05 | 63.01 |
| | Transfer fees | 80.21 | 67.30 |
| | Marketing fee | 15.67 | 16.51 |
| | Scrap sales | 86.81 | 64.21 |
| | **Total (A)** | **30,351.19** | **32,622.90** |
| **B** | **Rental income** | | |
| | Rental income from operating leases (refer note 38) | 618.27 | 478.24 |
| | **Total (A+B)** | **30,969.46** | **33,101.14** |

**Additional disclosures required under Ind AS 115**

**(a) Disaggregated revenue information**

Set out below is the disaggregation of the Group's revenue from contracts with customers by timing of transfer of goods or services

| **Particulars** | **Year ended 31 March 2024** | **Year ended 31 March 2023** |
|---|---|---|
| Revenue recognition at a point of time | 22,143.75 | 23,159.33 |
| Revenue recognition over period of time | 8,207.44 | 9,463.57 |
| | **30,351.19** | **32,622.90** |

**(b) Contract balances**

The following table provides information about receivables and contract liabilities from contract with customers:

| **Particulars** | **Year ended 31 March 2024** | **Year ended 31 March 2023** |
|---|---|---|
| **Contract assets** | | |
| Unbilled revenue | 1,736.87 | 1,764.53 |
| **Total contract assets** | **1,736.87** | **1,764.53** |
| **Contract liabilities** | | |
| Advance from customers (includes mobilisation advance) | 70,166.84 | 53,493.95 |
| Liability under joint development agreement | 8,250.87 | 11,222.11 |
| Deferred revenue | 165.18 | 168.70 |
| **Total contract liabilities** | **78,582.89** | **64,884.76** |
| **Receivables** | | |
| Trade receivables (net of expected credit loss) | 2,038.70 | 2,375.34 |
| **Total receivables** | **2,038.70** | **2,375.34** |

Unbilled revenue is initially recognised for revenue earned on account of contracts where revenue is recognised over the period of time as receipt of consideration is conditional on successful completion of performance obligations as per contract. Once the performance obligation is fulfilled and milestones for invoicing are achieved, contract assets are classified to trade receivables. Such unbilled revenue is classified as non-financial asset because the right to consideration depends on completion of contractual milestones.

Contract liabilities include advances received from customers as well as deferred revenue representing transaction price allocated to outstanding performance obligations.

Cost to obtain the contract:
(i) Amortisation in Statement of Profit and Loss: ₹ 463.10 (31 March 2023: ₹ 326.20)
(ii) Recognised as assets: ₹ 1,521.90 (31 March 2023: ₹ 909.39)

**25 Revenue from operations (cont'd)**

**(c) Significant changes in contract liabilities balances during the year are as follows:**

| Particulars | As at 31 March 2024 | | | As at 31 March 2023 | | |
|---|---|---|---|---|---|---|
| | Advances from customers (*) | Payable to land owner | Deferred Revenue | Advances from customers (*) | Payable to land owner | Deferred Revenue |
| **Opening balance** | 53,493.95 | 11,222.11 | 168.70 | 42,460.59 | 10,384.34 | 117.16 |
| Additions during the year (net) | 36,130.39 | 423.87 | 165.18 | 32,026.97 | 4,052.75 | 168.70 |
| Revenue recognised during the year | (19,457.50) | (3,395.11) | (168.70) | (20,993.61) | (3,214.98) | (117.16) |
| **Closing balance** | **70,166.84** | **8,250.87** | **165.18** | **53,493.95** | **11,222.11** | **168.70** |

**(*)** Includes mobilisation advance

**(d) Significant changes in unbilled revenue balances during the year are as follows:**

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|---|---|
| Opening balance | **1,764.53** | **3,361.68** |
| Revenue recognised during the year | 4,828.00 | 6,502.10 |
| Billed during the year | (4,855.66) | (8,099.25) |
| **Closing balance** | **1,736.87** | **1,764.53** |

**(e) Reconciliation of revenue recognised with contract revenue:**

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|---|---|
| Contract revenue | 30,351.19 | 32,622.90 |
| **Revenue recognised** | **30,351.19** | **32,622.90** |

The performance obligation of the Group in case of sale of residential plots, villas, apartments, commercial space and development management of such properties is satisfied once the project is completed and control is transferred to the customers. The customer makes the payment for contract price as per installment stipulated in customer's agreement which can be cancelled by the customer for convenience.

The transaction price of the remaining performance obligation (unsatisfied or partly satisfied) as at 31 March 2024 is ₹ 142,188.67 (31 March 2023 is ₹ 115,536.09). The same is expected to be recognised within 1 to 5 years.

## 26 Other income

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|---|---|
| Interest income on | | |
| -Bank deposits | 253.48 | 47.30 |
| -Unwinding of discount on refundable deposits | 324.05 | 231.29 |
| -Refundable deposits | 9.36 | 38.87 |
| -Other financial assets | 109.31 | 14.73 |
| Other non-operating income (net of expenses directly attributable to such income) | | |
| -Liabilities no longer required written back | 198.52 | 327.96 |
| -Sub-contractor facilitation charges | 245.63 | 179.50 |
| -Gain on foreign exchange difference (net) | 2.12 | 1.16 |
| -Profit on sale of property, plant and equipment (net) | 2.41 | 0.92 |
| -Reversal of impairement of refundable deposit | - | 50.55 |
| -Others | 64.48 | 30.91 |
| | **1,209.36** | **923.19** |

## 27 Cost of material consumed

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|---|---|
| Inventory at the beginning of the year | 717.54 | 636.87 |
| Add: Purchases during the year | 2,773.65 | 3,740.46 |
| Less: Inventory at the end of the year | 600.70 | 717.54 |
| Cost of material consumed | **2,890.49** | **3,659.79** |

## 28 Changes in inventories of raw materials, land stock, work in progress and finished goods

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|---|---|
| Inventories at the end of the year | | |
| Building materials | 1,525.16 | 1,336.47 |
| Land stock | 5,909.67 | 7,225.32 |
| Work-in-progress | 79,642.43 | 63,975.98 |
| Stock of units in completed real estate projects | 5,954.67 | 14,198.74 |
| Finished goods | 131.50 | 155.70 |
| | 93,163.43 | 86,892.21 |
| Inventories at the beginning of the year | | |
| Building materials | 1,336.47 | 75.80 |
| Land stock | 7,225.32 | 4,319.20 |
| Work-in-progress | 63,975.98 | 60,034.74 |
| Stock of units in completed real estate projects | 14,198.74 | 11,325.03 |
| Finished goods | 155.71 | 124.15 |
| | 86,892.22 | 75,878.92 |
| Add: EDC/IDC charges transferred from other financial assets | 1,054.70 | - |
| | **(5,216.51)** | **(11,013.29)** |

**29 Employee benefits expense (refer note 35)**

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|---|---|
| Salaries, wages and bonus | 3,191.54 | 2,664.55 |
| Contribution to provident and other funds (refer note 37) | 97.48 | 89.79 |
| Gratuity expenses (refer note 37) | 44.67 | 40.24 |
| Compensated absence | 52.68 | 69.72 |
| Staff welfare expenses | 139.93 | 80.45 |
| | **3,526.30** | **2,944.75** |

**30 Finance costs (*)**

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|---|---|
| Interest expense | | |
| -on borrowings | 1,922.21 | 2,032.87 |
| -unwinding of discount on land cost payable | 173.43 | 189.01 |
| -on lease liabilities | 25.12 | 27.26 |
| -on others | 133.83 | 104.38 |
| Other borrowing cost | | |
| -letter of credit charges | 24.85 | 85.08 |
| -bank guarantee charges | 32.13 | 18.88 |
| -bank and other charges | 143.49 | 32.76 |
| **Total** | **2,455.06** | **2,490.24** |
| **(*)** Includes finance expense capitalised to inventory (The rate used to determine the amount of borrowing costs eligible for capitalisation is the effective interest rate of the underlying borrowings which is in the range of 7% to 11%) Capitalisation rate 31.03.2024 - 9% (31.03.2023 - 10%) | 2,034.63 | 2,260.65 |

**31 Depreciation and amortization expense**

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|---|---|
| Depreciation of property, plant and equipment | 596.74 | 500.83 |
| Depreciation of investment properties | 137.91 | 120.00 |
| Depreciation of right of use assets | 46.40 | 55.40 |
| Amortization of intangible assets | 1.16 | 2.14 |
| | **782.21** | **678.37** |

**32 Other expenses**

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|---|---|
| License fees and plan approval charges | 637.43 | 654.01 |
| Power and fuel | 657.33 | 663.35 |
| Water charges | 52.87 | 28.66 |
| Freight and forwarding charges | 279.16 | 267.59 |
| Rent (refer note 35) | 435.44 | 165.38 |
| Rates and taxes | 131.78 | 201.13 |
| Insurance | 136.30 | 132.19 |
| Property maintenance expenses | 211.43 | 160.46 |
| Repairs and maintenance | | |
| Plant and machinery | 57.69 | 52.62 |
| Others | 125.30 | 87.05 |
| Advertising and sales promotion | 517.77 | 415.48 |
| Brokerage and discounts | 463.10 | 326.20 |
| Donation | - | 0.95 |
| Corporate Social Responsibility expenditure (refer note 35) | 151.55 | 199.62 |
| Travelling and conveyance (refer note 35) | 212.48 | 305.52 |
| Printing and stationery | 50.09 | 39.09 |
| Software and subscribtion | 81.12 | 75.45 |
| Legal and professional fees | 538.25 | 403.80 |
| Payment to auditor | 17.41 | 18.70 |
| Allowance for credit loss on doubtful trade receivable | 12.32 | 372.10 |
| Provision for land advances | 82.63 | 168.16 |
| Other advances written off | 50.21 | 60.85 |
| Security and housekeeping | 263.83 | 203.48 |
| Impairment of property, plant and equipment | 29.47 | 58.71 |
| Miscellaneous expenses | 429.55 | 379.36 |
| | **5,624.51** | **5,439.91** |

## 33 Income tax

The significant components of income tax expense for the years ended 31 March 2024 and 31 March 2023 are -

### A Amounts charged to statement of profit and loss

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|---|---|
| **Current income tax:** | | |
| Current income tax charge | 1,245.40 | 360.46 |
| In respect of prior years | 11.87 | - |
| **Deferred tax:** | | |
| Relating to origination and reversal of temporary differences | (1,006.13) | 47.24 |
| **Income tax expense reported in the statement of profit and loss** | **251.14** | **407.70** |

### B Income tax recognised in other comprehensive income

| | | |
|---|---|---|
| Net loss on remeasurements of defined benefit plans | 4.23 | 13.43 |
| **Income tax charge to other comprehensive income** | **4.23** | **13.43** |

### C Reconciliation of tax expense and the accounting profit multiplied by Group's domestic tax rate for 31 March 2024 and 31 March 2023

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|---|---|
| Accounting profit before income tax | 742.27 | 1,449.75 |
| Tax on accounting profit at statutory income tax rate applicable to the Holding Company 25.17% (31 March 2023: 25.17%) | 186.83 | 364.90 |
| Adjustments in respect of change in tax rate of subsidiary | 6.59 | 0.94 |
| Permanent adjustments | 45.85 | 41.86 |
| Adjustments in respect of current income tax of previous years | 11.87 | - |
| | **251.14** | **407.70** |

### D Deferred tax asset / Liability

*Deferred tax assets relates to the following*

| Particulars | 31 March 2024 | | 31 March 2023 | |
|---|---|---|---|---|
| | Deferred tax asset | Deferred tax liability | Deferred tax asset | Deferred tax liability |
| Provision for compensated absence | 31.45 | - | 29.46 | - |
| Provision for gratuity | 86.50 | - | 79.16 | - |
| Provision for exgratia | 16.17 | - | 18.64 | - |
| Expected credit losses | 145.00 | - | 145.05 | - |
| Deferred tax asset on tax losses and unabsorbed depreciation | 7.11 | - | 26.93 | - |
| Others | 14.33 | - | 55.79 | - |
| Property, plant and equipment and investment property | 19.23 | - | 40.70 | - |
| On account of difference in IndAS 115 and ICDS III | 936.52 | - | - | (173.35) |
| Deferred tax asset/(liability) | **1,256.31** | **-** | **395.73** | **(173.35)** |
| **Deferred tax asset (Net)** | **1,256.31** | **-** | **222.38** | **-** |

*Deferred tax liability relates to the following*

| Particulars | 31 March 2024 | | 31 March 2023 | |
|---|---|---|---|---|
| | Deferred tax asset | Deferred tax liability | Deferred tax asset | Deferred tax liability |
| Expected credit losses | 30.16 | - | 30.16 | - |
| Deferred tax asset on tax losses and unabsorbed depreciation | 4.16 | - | 56.59 | - |
| Others | - | (30.30) | - | (30.32) |
| Property, plant and equipment and investment property | - | (287.16) | - | (269.92) |
| On account of difference in IndAS 115 and ICDS III | 133.75 | - | 87.67 | - |
| | **168.07** | **(317.46)** | **174.42** | **(300.24)** |
| **Deferred Tax (liability) (Net)** | **-** | **(149.39)** | **-** | **(125.82)** |

*(This space is intentionally left blank)*

**33 Income tax (cont'd)**

**Following summarises the movement of Deferred tax asset/ (liability)**

| Year ended 31 March 2024 | Balance as at 01 April 2023 | Movement in statement of Profit and Loss | Movement in OCI | Balance as at 31 March 2024 |
|---|---|---|---|---|
| Provision for compensated absence | 29.46 | 1.99 | - | 31.45 |
| Provision for gratuity | 79.16 | 3.11 | 4.23 | 86.50 |
| Provision for exgratia | 18.64 | (2.47) | - | 16.17 |
| Expected credit losses | 175.21 | (0.05) | - | 175.16 |
| Deferred tax asset on tax losses and unabsorbed depreciation | 83.52 | (72.25) | - | 11.27 |
| Others | 25.47 | (41.44) | - | (15.97) |
| Property, plant and equipment and investment property | (229.22) | (38.71) | - | (267.93) |
| On account of difference in IndAS 115 and ICDS III | (85.68) | 1,155.95 | - | 1,070.27 |
| **Total** | **96.56** | **1,006.13** | **4.23** | **1,106.92** |

| Year ended 31 March 2023 | Balance as at 01 April 2022 | Movement in statement of Profit and Loss | Movement in OCI | Balance as at 31 March 2023 |
|---|---|---|---|---|
| Provision for compensated absence | 20.49 | 8.97 | - | 29.46 |
| Provision for gratuity | 62.38 | 3.35 | 13.43 | 79.16 |
| Provision for exgratia | 11.62 | 7.02 | - | 18.64 |
| Expected credit losses | 86.66 | 88.55 | - | 175.21 |
| Deferred tax asset on tax losses and unabsorbed depreciation | 79.26 | 4.26 | - | 83.52 |
| Others | 13.87 | 11.60 | - | 25.47 |
| Property, plant and equipment and investment property | (182.45) | (46.77) | - | (229.22) |
| On account of difference in IndAS 115 and ICDS III | 38.54 | (124.22) | - | (85.68) |
| **Total** | **130.37** | **(47.24)** | **13.43** | **96.56** |

**E** The Group has not entered into any such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)

**F Income tax assets (net)**

| Particulars | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Income tax assets (net) | 531.73 | 217.46 |
| | **531.73** | **217.46** |

**G Current tax liabilities (net)**

| Particulars | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Provision for tax (net of advance tax) | 656.80 | - |
| | **656.80** | - |

**34 Earnings per share ['EPS']**

| Particulars | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Net Profit after tax attributable to equity shareholders | 491.13 | 1,042.05 |
| Weighted average number of equity shares used in calculating basic and diluted EPS | 94,845,853 | 94,845,853 |
| Nominal value per equity share ( in ₹) | 10 | 10 |
| Earnings per share ( in ₹) | | |
| - Basic and diluted | 5.18 | 10.99 |

*(This space is intentionally left blank)*

**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

**Associate**
C.V.S.Tech Park Private Limited (till 14 February 2024)

**Key Shareholder**
Mr. P. N. C. Menon
Mrs. Sobha Menon

**Key Management Personnel ('KMP')**
Mr. Ravi PNC Menon - Chairman
Mr. Jagadish Nangineni - Managing Director

**Additional related parties ('KMP's) as per Companies Act, 2013 with whom transactions have taken place**
Mr. Yogesh Bansal - Chief Financial Officer
Mr. Bijan Kumar Dash - Company Secretary (with effect from 1 December 2023)
Mr. Vighneshwar G Bhat - Company Secretary (till 19 October 2023)

**Other Directors**
Mr. Anup Shah
Mr. R V S Rao
Mrs. Srivathsala KN
Mr. Raman Mangalorkar

**Relatives of key management personnel**
Mrs. Sudha Menon
Mr. P N Haridas

**Post employment-benefit plan entity**
Sobha Developers Employees Gratuity Trust

**Other related parties with whom transactions have taken place**
Puzhakkal Developers Private Limited
Sobha Glazing & Metal Works Private Limited
Sobha Projects & Trade Private Limited
Sobha Puravankara Aviation Private Limited
Sobha Space Private Limited
Sri Durga Devi Property Management Private Limited
Sri Kurumba Educational and Charitable Trust
Sri Parvathy Land Developers Private Limited
Technobuild Developers Private Limited
Mapedu Realtors Private Limited
Mapedu Builders Private Limited
Chikmangaloor Properties Private Limited
Chikmangaloor Developers Private Limited
Chikmangaloor Realtors Private Limited
Rusoh Marina Properties Private Limited
Rusoh Modern Builders Private Limited
Rusoh Modern Properties Private Limited
Thakazhi Developers Private Limited
Thakazhi Realtors Private Limited
Tirur Cyber Real Estates Private Limited
Kilai Super Developers Private Limited

**35 Related party disclosures (cont'd)**

**b) Details of the transactions with the related parties:**

| Particulars | For the year ended 31 March 2024 | For the year ended 31 March 2023 |
|---|---|---|
| **I. Transaction with joint venture** | | |
| **Amount contributed to partnership current account** | | |
| Kondhwa Projects LLP | - | 0.60 |
| **II. Transaction with other related parties / KMP** | | |
| **Income from of constructed properties, plots and other development activities** | | |
| Mr. Jagadish Nangineni | 5.02 | - |
| **Other income** | | |
| Mr. Jagadish Nangineni | 0.16 | - |
| **Income/(loss) from sale of land and development rights** | | |
| Chikmangaloor Properties Private Limited | 0.14 | 0.97 |
| Chikmangaloor Developers Private Limited | (0.01) | - |
| Chikmangaloor Realtors Private Limited | 0.06 | - |
| Thakazhi Developers Private Limited | 22.27 | 16.25 |
| Thakazhi Realtors Private Limited | 15.68 | 6.64 |
| Rusoh Marina Properties Private Limited | (0.10) | (0.01) |
| Rusoh Modern Builders Private Limited | (1.39) | - |
| Rusoh Modern Properties Private Limited | 0.23 | - |
| Mapedu Realtors Private Limited | - | (0.15) |
| Mapedu Builders Private Limited | - | (0.14) |
| Kilai Super Developers Private Limited | (0.79) | - |
| Tirur Cyber Real Estates Private Limited | 8.81 | - |
| **Income from glazing works** | | |
| Sri Kurumba Educational and Charitable Trust | 0.49 | 0.30 |
| Mr. R V S Rao | 0.10 | - |
| **Income from interior works** | | |
| Sri Kurumba Educational and Charitable Trust | 1.00 | 0.44 |
| Mr. Jagadish Nangineni | 0.18 | - |
| Mr. Anup Shah | - | 0.04 |
| **Income from concrete blocks/works** | | |
| Sobha Projects & Trade Private Limited | 5.96 | 11.57 |
| **Sub-contractor cost** | | |
| Sobha Projects & Trade Private Limited | 318.34 | 382.96 |
| **Rent** | | |
| Sri Kurumba Educational and Charitable Trust | 0.12 | - |
| Mr. Ravi PNC Menon | 9.00 | - |
| **Travelling and conveyance - Aircraft hire charges** | | |
| Sobha Puravankara Aviation Private Limited | 49.65 | 129.37 |
| **Corporate social responsibility expenditure** | | |
| Sri Kurumba Educational and Charitable Trust | 151.55 | 199.62 |
| **Land advance paid** | | |
| Technobuild Developers Private Limited | - | 201.06 |
| **Advances recoverable in kind** | | |
| Sri Parvathy Land Developers Private Limited | - | 0.01 |
| Sri Durga Devi Property Management Private Limited | - | 0.06 |
| Sobha Puravankara Aviation Private Limited | - | 105.00 |
| **Reimbursement of expenses** | | |
| Technobuild Developers Private Limited | 12.27 | - |
| **Interest others** | | |
| Technobuild Developers Private Limited | 0.09 | - |
| **Land advances refunded** | | |
| Technobuild Developers Private Limited | 196.78 | 449.98 |
| Puzhakkal Developers Private Limited | - | 52.20 |
| Sri Parvathy Land Developers Private Limited | - | 106.48 |
| Sri Durga Devi Property Management Private Limited | - | 43.10 |

**35 Related party disclosures (cont'd)**

| Particulars | For the year ended 31 March 2024 | For the year ended 31 March 2023 |
|---|---|---|
| **Advances received fom the related party** | | |
| Technobuild Developers Private Limited | 1.92 | 1.06 |
| **Provision for land advances** | | |
| Sri Parvathy Land Developers Private Limited | - | 60.51 |
| **Security deposit adjusted towards rent** | | |
| Sobha Glazing & Metal Works Private Limited | 5.50 | 5.50 |
| **Contribution to plan assets** | | |
| Sobha Developers Employees Gratuity Trust | 32.30 | 26.90 |
| **Gurantee or security received** | | |
| Sri Durga Devi Property Management Private Limited | 900.00 | 1,100.00 |
| Sri Parvathy Land Developers Private Limited | 900.00 | 1,100.00 |
| **Guarantees extinguished** | | |
| Sri Durga Devi Property Management Private Limited | - | 1,500.00 |
| Sri Parvathy Land Developers Private Limited | - | 1,500.00 |
| **III. Transaction with key managerial personnel** | | |
| **Directors' remuneration** | | |
| Mr. Ravi PNC Menon | - | 92.49 |
| Mr. Jagadish Nangineni (with effect from 01 April 2022) | 22.88 | 33.08 |
| **Dividend paid (payment basis)** | | |
| Mr. Ravi PNC Menon | 9.56 | 9.56 |
| Mr. Jagadish Nangineni | 0.01 | - |
| Mr. Anup Shah | 0.01 | 0.01 |
| Mr. R V S Rao | - | 0.05 |
| Mrs. Sudha Menon | 0.00 | 0.00 |
| Mr. P N Haridas | 0.14 | 0.14 |
| **Salary (including perquisites)** | | |
| Mr. Yogesh Bansal | 8.87 | 6.74 |
| Mr. Bijan Kumar Dash - Company Secretary (with effect from 1 December 2023) | 1.94 | - |
| Mr. Vighneshwar G Bhat | 4.50 | 5.18 |
| **Directors' sitting fees and commission** | | |
| Mr. Anup Shah | 2.19 | 2.14 |
| Mr. R V S Rao | 2.18 | 2.18 |
| Mrs. Srivathsala KN | 2.25 | 2.23 |
| Mr. Raman Mangalorkar | 2.22 | 2.16 |
| **IV. Transaction with key shareholders** | | |
| **Dividend paid (payment basis)** | | |
| Mr. P. N. C. Menon | 37.02 | 36.18 |
| Mrs. Sobha Menon | 86.18 | 86.18 |
| Mr. P. N. C. Menon and Mrs. Sobha Menon (jointly held shares) | 15.87 | 15.87 |

**c) Details of balances receivable from and payable to related parties are as follows:**

| Particulars | For the year ended 31 March 2024 | For the year ended 31 March 2023 |
|---|---|---|
| **I. Balances receivable from and payable to joint venture** | | |
| **In partners current account** | | |
| Kondhwa Projects LLP | 1,149.28 | 1,149.28 |
| **II. Balances receivable from and payable to other related parties / KMP** | | |
| **Land advance** | | |
| Technobuild Developers Private Limited | 7,962.80 | 8,152.41 |
| Sri Parvathy Land Developers Private Limited | - | 60.51 |
| **Provision for land advances** | | |
| Sri Parvathy Land Developers Private Limited | - | 60.51 |
| **Right of use assets** | | |
| Sobha Glazing & Metal Works Private Limited | 27.52 | 33.00 |

**35 Related party disclosures (cont'd)**

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|---|---|
| **c) Details of balances receivable from and payable to related parties are as follows (cont'd):** | | |
| **II. Balances receivable from and payable to other related parties (cont'd)** | | |
| **Advances recoverable in cash or in kind** | | |
| Sobha Puravankara Aviation Private Limited | 177.24 | 215.25 |
| Sobha Glazing & Metal Works Private Limited | 11.06 | 10.02 |
| **Trade receivables** | | |
| Sri Kurumba Educational and Charitable Trust | 7.00 | 6.41 |
| Sobha Projects & Trade Private Limited | 192.17 | 212.01 |
| Thakazhi Developers Private Limited | - | 2.57 |
| Thakazhi Realtors Private Limited | 8.05 | - |
| Mapedu Realtors Private Limited | - | 0.35 |
| Mr. Anup Shah | 0.23 | 0.73 |
| **Advance from customers** | | |
| Sri Parvathy Land Developers Private Limited | - | 1.90 |
| Mr. Jagadish Nangineni | 1.51 | - |
| **Trade payables** | | |
| Sobha Projects & Trade Private Limited | 86.75 | - |
| Sobha Glazing & Metal Works Private Limited | - | 0.00 |
| Mapedu Builders Private Limited | - | 0.11 |
| Rusoh Marina Properties Private Limited | - | 0.02 |
| Sri Parvathy Land Developers Private Limited | - | 2.53 |
| Sobha Space Private Limited | - | 14.05 |
| Sri Durga Devi Property Management Private Limited | 0.00 | 1.89 |
| Mr. Ravi PNC Menon | 1.07 | - |
| **Other current financial liabilities** | | |
| Technobuild Developers Private Limited | 169.65 | 173.88 |
| Sobha Space Private Limited | 14.05 | 14.05 |
| Sobha Glazing & Metal Works Private Limited | 0.00 | 0.00 |
| Sobha Projects & Trade Private Limited | 7.01 | 7.01 |
| **Guarantee or security received** | | |
| Sri Durga Devi Property Management Private Limited | 2,000.00 | 1,100.00 |
| Sri Parvathy Land Developers Private Limited | 2,000.00 | 1,100.00 |

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|---|---|
| Commission to independent directors | 8.00 | 8.00 |
| Commission to Chairman and Managing Director | 9.40 | 41.10 |
| | **17.40** | **49.10** |

**e) Compensation of key management personnel of the Group**

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|---|---|
| Short-term employee benefits | 38.19 | 137.49 |
| Other benefits* | 9.40 | 41.10 |
| | **47.59** | **178.59** |

*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.

Note
The director of the Holding Company has given fund shortfall undertaking for cetain borrowings towards funding of the respective underlying projects. Refer note 20

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## 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 Managing Director (MD) 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 MD reviews internal management reports on at least a quarterly basis.

The MD 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 2024 and 31 March 2023 respectively:

**Business segments**

| Particulars | For the year ended 31 March 2024 | For the year ended 31 March 2023 |
|---|---|---|
| **Segment revenue** | | |
| Real estate | 24,138.33 | 25,372.14 |
| Contractual and manufacturing | 8,216.84 | 9,331.00 |
| **Total segment revenue** | **32,355.17** | **34,703.14** |
| Inter segment revenues | (1,385.71) | (1,602.00) |
| **Net revenue from operations** | **30,969.46** | **33,101.14** |
| **Segment result** | | |
| Real estate | 4,257.43 | 5,872.01 |
| Contractual and manufacturing | 712.65 | (45.34) |
| **Total segment results** | **4,970.08** | **5,826.67** |
| Finance costs | (2,455.06) | (2,490.24) |
| Other unallocable expenditure | (2,648.70) | (2,527.68) |
| Other income (including finance income) | 875.95 | 641.00 |
| **Profit before taxation** | **742.27** | **1,449.75** |
| Income taxes | (251.14) | (407.70) |
| **Profit after taxation** | **491.13** | **1,042.05** |

*(This space is intentionally left blank)*

**36 Segment information (cont'd)**

The following table presents assets and liabilities information for the Group's operating segments as at 31 March 2024 and 31 March 2023 respectively:-

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|---|---|
| **Segment assets** | | |
| Real estate | 112,986.25 | 104,150.24 |
| Contractual and manufacturing | 8,036.50 | 6,518.76 |
| **Total segment assets** | **121,022.75** | **110,669.00** |
| Unallocated assets | 15,942.16 | 15,213.43 |
| **Total assets** | **136,964.91** | **125,882.43** |
| **Segment liabilities** | | |
| Real estate | 85,792.81 | 67,876.00 |
| Contractual and manufacturing | 5,942.12 | 6,239.00 |
| **Total segment liabilities** | **91,734.93** | **74,115.00** |
| Unallocated liabilities | 20,089.24 | 26,820.72 |
| **Total liabilities** | **111,824.17** | **100,935.72** |
| **Capital employed** | | |
| Real estate | 27,193.44 | 36,274.24 |
| Contractual and manufacturing | 2,094.38 | 279.76 |
| Unallocated capital employed | (4,147.08) | (11,607.29) |
| **Total capital employed** | **25,140.74** | **24,946.71** |

Current taxes, deferred taxes and certain financial assets and liabilities are considered as unallocated as they are also managed on a Group basis.

| Particulars | For the year ended 31 March 2024 | For the year ended 31 March 2023 |
|---|---|---|
| **Capital expenditure** | | |
| Real estate | 1,034.77 | 468.32 |
| Contractual and manufacturing | 71.14 | 84.74 |
| Unallocated capital expenditure | 141.12 | 732.01 |
| **Total capital expenditure** | **1,247.03** | **1,285.07** |

Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment property under development.

Information of revenue and non-current operating assets based on location has not been furnished since there are no revenue generated from business activities outside India and there are no non-current operating assets held by the Group outside India.

**Reconciliations to amounts reflected in the financial statements**

**(i) Reconciliation of assets**

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|---|---|
| **Segment assets** | **121,022.75** | **110,669.00** |
| Investment (refer note 9A) | 1,149.33 | 1,149.33 |
| Prepaid expenses (refer note 14) | 1,625.57 | 1,017.99 |
| Balances with statutory/ government authorities (refer note 14) | 878.46 | 1,127.67 |
| Income tax assets (net) (refer note 33) | 531.73 | 217.46 |
| Deferred tax assets (net) (refer note 33) | 1,256.31 | 222.38 |
| Cash and bank balances (refer note 15 and 16) | 6,732.95 | 4,514.04 |
| Non-current bank balances (refer note 13) | 207.37 | 151.04 |
| Other unallocable assets | 3,560.44 | 6,813.52 |
| **Total assets** | **136,964.91** | **125,882.43** |

**(ii) Reconciliation of liabilities**

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|---|---|
| **Segment liabilities** | **91,734.93** | **74,115.00** |
| Borrowings (refer note 20) | 19,135.09 | 20,035.49 |
| Provisions (refer note 22) | 468.66 | 431.61 |
| Deferred tax liabilities (refer note 33) | 149.39 | 125.82 |
| Current tax liabilities (net) (refer note 33) | 125.07 | - |
| Withholding taxes payable (refer note 24) | 107.43 | 135.71 |
| Other unallocable liabilities | 103.60 | 6,092.09 |
| **Total liabilities** | **111,824.17** | **100,935.72** |

## 37 Employment benefit plans

### A Defined benefit plan

The Group has gratuity as defined benefit retirement plans for its employees. The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity at the rate of 15 days basic salary for each year of service until the retirement age. As at 31 March 2024 and 31 March 2023 the plan assets were invested in insurer managed funds.

It is exposed to the following types of risks:

**Interest rate risk:** A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

**Salary Risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

**Investment Risk:** The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

**Asset Liability Matching Risk:** The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

**Mortality risk:** Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

**Concentration Risk:** Plan is having a concentration risk as all the assets are invested with the insurance company.

The following tables set out the the funded status of gratuity plans and amount recognised in the balance sheet for the respective plans:

| | Particulars | 31 March 2024 | 31 March 2023 |
|---|---|---|---|
| 1 | **The amounts recognized in the Balance Sheet are as follows:** | | |
| | Present value of defined benefit obligation at the end of the year | 348.03 | 318.73 |
| | Less: Fair value of plan assets as at the end of the year | (4.34) | (4.21) |
| | **Net liability recognised in the balance sheet** | **343.69** | **314.52** |
| 2 | **Changes in the present value of defined benefit obligation** | | |
| | Defined benefit obligation as at beginning of the year | 318.73 | 251.17 |
| | Current service cost | 22.03 | 24.35 |
| | Interest cost | 22.95 | 16.10 |
| | Benefits paid | (32.71) | (26.04) |
| | Actuarial loss due to demographic assumption changes | - | 6.06 |
| | Actuarial (gain) / loss due to financial assumption changes | (10.07) | 26.70 |
| | Actuarial loss due to experience adjustments | 27.10 | 20.39 |
| | **Defined benefit obligation as at the end of the year** | **348.03** | **318.73** |
| 3 | **Changes in the fair value of plan assets** | | |
| | Fair value as at the beginning of the year | 4.21 | 3.35 |
| | Interest on plan assets | 0.30 | 0.21 |
| | Actuarial gain / (loss) | 0.24 | (0.21) |
| | Contributions | 32.30 | 26.90 |
| | Benefits paid | (32.71) | (26.04) |
| | **Fair value as at the end of the year** | **4.34** | **4.21** |
| 4 | **Net gratuity cost for the reporting years comprises of following components** | | |
| | Current service cost | 22.02 | 24.35 |
| | Interest cost | 22.95 | 16.10 |
| | Interest income | (0.30) | (0.21) |
| | **Net Gratuity cost** | **44.67** | **40.24** |

**37 Employment benefit plans (cont'd)**

| Particulars | 31 March 2024 | 31 March 2023 |
|---|---|---|
| **5 Other comprehensive income** | | |
| Actuarial loss on defined benefit obligation | (17.03) | (53.15) |
| Return on plan assets excluding interest income | 0.24 | (0.21) |
| **Loss recognised in other comprehensive income** | **(16.79)** | **(53.36)** |
| | | |
| **6 Experience adjustment:** | | |
| On plan defined benefit obligation loss | 27.10 | 20.39 |
| On plan assets gain / (loss) | 0.24 | (0.21) |

**7 Investment Details**

The major categories of plan assets as a percentage of the fair value of the total plan assets are as follows:

| Particulars | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Investment in insurance fund | 100% | 100% |

**8 Actuarial assumptions**

| Particulars | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Discount rate (p.a) | 7.14% | 7.20% |
| Future salary growth (p.a) | 10.00% | 12.00% |
| Weighted Average Duration of the Defined Benefit Obligation (years) | 3 | 3 |
| Attrition rate (p.a) | 35.00% | 35.00% |

**9 Sensitivity Analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

| Particulars | 31 March 2024 | | 31 March 2023 | |
|---|---|---|---|---|
| | **Decrease** | **Increase** | **Decrease** | **Increase** |
| Discount rate (+ / -1%) | 6.01 | 6.33 | 5.63 | 5.94 |
| Salary growth rate (- / + 1%) | 5.07 | 5.18 | 4.64 | 4.74 |
| Attrition rate (+ / -1%) | 0.83 | 0.86 | 1.09 | 1.14 |

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.

**10 Maturity profile of defined benefit obligation**

| Particulars | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Within the next 12 months | 116.70 | 108.32 |
| Between 2 and 5 years | 219.88 | 197.18 |
| Between 6 and 10 years | 56.02 | 54.73 |
| Beyond 10 years | 9.50 | 10.01 |
| **Total expected payments** | **402.10** | **370.24** |

Expected contribution in the next year ₹ 98.15

**B Defined contribution plan**

The Group makes contribution of statutory provident fund as per Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and Employees State Insurance Scheme as per the Employees' State Insurance Act, 1948. The Group has recognized the following amounts in the Statement of Profit and Loss under defined contribution plan whereby the Group is required to contribute a specified percentage of the payroll costs to fund the benefits:

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|---|---|
| Employer's contribution to provident fund | 96.27 | 88.45 |
| Employer's contribution to Employees' state insurance scheme | 1.01 | 0.99 |
| Contribution to Superannuation Fund | 0.20 | 0.35 |
| **Total** | **97.48** | **89.79** |

**38 Leases**

**A The Group as a lessor**

**Assets given on operating lease:**
The Group has entered into operating lease agreements with its lessees. Total lease rental income recognized in the statement of profit and loss for the year is ₹ 618.27 (31 March 2023: ₹ 478.24)

The future minimum lease receivables under operating leases in aggregate are as follows:

| Year | As at 31 March 2024 | As at 31 March 2023 |
|---|---|---|
| FY 2023-24 | - | 441.32 |
| FY 2024-25 | 471.41 | 480.56 |
| FY 2025-26 | 326.22 | 305.80 |
| FY 2026-27 | 279.48 | 245.08 |
| FY 2027-28 | 256.22 | 223.85 |
| FY 2028-29 | 162.83 | - |
| More than 5 years | 569.55 | 725.18 |
| **Total** | **2,065.71** | **2,421.79** |

**B The Group as a lessee**

The Group has leases for building, vehicles and plant and machinery. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability except for lease on buildings for which it was agreed that the Group shall pay a security deposit which shall be adjusted to the minimum lease payments and due to which no lease liability in the same was created and the amount given as security deposit is treated as Right of use asset depreciated on a straight line basis over the lease period. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and right of use assets. The Group has presented its right-of-use assets in the balance sheet separately from other assets.

Lease arrangements for vehicles contain an option to extend the lease for a further term till the vehicle is handed over to the lessor after the end of lease term as per agreement or for a fixed tenure of 3 to 9 months as the case may be as per the requirement of Lessee. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over Factory buildings, the Group must repair and maintain those properties in a good state and return the properties with all connections, sanitary, water and drainage fittings and fixtures as it may exist on the relevant date.

**a Right of use assets**

| | Other buildings | Vehicles | Plant and machinery | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| **As at 1 April 2022** | **71.12** | **147.60** | **90.33** | **309.05** |
| Additions during the year | - | 31.02 | - | 31.02 |
| Disposal during the year | - | (14.90) | - | (14.90) |
| Other Adjustments | (21.62) | - | - | (21.62) |
| **As at 31 March 2023** | **49.50** | **163.72** | **90.33** | **303.55** |
| Additions during the year | - | 17.46 | 60.96 | 78.42 |
| Disposal during the year | - | (12.01) | (90.33) | (102.34) |
| **As at 31 March 2024** | **49.50** | **169.17** | **60.96** | **279.63** |
| **Accumulated depreciation** | | | | |
| **As at 1 April 2022** | **11.00** | **78.04** | **66.83** | **155.87** |
| Charge for the year | 5.50 | 28.95 | 20.95 | 55.40 |
| Disposal during the year | - | (10.99) | - | (10.99) |
| **As at 31 March 2023** | **16.50** | **96.00** | **87.78** | **200.28** |
| Charge for the year | 5.50 | 26.78 | 14.12 | 46.40 |
| Disposal during the year | - | (12.01) | (90.33) | (102.34) |
| **As at 31 March 2024** | **22.00** | **110.77** | **11.57** | **144.34** |
| **Carrying amount** | | | | |
| **As at 31 March 2024** | **27.50** | **58.40** | **49.39** | **135.29** |
| **As at 31 March 2023** | **33.00** | **67.72** | **2.55** | **103.27** |

**38 Leases (cont'd)**

**b.** Set out below are the carrying amounts of lease liabilities and the movements during the year:

| **Particulars** | **Amount** |
|---|---|
| **As on 1 April 2022** | 253.49 |
| Additions during the year | 31.42 |
| Interest expense for the year | 27.26 |
| Payment of lease liabilities | (79.36) |
| **As on 31 March 2023** | **232.81** |
| Additions during the year | 78.42 |
| Interest expense for the year | 25.12 |
| Payment of lease liabilities | (74.01) |
| **As on 31 March 2024** | **262.34** |

| **Particular** | **As at 31 March 2024** | **As at 31 March 2023** |
|---|---|---|
| **Current** | 48.80 | 28.04 |
| **Non Current** | 213.44 | 204.77 |

**c. The following are the amounts recognised in the profit & loss**

| **Particular** | **Year ended 31 March 2024** | **Year ended 31 March 2023** |
|---|---|---|
| Depreciation expenses of right-of-use assets | 46.40 | 55.40 |
| Interest expenses on lease liabilities | 25.12 | 27.26 |
| Expenses relating to short-term leases | 354.83 | 163.84 |
| Expenses relating to lease of low-value assets | 80.26 | 1.54 |
| **Total amount recognised in the profit & loss** | **506.61** | **248.04** |
| **Total cash out flows towards leases** | **509.10** | **244.74** |

Lease term of the above referred leases range from 11 months to 63 years

**d. Information about extension and termination options**

| Right of use assets | Number of leases | Range of remaining term (in years) | Average remaining lease term (in years) | Number of leases with extension options | Number of leases with purchase option | Number of leases with termination option |
|---|---|---|---|---|---|---|
| Other buildings | 1.00 | 5.00 | 5.00 | 1.00 | - | - |
| Plant and Machinery | 11.00 | 1.46 to 1.94 | 1.70 | - | 11.00 | - |
| Vehicles | 60.00 | 0.18 to 4.65 | 2.41 | 60.00 | 60.00 | 60.00 |

**e.** The maturity profile for lease liabilities has been provided in note 41(C)

*(This space is intentionally left blank)*

## 39 Contingent liabilities and commitments

### a Contingent liabilities (to the extent not provided for)

| | Particulars | 31 March 2024 | 31 March 2023 |
|---|---|---|---|
| i | Income tax matters in dispute (Refer note 1 & 5) | 432.38 | 82.07 |
| ii | Value added tax, Service tax and customs matters in dispute (Refer note 2) | 1,647.99 | 1,641.69 |
| iii | Customer related cases and complaints (Refer note 3) | 2.00 | 2.00 |
| iv | Matters before prevention of money laundering adjudicating authority (Refer note 4) | 2,016.05 | 2,016.05 |
| v | Other litigation (Refer note 8 & 10) | 15.50 | 15.50 |
| | | **4,113.92** | **3,757.31** |

Note - Pending resolution of the respective proceedings, it is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.

The Group does not expect the outcome of these proceeding to have a material adverse effect on its financial position. The Group does not expect any reimbursement in respect of above contingent liability.

**1** The Income Tax Authorities have disputed the tax computation for certain years, which are pending before various forums. Based on the grounds of the appeals, the management believes that there is a reasonably strong likelihood of obtaining a favourable order. Any income, which may arise out of such litigations will be recognised only on the receipt basis/ or where right to receive such income is clearly established. Pending the final decisions on the above matter, no adjustment has been made in these consolidated financial statements.

During the current year, Kilai Builders Private Limited (one of the subsidiaries of the Holding Company) has received an Income Tax demand of ₹ 20.15 for the FY 2017-18, which was subsequently deleted in the reassessment proceedings. However, a show cause notice was issued for charging penalty under section 271D of the Income tax Act, 1961 for the said year. A suitable reply has been given and decision is pending. The Group is confident that there will be no liability on this account.

**2** There are various disputes pending with the authorities of customs, service tax and value added tax. The Group is contesting these demands raised by authorities and are pending at various appellate authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its consolidated financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.

**3** There are various litigations going on/ complaints filed against the Group primarily in Consumer Redressal Forum and under the Real Estate Regulation Act 2016. The Group is contesting such litigations with the respective appellate authorities. The management has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required in its consolidated financial statements. For most number of litigations/ complaints, based on the grounds of the appeals, the management believes that there is a reasonably strong likelihood of succeeding before these authorities and hence, pending the final decisions on the above matters, no adjustment has been made in these consolidated financial statements.

**4** The Holding Company had entered into a Joint Development Arrangement with certain land owners in Gurugram, Haryana, in earlier years. In respect of this transaction, the Enforcement Directorate ('ED') after due investigation has filed a complaint with Adjudicating Authority, Prevention of Money Laundering ('AA-PML'), alleging certain irregularities in respect of the manner of allotment and pricing of certain plots under this project or payment of applicable fees and charges by the Holding Company or the landowners, with respect to the terms and conditions mentioned in the development policy of Haryana Development and Regulation of Urban Areas Act (HDRUAA), 1975 and the bilateral agreement between the land owners and Directorate of Town and Country Planning, Haryana (DTCP) resulting in provisional attachment under the Prevention of Money Laundering Act, 2002 ('PMLA') of land parcels with value of ₹ 2,016.05 held by Technobuild Developers Private Limited ('TDPL'). The Holding Company has entered into a Memorandum of Understanding ('MoU') with TDPL for acquiring land parcels using advances extended by the Holding Company. As per the MoU, TDPL and its affiliates cannot transfer land parcels without prior approval of the Holding Company and the Holding Company has absolute rights over land parcels acquired by TDPL and its affiliates acquired from such advance given by the Holding Company.

During the previous year, the Holding Company was in receipt of Show Cause Notice (SCN) under the PMLA from AA-PML and the Holding Company had duly filed detailed responses to allegations made in SCN. During the current year, AA-PMLA has passed an order confirming the provisional attachment of the aforesaid land parcels and the Holding Company has duly filed an appeal before The Appellate Tribunal against the AA-PML order under Section 26 of the PMLA.

The management, based on its overall assessment and independent legal opinion obtained, believes that these transactions have been carried out in accordance with all the applicable laws and regulations and the said bilateral agreement and has not identified any adverse material impact to the consolidated financial statement as at 31 March 2024 or for earlier periods including the recoverability of land advance given against such provisionally attached ₹ 2,016.05 land parcels held by TDPL.

**5** The Income Tax Department ("the Department") conducted a Search under Section 132 of the Income Tax Act ('IT Act') ("the Search") on the Holding Company and certain group companies during March 2023. The Holding Company and certain group companies at the time of search and subsequently has co-operated with the department and responded to the necessary clarifications, data and details as sought by the Department. The Holding Company has received notices under Section 148 of the IT Act requiring the management to re-file the Income Tax returns for the Assessment Years (AY) 2015-16, AY 2017-18, AY 2018-19, AY 2019-20, 2020-21 and AY 2021-22. The Company has filed the returns for AY 2020-21 and AY 2021-22, and is in the process of filing the returns for the other years.

Additionally, during the current year ended 31 March 2024, the Holding Company has received demand orders for AY 2016-17 under Section 147 read with Section 143(3) and Section 148B of the IT Act, dated 29 March 2024 raising a demand of ₹ 131.23 (subsequently reduced to Nil vide rectification order under Section 154 of the IT Act, dated 14 May 2024 on account of adjustment of credit under Section 115JAA of the IT Act of tax paid in earlier years) and AY 2022-23 under Section 143(3) of the IT Act, dated 30 March 2024 raising a demand of ₹ 326.83, by disallowing certain expenses and adding certain incomes during such periods, against which the Holding Company has filed an appeal on 29 April 2024 before the Hon'ble Commissioner of Income Tax (Appeals), Bengaluru ('CIT appeals').

While the uncertainty exists regarding the outcomes of the legal proceedings, the management of the Holding Company has evaluated the demand orders after considering all available records and facts known to it and based on an independent legal review and opinion from external legal councils and believes that the Holding Company can succeed in the appeals filed against the aforesaid demand orders and accordingly has not identified any adjustments to the current or prior period Consolidted Financial Statements.

**39 Contingent liabilities and commitments (cont'd)**

**6** During the previous year, one of the customers of Sobha Assets Private Limited (SAPL), a wholly owned subsidiary of the Holding Company has terminated a project development contract entered by it and demanded compensation of ₹ 2,956.13 in addition to forfeiture of ₹ 227.32 performance guarantee and ₹ 26.00 of deposits alleging that SAPL has not commenced the contract work. The carrying value of aforesaid project related assets/receivables as at 31 March 2024 is ₹ 354.10. SAPL has filed arbitration petition before the arbitrator challenging the termination and its grounds, against the customer towards business loss and other receivables. The Holding Company based on its overall assessment and independent legal opinion, believes that the aforesaid termination is illegal and will not have any adverse impact to the consolidated financial statement and accordingly no provision has been made.

**7** In earlier year, the Holding Company, during the process of renewal of fire clearances for one of the project, procured by an entrusted person, found the fire NOC and fire clearances submitted to local municipal body to be defective. On becoming aware of this fact, the Holding Company had immediately taken remedial steps and obtained renewed fire NOC and fire clearances, which were then resubmitted with the local municipal body for regularization. During the previous year, the local municipal body had passed an order dated 21 January 2023 revoking/cancelling the modified sanction plan ('Plan') and occupancy certificate (‘OC’) for the project, based on a complaint being filed upon by one of the unit holders of such project. The Holding Company had immediately filed an appeal with Karnataka Appellate Tribunal (‘KAT’) challenging the above order, and KAT had passed an interim order dated 1 February 2023 granting stay on cancellation of Plan and OC.

During the current year, the Chief Civil Metropolitan Magistrate ('CMM'), Bengaluru, has passed an order dated 19 September 2023 (‘impugned order’) to register a calendar case for the offences punishable under Indian Penal Code (‘IPC’) against the Holding Company and few employees of the Holding Company, based on a separate complaint filed with the CMM by the aforementioned unit holder. The Holding Company has filed a petition before Hon’ble High Court of Karnataka praying for quashing of the complaint, the impugned order and the calendar case, wherein, the High Court of Karnataka has passed an interim order dated 11 October 2023 staying the impugned order and the calendar case. The management, based on its overall assessment and independent legal opinion obtained, believes that allegations made by the unit holder are baseless, false and not sustainable and the impugned order suffers from arbitrariness and liable to be quashed under section 482 of the code of criminal procedure, 1973. Accordingly, the Group believes that outcome of the above proceedings will not result in any adverse impact on the consolidated financial statement.

**8** The Group is involved in certain litigations for lands being developed/ acquired by it for construction purposes, either through a Joint Development Agreement or through outright purchases. These cases are pending with the Civil Courts and scheduled for hearings. After considering the facts and circumstances of each case in detail, and post consideration of the opinions of the in-house legal council, management believes that these litigations will not have a material effect on the consolidated financial statements.

**9** The Group has certain litigations pending at various forums/courts against various authorities including Forest department, Karnataka State Pollution Control Board (PCB), local municipal departments on certain real estate projects undertaken by it. Also, certain claims have been laid upon the Group under the Land acquisition act, against which the Group has filed writ petitions and obtained stay orders from the Honourable High Courts. The impact of all such litigations and claims is not quantifiable. These litigation/ claims are pending with various courts and are scheduled for hearings. Based on internal assessment, and post consideration of the opinion of its in-house legal counsel, the management is confident that the matter would be decided in its favour, accordingly no adjustment has been made in these consolidated financial statements.

**10** In one of the subsidiaries, certain charges have been levied by the respective municipal authorities. The Group has contested against the charges with Honourable High Court of Karnataka and obtained stay on the same. The Group management is confident that the matter would be decided in favour of the Group, accordingly no provision has been made in this respect.

**b. Commitments**

(a) The contractual commitments pending for the acquisition of property, plant and equipment and intangible assets as at 31 March 2024 is ₹ 502.18 (31 March 2023: ₹ 263.96)

(b) The Group has entered into an aircraft usage agreement with a party wherein the Group along with certain other parties has committed minimum usage of aircraft. During the year ended 31 March 2023, the Group incurred ₹ 49.65 (31 March 2023 - ₹ 129.37) towards aircraft usage as per the agreement.

*(This space is intentionally left blank)*

**40 Fair value measurements**

a. The carrying amounts of financial instruments by categories is as follows:

| Particulars | Note | As at 31 March 2024 | | | As at 31 March 2023 | | |
|---|---|---|---|---|---|---|---|
| | | 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 | 9B | - | - | - | - | - | 0.08 |
| Trade receivables | 11 | - | - | 2,038.70 | - | - | 2,375.34 |
| Loans | 12 | - | - | - | - | - | 9.00 |
| Cash and bank balances | 15 & 16 | - | - | 6,732.95 | - | - | 4,514.04 |
| Other financials assets | 13 | - | - | 5,068.90 | - | - | 5,094.11 |
| **Total** | | **-** | **-** | **13,840.55** | **-** | **-** | **11,992.57** |
| **Financial liabilities** | | | | | | | |
| Borrowings | 20 | - | - | 19,135.09 | - | - | 20,035.49 |
| Lease Liabilities | 38 | - | - | 262.24 | - | - | 232.81 |
| Trade payables | 23 | - | - | 6,165.47 | - | - | 5,986.75 |
| Other financial liabilities | 21 | - | - | 6,001.84 | - | - | 8,970.44 |
| **Total** | | **-** | **-** | **31,564.64** | **-** | **-** | **35,225.49** |

b. **Fair value hierarchy**

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities

| Particulars | As at 31 March 2024 | | | | As at 31 March 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Carrying amount | Fair value | | | Carrying amount | Fair value | | |
| | | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 |
| Investment property (disclosure) | 4,433.13 | - | 1,443.60 | 7,755.00 | 4,518.72 | - | 1,394.10 | 7,660.00 |
| | **4,433.13** | **-** | **1,443.60** | **7,755.00** | **4,518.72** | **-** | **1,394.10** | **7,660.00** |

Notes:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 inputs are unobservable inputs for the asset or liability.

There have been no transfers between the levels during the year.

Financial instruments such as trade receivables, loans, cash and other financial assets, borrowings, lease liabilities, 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 amortised cost, the carrying amounts are equal to the fair values.

*Valuation Method used for Level 3 Valuations -*

| Particulars | Valuation Technique | Unobservable input | Relationship of unobservable input with fair value |
|---|---|---|---|
| Fair value of Investment property | Income approach (Discounted cash flow method) | Discount rate<br>Expected vacancy rates<br>Rental growth rate | Increase/decrease in discount rate would result in decrease/ increase in fair value<br>Increase/decrease in vacancy rate would result in decrease/ increase in fair value<br>Increase/decrease in rental growth rate would result in increase/ decrease in fair value |

## 41 Financial risk management

The Group's principal financial liabilities comprise 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 has exposure to the following risks arising from financial instruments

| Risk | Exposure arising from |
|---|---|
| Market Risk-Interest rate risk (A) | Borrowings |
| Credit Risk (B) | Trade receivables, cash and cash equivalents, bank balances, and other deposits and investments |
| Liquidity Risk (C) | Borrowings, trade payables, and other financial liabilities |

*Risk Management policy*

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.

### 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 of: interest rate risk and other price risk, such as equity price risk and commodity/ real estate risk. The Group has a foreign currency exposure as at balance sheet date, which is not material.

The sensitivity analysis in the following sections relate to the position as at 31 March 2024 and 31 March 2023. 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.

*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 2024 and 31 March 2023.

#### (i) 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 of borrowings. The Group does not enter into any interest rate swaps.

Below is the overall exposure of the Group to interest rate risk:

| | As at 31 March 2024 | As at 31 March 2023 |
|---|---|---|
| Variable rate borrowings | 19,135.09 | 19,356.81 |

**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:

| | Increase/ decrease in interest rate | Effect on profit before tax * |
|---|---|---|
| **31 March 2024** | | |
| INR | +1% | (191.35) |
| INR | -1% | 191.35 |
| **31 March 2023** | | |
| INR | +1% | (193.57) |
| INR | -1% | 193.57 |

* determined on gross basis i.e. with out considering inventorisation of such borrowing cost.

#### (ii) Currency risk

Foreign currency risk is the risk arising from exposure to foreign currency movement that will impact the Group's future cash flows and profitability in the ordinary course of business. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to its import in foreign currency. The details of trade payables,denominated in foreign currency and in ₹ are as follows:

| Trade payables | As at 31 March 2024 | | As at 31 March 2023 | |
|---|---|---|---|---|
| **Particulars** | **EUR** | **USD** | **EUR** | **USD** |
| Amount in foreign currency | 0.16 | 0.02 | 0.36 | 0.15 |
| Amount in ₹ | 14.39 | 1.67 | 32.08 | 12.33 |

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|---|---|
| EUR | 89.95 | 89.11 |
| USD | 83.37 | 82.18 |

41 **Financial risk management (cont'd)**

**(ii) Currency risk (cont'd)**

**Sensitivity analysis**

| **Particulars** | **Change in foreign currency rate by** | **Impact on profit or loss and equity** | | | |
|---|---|---|---|---|---|
| | | **As at 31 March 2024** | **As at 31 March 2023** | **As at 31 March 2024** | **As at 31 March 2023** |
| | | **Increase in FC exchange rate by** | | **Decrease in FC exchange rate by** | |
| USD | 5% | (0.08) | (0.62) | 0.08 | 0.62 |
| EUR | 5% | (0.72) | (1.60) | 0.72 | 1.60 |

**(iii) Price risk**

The Group's exposure to price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit or loss. To manage the price risk arising from investments, the Group diversifies its portfolio of assets. There are no investments held by the Group which are measured at fair value either through profit and loss or fair value through other comprehensive income, hence the Group is not exposed to price risk.

**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 primarily from trade receivables (net of advances/ payables), refundable joint development deposits, security deposits, loans and other financial assets measured at amortised cost. The Group continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. The carrying amounts of financial assets, unbilled revenue and contract assets represent the maximum credit exposure.

The Group assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Group assigns the following credit ratings to each class of financial/contract assets based on the assumptions, inputs and factors specific to the class of financial/contract assets.

(a) Low credit risk
(b) Moderate credit risk
(c) High credit risk

Based on business environment in which the Group operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

The Group provides for expected credit loss based on the following:

| Category | Asset class exposed to credit risk | Allowance for expected credit loss |
|---|---|---|
| Low credit risk/ medium credit risk | Loans, trade receivables (Category A and B), cash and cash equivalents, other financial assets measured at amortised cost | 12 Months expected credit loss or specific allowance whichever is higher |
| High credit risk | Trade receivables (Category C) | Life time expected credit loss or specific allowance |

a. *Management of Credit risk*

i. **Cash and cash equivalents and bank deposits**

Credit risk related to cash and cash equivalents and bank deposits is managed by only selecting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

ii. **Trade receivables**

The Group divides its receivables in the following categories based on the credit risk associated with such categories

Category 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. Group recognises impairment on a specific identification basis for debtors where no security exists.

Category B - Receivables from related parties: For related parties, the Group actively manages such credit risk by an established process of inter-party reconciliations, follow ups and active business at an arms length price. Also the Group has been able to actively collect such receivables consistently in the past.

Category C - Receivables resulting from other than sale of properties: Credit risk is managed by each business unit (primarily pertaining to the contractual and manufacturing business subdivisions) 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, who have a history of prompt payment for more than 5 years with the Group. For other customers, impairment is tested collectively based on the business sub-segment in which they operate. 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 30-90 days.

No single customer individually accounted for more than 10% of the trade receivable balance of the group as at 31 March 2024 and 31 March 2023.

iii. **Other financial assets measured at amortised cost**

Other financial assets measured at amortised cost includes refundable deposits paid under joint development arrangements, security deposits, loans to related parties, and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system are in place ensure the amounts are within defined limits.

**41 Financial risk management (cont'd)**

**B. Credit risk (cont'd)**

a. *Recognition of Expected credit losses*

i. **Financial assets with credit risk classified as 'low'/ 'medium'**

Group provides for expected credit losses on financial assets other than trade receivables by assessing individual financial instruments for expectation of any credit losses.

For cash & cash equivalents, other bank balances and derivative financial instruments - Since the Group deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, derivative financial instruments, other bank balances and bank deposits is evaluated as very low.

For refundable deposits (RD) under joint development arrangements (JDA) and security deposits - Credit risk is considered low because the Group is in possession of the underlying asset.

For trade receivables (category A and B) and other financial assets - Credit risk is evaluated based on Group's knowledge of the credit worthiness of those parties and loss allowance is measured. For such financial assets, the Group policy is to provide for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses/ specific allowance upon significant increase in credit risk.

| Particulars | Note no. | Gross carrying amount | Expected probability of default | Expected credit losses | Carrying amount net of impairment allowance |
|---|---|---|---|---|---|
| **31 March 2024** | | | | | |
| Cash and bank balances | 15 & 16 | 6,732.95 | 0.00% | - | 6,732.95 |
| Trade receivables (Category A and B) | 11 | 431.84 | 0.00% | 29.12 | 402.72 |
| Refundable deposits under JDA | 13 | 3,225.59 | 0.00% | - | 3,225.59 |
| Other financials assets | 13 | 1,843.31 | 0.00% | - | 1,843.31 |
| Unbilled Revenue | 14 | 1,736.87 | 0.00% | - | 1,736.87 |
| **31 March 2023** | | | | | |
| Cash and bank balances | 15 & 16 | 4,514.04 | 0.00% | - | 4,514.04 |
| Trade receivables (Category A and B) | 11 | 345.95 | 0.00% | 29.12 | 316.83 |
| Loans | 12 | 9.00 | 0.00% | - | 9.00 |
| Refundable deposits under JDA | 13 | 3,391.06 | 0.00% | - | 3,391.06 |
| Other financials assets | 13 | 1,703.05 | 0.00% | - | 1,703.05 |
| Unbilled Revenue | 14 | 1,764.53 | 0.00% | - | 1,764.53 |

ii. **Financial assets with credit risk classified as 'high'**

For trade receivables (Category C) - The Group uses an allowance matrix to measure the expected credit losses of such trade and finance receivables. The measurement is made collectively based on the business sub-segment in which the respective customers operate. Loss rates are separately measured for customers which have a history of prompt payment, and are not significantly past due from payment. Based on the industry practices and the business environment in which the entity operates, management considers that the trade receivables and loans are in default (credit impaired) if the payments are more than 730 days past due (Net of advances/ payables). Loss rates are based on actual credit loss experience over the past eleven quarters. In the current year, the Group has revised its estimation of loss rates.

*Expected credit losses measured on the simplified approach*

| 31 March 2024 | Weighted average loss rate | Gross carrying amount | Loss Allowance | Net carrying amount after loss allowance |
|---|---|---|---|---|
| Current (Not past due) | 2% | 606.49 | 10.55 | 595.94 |
| Upto 90 days past due | 2% | 575.08 | 13.66 | 561.42 |
| 91 - 180 days past due | 3% | 219.24 | 6.68 | 212.56 |
| 181 - 270 days past due | 18% | 201.12 | 35.26 | 165.86 |
| 271 - 360 days past due | 24% | 35.94 | 8.80 | 27.14 |
| 361 - 730 days past due | 70% | 127.90 | 89.11 | 38.79 |
| More than 730 days past due | 93% | 503.47 | 469.21 | 34.26 |

| 31 March 2023 | Weighted average loss rate | Gross carrying amount | Loss Allowance | Net carrying amount after loss allowance |
|---|---|---|---|---|
| Current (Not past due) | 1% | 1,226.92 | 12.56 | 1,214.36 |
| Upto 90 days past due | 4% | 641.55 | 23.95 | 617.60 |
| 91 - 180 days past due | 10% | 52.24 | 5.12 | 47.12 |
| 181 - 270 days past due | 16% | 110.93 | 17.23 | 93.70 |
| 271 - 360 days past due | 25% | 20.51 | 5.11 | 15.40 |
| 361 - 730 days past due | 65% | 91.00 | 59.07 | 31.93 |
| More than 730 days past due | 93% | 582.37 | 543.96 | 38.41 |

**41 Financial risk management (cont'd)**

**B. Credit risk (cont'd)**

**Movement in allowance for credit losses of Trade receivables**

| Particulars | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Opening balance | 696.12 | 347.11 |
| Amounts written off | (46.05) | (23.09) |
| Net remeasurement of loss allowance | 12.32 | 372.10 |
| **Closing balance** | **662.39** | **696.12** |

**Movement in allowance for credit losses of others**

| Particulars | Other financial assets | |
|---|---|---|
| | 31 March 2024 | 31 March 2023 |
| Opening balance | - | 50.55 |
| Amounts written off | - | - |
| Amounts written back | - | (50.55) |
| Net remeasurement of loss allowance | - | - |
| **Closing balance** | - | - |

**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 2024 and 31 March 2023 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 has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Group also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner

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:

| | On demand | Less than one year | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|---|
| **31 March 2024** | | | | | |
| Borrowings (refer note 20) | 6,306.16 | 4,470.26 | 10,136.42 | 834.17 | 21,747.01 |
| Trade payables (refer note 23) | - | 6,165.47 | - | - | 6,165.47 |
| Other financial liabilities (refer note 21) | - | 6,001.84 | - | - | 6,001.84 |
| Lease liabilities (refer note 38) | - | 72.80 | 136.41 | 704.29 | 913.50 |
| | **6,306.16** | **16,710.37** | **10,272.83** | **1,538.46** | **34,827.82** |
| **31 March 2023** | | | | | |
| Borrowings (refer note 20) | 6,317.85 | 5,645.20 | 9,347.82 | 1,433.96 | 22,744.83 |
| Trade payables (refer note 23) | - | 5,986.75 | - | - | 5,986.75 |
| Other financial liabilities (refer note 21) | 1.89 | 8,968.55 | - | - | 8,970.44 |
| Lease liabilities (refer note 38) | - | 49.85 | 113.92 | 734.57 | 898.34 |
| | **6,319.74** | **20,650.35** | **9,461.74** | **2,168.53** | **38,600.36** |

## 42 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.

| | As at 31 March 2024 | As at 31 March 2023 |
|---|---|---|
| Borrowings (long-term and short-term) (Note 20) | 19,135.09 | 20,035.49 |
| Other financial liabilities (interest accrued but not due) (Note 21) | 20.59 | 62.39 |
| **Net debt** | **19,155.68** | **20,097.88** |
| Equity share capital (Note 17) | 948.46 | 948.46 |
| Other equity (Note 18) | 24,192.28 | 23,998.25 |
| **Total capital** | **25,140.74** | **24,946.71** |
| **Capital and net debt** | **44,296.42** | **45,044.59** |
| Gearing ratio | 43.24% | 44.62% |

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 2024 and 31 March 2023.

*(This space is intentionally left blank)*

**43 Assets pledged as security**

The carrying amounts of assets pledged as security for current and non-current borrowings are:

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|---|---|
| **A. Non-current** | | |
| Property, plant and equipment | 942.81 | 433.79 |
| Investment property | 3,276.63 | 3,427.05 |
| Financial assets | | |
| Trade receivables | 393.45 | 795.18 |
| Other financial assets | | |
| Fixed deposits with banks with maturity more than 12 months | 10.11 | 64.81 |
| **Total non-current assets** | **4,623.00** | **4,720.83** |
| | | |
| **B. Current** | | |
| Inventories | 43,642.34 | 42,332.90 |
| Financial assets | | |
| Trade receivables | 1,515.77 | 1,429.46 |
| Cash and cash equivalents | 5.80 | 82.17 |
| Bank balance other than cash and cash equivalents | 91.20 | 39.88 |
| Other current assets | 1,297.98 | 1,529.13 |
| **Total current assets** | **46,553.09** | **45,413.54** |
| | | |
| **Total assets pledged as security** | **51,176.09** | **50,134.37** |

*(This space is intentionally left blank)*

**44 Additional information pursuant to para 2 of general instructions for the preparation of the consolidated financial statements for year ended 31 March 2024 and 31 March 2023**

**31 March 2024**

| Name of the entity | Net assets | | Share in profit or loss | | Share in OCI | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | % of consolidated net assets | Amount | % of consolidated profit or loss | Amount | % of consolidated OCI | Amount | % of consolidated total comprehensive income | Amount |
| **Parent** | | | | | | | | |
| Sobha Limited | 78.97% | 23,579.27 | 77.72% | 465.69 | 100.00% | (12.56) | 77.24% | 453.13 |
| **Subsidiaries** | | | | | | | | |
| **Indian** | | | | | | | | |
| Sobha City ['Partnership firm'] | 6.47% | 1,931.86 | 7.32% | 43.87 | 0.00% | - | 7.48% | 43.87 |
| Vayaloor Properties Private Limited | 0.01% | 2.04 | (0.00%) | (0.03) | 0.00% | - | (0.00%) | (0.03) |
| Vayaloor Builders Private Limited | 0.01% | 3.44 | 0.00% | 0.00 | 0.00% | - | 0.00% | 0.00 |
| Vayaloor Developers Private Limited | 0.01% | 3.33 | 0.00% | 0.00 | 0.00% | - | 0.00% | 0.00 |
| Vayaloor Real Estate Private Limited | 0.01% | 3.93 | 0.00% | 0.02 | 0.00% | - | 0.00% | 0.02 |
| Vayaloor Realtors Private Limited | 0.00% | 0.67 | (0.00%) | (0.02) | 0.00% | - | (0.00%) | (0.02) |
| Valasai Vettikadu Realtors Private Limited | 0.00% | 1.45 | (0.00%) | (0.01) | 0.00% | - | (0.00%) | (0.01) |
| Sobha Developers (Pune) Limited | 7.28% | 2,172.67 | 2.69% | 16.10 | 0.00% | - | 2.74% | 16.10 |
| Sobha Assets Private Limited | 0.00% | 0.19 | (0.12%) | (0.70) | 0.00% | - | (0.12%) | (0.70) |
| Sobha Highrise Ventures Private Limited | 1.99% | 594.33 | (7.17%) | (42.97) | 0.00% | - | (7.33%) | (42.97) |
| Sobha Interiors Private Limited | (0.05%) | (13.58) | 1.01% | 6.03 | 0.00% | - | 1.03% | 6.03 |
| Sobha Construction Products Private Limited | 0.04% | 11.20 | 0.09% | 0.56 | 0.00% | - | 0.10% | 0.56 |
| Sobha Contracting Private Ltd | 0.00% | 0.69 | 0.43% | 2.55 | 0.00% | - | 0.44% | 2.55 |
| Sobha Nandambakkam Developers Limited | 0.27% | 82.04 | 4.76% | 28.51 | 0.00% | - | 4.86% | 28.51 |
| Sobha Tambaram Developers Limited | 0.57% | 171.57 | 8.95% | 53.65 | 0.00% | - | 9.15% | 53.65 |
| Kilai Builders Private Limited | 0.67% | 199.34 | 4.35% | 26.07 | 0.00% | - | 4.44% | 26.07 |
| Kuthavakkam Builders Private Limited | (0.06%) | (18.88) | (0.02%) | (0.11) | 0.00% | - | (0.02%) | (0.11) |
| Kuthavakkam Realtors Private Limited | (0.06%) | (17.62) | 0.01% | 0.05 | 0.00% | - | 0.01% | 0.05 |
| C.V.S.Tech Park Private Limited | 0.00% | 0.04 | (0.01%) | (0.06) | 0.00% | - | (0.01%) | (0.06) |
| **Joint ventures (Investment as per the equity method)** | | | | | | | | |
| Kondhwa Projects LLP | 3.85% | 1,149.33 | 0.00% | (0.02) | 0.00% | - | 0.00% | (0.02) |
| **Sub total** | **100.00%** | **29,857.31** | **100.00%** | **599.18** | **100.00%** | **(12.56)** | **100.00%** | **586.62** |
| Adjustments arising out of consolidation | | (4,716.57) | | (108.05) | | - | | (108.05) |
| **Total** | | **25,140.74** | | **491.13** | | **(12.56)** | | **478.57** |

**44 Additional information pursuant to para 2 of general instructions for the preparation of the Consolidated Financial Statements for year ended 31 March 2024 and 31 March 2023 (cont'd)**

**31 March 2023**

| Name of the entity | Net assets | | Share in profit or loss | | Share in OCI | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | % of consolidated net assets | Amount | % of consolidated profit or loss | Amount | % of consolidated OCI | Amount | % of consolidated total comprehensive income | Amount |
| **Parent** | | | | | | | | |
| Sobha Limited | 79.51% | 23,410.68 | 82.99% | 952.89 | 100.00% | (39.93) | 82.38% | 912.96 |
| **Subsidiaries** | | | | | | | | |
| **Indian** | | | | | | | | |
| Sobha City ['Partnership firm'] | 6.04% | 1,777.73 | 1.64% | 18.79 | 0.00% | - | 1.70% | 18.79 |
| Vayaloor Properties Private Limited | 0.01% | 2.07 | 0.00% | - | 0.00% | - | 0.00% | - |
| Vayaloor Builders Private Limited | 0.01% | 3.44 | 0.00% | - | 0.00% | - | 0.00% | - |
| Vayaloor Developers Private Limited | 0.01% | 3.33 | 0.00% | - | 0.00% | - | 0.00% | - |
| Vayaloor Real Estate Private Limited | 0.01% | 3.91 | 0.04% | 0.47 | 0.00% | - | 0.04% | 0.47 |
| Vayaloor Realtors Private Limited | 0.00% | 0.69 | (0.00%) | (0.01) | 0.00% | - | (0.00%) | (0.01) |
| Valasai Vettikadu Realtors Private Limited | 0.00% | 1.47 | 0.00% | - | 0.00% | - | 0.00% | - |
| Sobha Developers (Pune) Limited | 7.32% | 2,156.57 | 1.52% | 17.41 | 0.00% | - | 1.57% | 17.41 |
| Sobha Assets Private Limited | 0.00% | 0.89 | 0.03% | 0.32 | 0.00% | - | 0.03% | 0.32 |
| Sobha Highrise Ventures Private Limited | 2.16% | 637.31 | (3.87%) | (44.39) | 0.00% | - | (4.01%) | (44.39) |
| Sobha Interiors Private Limited | (0.07%) | (19.61) | 0.49% | 5.67 | 0.00% | - | 0.51% | 5.67 |
| Sobha Construction Products Private Limited | 0.04% | 10.64 | 0.04% | 0.42 | 0.00% | - | 0.04% | 0.42 |
| Sobha Contracting Private Ltd | (0.01%) | (1.86) | (0.03%) | (0.30) | 0.00% | - | (0.03%) | (0.30) |
| Sobha Nandambakkam Developers Limited | 0.18% | 53.53 | 0.77% | 8.82 | 0.00% | - | 0.80% | 8.82 |
| Sobha Tambaram Developers Limited | 0.40% | 117.92 | 1.28% | 14.68 | 0.00% | - | 1.32% | 14.68 |
| Kilai Builders Private Limited | 0.59% | 173.26 | 15.11% | 173.44 | 0.00% | - | 15.65% | 173.44 |
| Kuthavakkam Builders Private Limited | (0.06%) | (18.77) | (0.00%) | (0.03) | 0.00% | - | (0.00%) | (0.03) |
| Kuthavakkam Realtors Private Limited | (0.06%) | (17.66) | (0.00%) | (0.03) | 0.00% | - | (0.00%) | (0.03) |
| **Joint ventures (Investment as per the equity method)** | | - | | - | | | | |
| Kondhwa Projects LLP | 3.90% | 1,149.33 | 0.00% | - | 0.00% | - | 0.00% | - |
| **Associates** | | | | | | | | |
| C.V.S.Tech Park Private Limited | 0.00% | 0.05 | 0.00% | - | 0.00% | - | 0.00% | - |
| **Sub total** | **100.00%** | **29,444.92** | **100.00%** | **1,148.15** | **100.00%** | **(39.93)** | **100.00%** | **1,108.22** |
| Adjustments arising out of consolidation | | (4,498.21) | | (106.10) | | - | | (106.10) |
| **Total** | | **24,946.71** | | **1,042.05** | | **(39.93)** | | **1,002.12** |

**45 Additional regulatory information pursuant to the requirement in Division II of Schedule III to the Companies Act 2013**

(i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(ii) The Group does not have any transactions with companies struck off.

(iii) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(iv) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(v) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(vi) The Group has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

(vii) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(viii) The Group has complied with number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

**46** As the Group is engaged in providing infrastructural facilities as specified in Schedule VI of the Act, provisions of section 186 except sub-section (1) of the Act are not applicable to the Group.

**47** No material events have occurred between the Balance Sheet date to the date of issue of these consolidated financial statements that could affect the values stated in the financial statements as at 31 March 2024.

**48** Previous year's figures have been regrouped or reclassified wherever necessary to conform with the current year figures. The impact of such reclassification / regrouping is not material to the consolidated financial statement.

As per our report of even date attached

*For* **Walker Chandiok & Co LLP**
*Chartered Accountants*
Firm registration number: 001076N/N500013

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

**Manish Agrawal**
*Partner*
Membership No.: 507000

**Ravi PNC Menon**
*Chairman*
DIN: 02070036

**Jagadish Nangineni**
*Managing Director*
DIN: 01871780

**Yogesh Bansal**
*Chief Financial Officer*

**Bijan Kumar Dash**
*Company Secretary and Compliance Officer*
ACS17222

New Delhi
17 May 2024

Bengaluru
17 May 2024

# INDEPENDENT AUDITORS' REPORT

## To the Members of Sobha Limited
## Report on the Audit of The Consolidated Financial Statements

### Opinion

1. We have audited the accompanying consolidated financial statements of Sobha Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associate and joint venture, as listed in Annexure I, which comprise the Consolidated Balance Sheet as at 31 March 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements including a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, associate and joint venture, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associate and joint venture, as at 31 March 2023, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards 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, its associate and joint venture in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated 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 together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 16 of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

4. We draw attention to Note 39(5) to the accompanying Consolidated Financial Statements regarding the search operation carried out by the Income Tax Department at various business premises of the Holding Company and certain other group companies during March 2023. As the Holding Company and certain other group companies have not received any communication on the findings of the investigation by the Income Tax department till date, the impact of this matter on the accompanying consolidated financial statements for the year ended 31 March 2023 and the adjustments, (if any) required to these accompanying consolidated financial Statement, is presently not ascertainable. Our opinion is not modified in respect of this matter.

### Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, were of most significance in our audit of the consolidated financial statements of the current period. These matters

were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

6. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| **1. Revenue recognition for sale of residential units** | |
| The Group applies Ind AS 115, Revenue from Contracts with Customers ("Ind AS 115") for recognition of revenue from sale of residential units and revenue from joint development agreements. Refer note 2.4(b)(I)(i) and 25 to the consolidated financial statements for accounting policy and related disclosures.<br><br>Revenue is recognised upon transfer of control of residential units to customers for an amount which reflects the consideration the Group expects to receive in exchange for those units. The point of revenue recognition is normally based on the terms as included in the intimation for the handover of unit to the customer on completion of the project, and substantial collection is received. The Group recognises the revenue at a point in time upon handover/deemed handover of the residential units.<br><br>For contracts involving sale of residential units, the Group receives the consideration in accordance with the terms of the contract in proportion of the percentage of completion of such real estate project and represents payments made by customers to secure performance obligation of the Group under the contract enforceable by customers. The assessment of such consideration received from customers involves significant judgment in determining if the contracts with customers involves any financing element.<br><br>For revenue contracts forming part of joint development arrangements that are not jointly controlled operations ('JDA'), the revenue from the development and transfer of constructed area/revenue share with corresponding land/ development rights received by the Group is measured at the fair value of the estimated construction service rendered by the Group to the landowner under JDA. Such | Our audit procedures on revenue recognised from sale of residential units included, but were not limited to the following:<br><br>• Evaluated the appropriateness of accounting policy for revenue recognition on sale of residential units in terms of principles enunciated under Ind AS 115;<br><br>• Assessed the management evaluation of determining revenue recognition from sale of residential units at a point in time in accordance with the requirements under Ind AS 115;<br><br>• Obtained and understood the revenue recognition process, evaluated the design and performed test of controls over revenue recognition including determination of point of transfer of control and completion of performance obligations on a sample basis;<br><br>• Inspected, on a sample basis, underlying customer contracts and sale deed/handover documents, evidencing the transfer of control of the residential units to the customer based on which revenue is recognised at a point in time, and whether the contracts with customers involved any financing element; and<br><br>• Visited sites during the year for selected projects to understand the nature, status and progress of the projects.<br><br>For projects executed during the year in accordance with JDAs, we have performed the following procedures on a sample basis:<br><br>• Obtained and understood the revenue recognition process and performed test of controls over revenue recognition including fair valuation of estimated construction service revenue under JDA; |

| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| **Revenue recognition for sale of residential units (cont'd)** | |
| revenue is recognised over a period of time in accordance with the requirements of Ind AS 115.<br><br>Ind AS 115 requires significant judgment in determining when 'control' of the residential units is transferred to the customer. Further, for projects executed through JDA, significant estimate is undertaken by management for determining the fair value of the estimated construction service.<br><br>Considering the significance of management judgements and estimates involved and the materiality of amounts involved, aforementioned revenue recognition is identified as a key audit matter. | • Obtained and examined the computation of the fair value of the construction service under JDA with reference to project cost estimates and mark up considered by the management;<br>• Obtained the JDAs entered into by the Holding Company, including addendums thereto and compared the ratio of constructed area/ revenue sharing arrangement between the Holding Company and the landowner as mentioned in the agreement to the computation statement prepared by the management; and<br>• Tested the computation for recognition of revenue over a period of time for revenue contracts forming part of JDA and management's assessment of stage of completion of projects and project cost estimates.<br><br>Assessed the adequacy of disclosures included in the consolidated financial statements in compliance with the requirements of Ind AS 115. |
| **2. Revenue recognition for contractual construction projects** | |
| The Group recognises revenue over a period of time in accordance with Ind AS 115, Revenue from Contracts with Customers ("Ind AS 115"). Refer note 2.4(b)(I)(ii) and 25 to the consolidated financial statements for accounting policy and related disclosures.<br><br>The Group recognises revenue from construction contracts on the basis of stage of completion (input method) based on the proportion of contract costs incurred at reporting date, relating to the total estimated costs of the contract at completion. The recognition of revenue is therefore dependent on estimates in relation to total estimated costs of each such contract, which is subject to inherent uncertainty as it requires ascertainment of progress of the project, cost incurred till date and balance cost to be incurred to complete the project.<br><br>Significant judgments are also involved in determining when the underlying performance | Our audit procedures on revenue recognition for contractual construction projects included, but were not limited to the following:<br>• Evaluated the appropriateness of accounting policy on revenue recognition for contractual construction projects in terms of principles enunciated under Ind AS 115;<br>• Evaluated the design and tested operating effectiveness of key controls around budgeting of project cost, approval of purchase orders, recording of actual cost, raising of invoices and estimating the cost to complete the project;<br>• Assessed management evaluation of determining revenue recognition for contractual construction projects over a period of time in accordance with the requirements of Ind AS 115; |

| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| **Revenue recognition for contractual construction projects (cont'd)** | |
| obligations are satisfied and also determining expected losses, when such losses become probable based on the expected total contract cost. Cost contingencies are included in these estimates to take into account specific risks of uncertainties or disputed claims against the Group, arising within each contract. These contingencies are reviewed by the Management on a regular basis throughout the life of the contract and adjusted where appropriate.<br><br>Considering the significance of management judgements and estimates involved and the materiality of amounts involved, revenue recognition from construction contracts is identified as a key audit matter. | • On a sample basis, tested costs incurred by examining underlying invoices and other applicable documents;<br>• For sample invoices raised during the year, verifying the underlying documents including invoices, work orders and customer acceptance;<br>• Compared actual cost with budgeted cost to determine percentage of completion of the project<br>• Assessed the adequacy of disclosures included in the consolidated financial statements in compliance with the requirements of Ind AS 115. |

| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| **3. Assessing the recoverability of carrying value of Inventories, advances paid towards land procurement and deposits paid under joint development arrangements ("JDA")** | |
| Refer note 2.4(d), 2.2(e), 2.2(p), 10, 14 and 13 to the consolidated financial statements for accounting policies on inventories, advances paid towards land procurement and deposits paid under JDA (financial asset) and related financial disclosures.<br><br>As at 31 March 2023, the carrying value of the inventory comprising of Work in progress, Stock of residential units in completed projects and land stock is ₹ 84,908.10 million, land advances is ₹ 9,705.52 million and refundable deposits paid under JDA is ₹ 3,391.06 million, represents a significant portion of the Group's total assets.<br><br>The inventories are carried at lower of cost and net realisable value ('NRV'). The determination of the NRV involves estimates based on prevailing market conditions and taking into account the estimated future selling price, cost to complete projects and selling costs. | Our procedures in assessing the carrying value of the inventories, land advances and deposits paid under JDA included, but were not limited to the following:<br>• Evaluated the appropriateness of accounting policies with respect to inventories, land advances and deposits paid under JDA in terms of principles enunciated under applicable accounting standards;<br>• Evaluated the design and tested operation of internal controls related to testing NRV/ net recoverable value with carrying amount of inventory, land advances and deposits paid under JDA;<br>• Inquired with management to understand key assumptions used in determination of the NRV/ net recoverable value; and |

| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| **Assessing the recoverability of carrying value of Inventories, advances paid towards land procurement and deposits paid under joint development arrangements ("JDA") (cont'd)** | |
| Advances paid by the Group to the seller/ intermediary towards outright purchase of land is recognised as land advance under other assets during the course of transferring the legal title to the Group, whereupon it is transferred to land stock under inventories. Further, deposits paid under joint development arrangements are in the nature of non-refundable/refundable deposits, for acquiring the development rights. On the launch of the project, the non-refundable amount is transferred as land cost to work-in-progress.<br><br>The aforesaid deposits and advances are carried at the lower of the amount paid/payable and net recoverable value, which is based on the management's assessment including the expected date of commencement and completion of the project and the estimate of sale prices and construction costs of the project.<br><br>We identified the assessment towards recoverability of carrying value of inventory, land advances and deposits paid under JDA as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole and the involvement of estimates and judgement in the assessment. | • Obtained and tested the computation/ assessment of the NRV/ net recoverable value on a sample basis.<br><br>For inventory balance:<br><br>• Compared the NRV to recent sales in the project or to the estimated selling price;<br><br>• Obtained and assessed the Holding Company's methodology applied and assumptions used in assessing the net realisable value based on current market conditions and having regard to expected launch of the project, project development plan and expected future sales;<br><br>• Compared the estimated construction costs to complete each project with the Holding Company's updated budgets; and<br><br>• For land stock, on a sample basis, obtained the fair valuation reports or the published guidance values and reviewed the valuation methodology, key estimates and assumptions adopted in the valuation. Involved auditor's valuation expert, where such fair valuation reports were obtained.<br><br>For land advances/ deposits paid under JDA<br><br>• Obtained an update on the status of the land acquisition/ project progress from the management and verified the underlying documents for related developments in respect of the land acquisition to assess Holding Company's rights over the land parcels in subject and expected recoverability of land advances / deposits paid under JDA; and<br><br>• Carried out external confirmation procedures on sample basis to obtain evidence supporting the carrying value of land advance and deposits paid under JDA.<br><br>Assessed the adequacy of disclosures included in the consolidated financial statements in compliance with the applicable accounting standards. |

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>4. Assessment of certain transactions entered into by the Holding Company and recoverability of balances, on which regulatory proceedings are ongoing</td><td></td></tr>
<tr><td>The Holding Company had entered into a joint development arrangement with certain landowners in Gurugram, Haryana, in earlier years. In respect of this transaction, the Enforcement Directorate ('ED') after due investigation has filed a complaint with Adjudicating Authority, Prevention of Money Laundering ('AA-PML'), alleging certain irregularities in respect of the manner of allotment and pricing of certain plots under this project or payment of applicable fees and charges by the Holding Company or the landowners, with respect to the terms and conditions mentioned in the development policy of Haryana Development and Regulation of Urban Areas Act (HDRUAA), 1975 and the bilateral agreement between the land owners and Directorate of Town and Country Planning, Haryana (DTCP) resulting in provisional attachment under the Prevention of Money Laundering Act, 2002 ('PMLA') of land parcels with value of ₹ 2,016.05 million held by Technobuild Developers Private Limited ('TDPL') disclosed under Note 39(4). The Holding Company has entered into a Memorandum of Understanding ('MoU') with TDPL for acquiring land parcels using advances extended by the Holding Company, of equivalent value. As per the MoU, TDPL and its affiliates cannot transfer land parcels without prior approval of the Holding Company and the Holding Company has absolute rights over land parcels acquired by TDPL and its affiliates acquired from such advance given by the Holding Company<br><br>As part of the inquiry process, the Holding Company and its officers have been asked to provide contracts, documents and justification in respect of this transaction by the concerned authorities. The Holding Company and its officers have been responding to the queries raised/documents sought from time to time. During the year, the Holding Company is in receipt of Show Cause Notice (SCN) under the PMLA from AA-PML and the Holding Company in consultation with its legal counsel has responded to allegations made in SCN.</td><td>Our audit procedures on this matter included, but were not limited to the following:<br><br>• Obtained an understanding from the management with respect to process and controls followed by the Holding Company for identification, monitoring of significant developments and impact analysis in relation to the litigations, including completeness thereof;<br><br>• Gaining an understanding of the ongoing regulatory proceedings through discussions with the management, and reading the underlying case related documents, communications and legal opinions to ensure consistency with the explanations provided to us and we have also assessed the objectivity, experience, competence and independence of management's expert;<br><br>• Evaluated and challenged the Holding Company's assessment of recoverability of the balances outstanding as at the balance sheet date, the business rationale for entering these transactions, including considering the developments on the matter subsequent to the balance sheet date;<br><br>• Engaged auditor's expert, who obtained an understanding of the current status of the litigation, reviewed independent legal opinion obtained by the management and considered relevant legal provisions and available precedents to validate the conclusions made by the management's expert;</td></tr>
</table>

| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| **Assessment of certain transactions entered into by the Holding Company and recoverability of balances, on which regulatory proceedings are ongoing (cont'd)** | |
| The Holding Company, based on its overall assessment and independent legal opinion obtained, believes that these transactions have been carried out in accordance with all the applicable laws and regulations and the said bilateral agreement and has not identified any adverse material impact to the consolidated financial statements.<br><br>Considering the significance of the matter which involves uncertainty of outcome due to ongoing proceedings in AA-PML and significant judgements and estimates by the Holding Company on theassessment of the legality and outcome of the above case, this is considered as a key audit matter.<br><br>Considering this matter is also fundamental to the understanding of the user of consolidated financial statements, we draw attention to Note 39(4) of the consolidated financial statements. | • Communicated and discussed periodic updates on these transactions with those charged with governance, including the recoverability and management's business rationale aspects for these transactions; and<br><br>Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the consolidated financial statements. |

| | |
|---|---|
| **5. Restatement in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("Ind AS 8")** | |
| The accounting policies for restatement of Consolidated financial statements are set out in Note 2.4(v) to the consolidated financial statements.<br><br>During the current year, the Group has made restatements relating to (i) capitalisation of borrowing cost (ii) accounting for Joint Development Arrangement (JDAs) [not being jointly controlled operations] (iii) accounting for significant financing element in customer contracts and various other restatements which has been explained in Note 45 of the Consolidated financial statements. Amongst other things, the aforesaid restatements required detailed re-computation of capitalisation of eligible borrowing costs for earlier years, detailed assessment of all ongoing JDAs entered into by the Group and required significant judgements and estimates to be made | Our audit procedures on this matter included, but were not limited to the following:<br><br>• Obtained an understanding of the management process for identification of restatement adjustments to be made in the consolidated financial statements;<br><br>• Evaluated the design and tested the operating effectiveness of internal controls relevant to restatement adjustments;<br><br>• Evaluated the appropriateness of the implementation of accounting policies and ensured compliance with the requirements of the respective accounting standards and related authoritative pronouncements; |

| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| **Restatement in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("Ind AS 8") (cont'd)** | |
| on part of the management. Further, assessment of consideration received from customers involves significant judgment in determining if the contracts with customers involves any financing element.<br><br>Considering the quantum of amounts involved, the audit efforts required to audit such restatements in-depth, frequent interactions with the management and those charged with Governance, the restatement is identified as a key audit matter for the current year audit.<br><br>The above matter is also considered fundamental to the understanding of the user of consolidated financial statements on account of the restatement of comparative financial information for various corrections of material prior period errors and reclassifications, which are further described in Note 45 of the consolidated financial statements. | • Obtained and tested the computation/ workings involved in restatement and understood from the management, the rationale in view of the applicable accounting standards for the restatement adjustments carried out in the consolidated financial statements;<br><br>• Obtained and assessed the relevant contracts/ agreements for impact assessment of restatement adjustments; and<br><br>• Ensured that all restatement adjustments have been dealt with and disclosed in the Consolidated financial statement in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors as well as the respective accounting standards (including division II of Schedule III), as relevant. |

### Information other than the Consolidated Financial Statements and Auditor's Report thereon

7. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditor's 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 consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   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.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

8. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and

consolidated cash flows of the Group including its associate and joint venture in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company's Board of Directors are also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act the respective Board of Directors of the companies included in the Group, and its associate company covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

9. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for assessing the ability of the Group and of its associate and joint venture 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 intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

10. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its associate and joint venture.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

11. 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 Standards on Auditing 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.

12. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act 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 whether the Holding Company has adequate internal financial controls with reference to consolidated 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 made by management;
- Conclude on the appropriateness of 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 ability of the Group and its associate and joint venture 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate and joint venture to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information/ financial statements of the entities or business activities within the Group, and its associate and 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 statements 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 the 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.

13. 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.

14. 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.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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

16. We did not audit the financial statements of 18 subsidiaries, whose financial statements reflects total assets of ₹ 10,139.55 million and net assets of ₹ 4,884.85 million as at 31 March 2023, total revenues of ₹ 1,046.66 million and net cash inflows amounting to ₹ 26.02 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose 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 subsidiaries and our report in terms of sub-section (3) of section Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, are based solely on the reports of the other auditors.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

17. The consolidated financial statements include the Group's share of net profit (including other comprehensive income) of ₹ Nil for the year ended 31 March 2023, as considered in the consolidated financial statements, in respect of 1 associate and 1 joint venture, whose financial information has not been audited by us. These financial information is unaudited and 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 the aforesaid associate and 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, these financial information are not material to the Group..

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial information certified by the management.

18. The consolidated financial statements of the Group for the year ended 31 March 2022 were audited by the predecessor auditor, B S R & Co. LLP, who have expressed an unmodified opinion on those consolidated financial statements vide their audit report dated 20 May 2022.

### Report on Other Legal and Regulatory Requirements

19. As required by section 197(16) of the Act based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 16, on separate financial statements of the subsidiaries, we report that the Holding Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act. Further, we report that 17 subsidiary companies incorporated in India whose financial statements have been audited under the Act have not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable in respect of such subsidiary companies. We also report that the provisions of section 197 read with Schedule V to the Act are not applicable to an associate company incorporated in India, since such company is not a public company as defined under section 2(71) of the Act.

20. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued by us and by the respective other auditors as mentioned in paragraph 16 above, of companies included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such companies.

21. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries incorporated in India whose financial statements have been audited under the Act, 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 purpose of our audit of the aforesaid consolidated financial statements;

    b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid 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 financial statements 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 Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;

e. On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding and the reports of the statutory auditors of its subsidiary companies, covered under the Act, none of the directors of the Group companies and its associate company, are disqualified as on 31 March 2023 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 associate company covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure II' wherein we have expressed an opinion; and

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), 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 report of the other auditors on separate financial statements and other financial information of the subsidiaries incorporated in India whose financial statements have been audited under the Act:

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate and joint venture as detailed in Note 39 to the consolidated financial statements;

   ii. The Holding Company, its subsidiaries, associate company and joint venture did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2023;

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2023. Further, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary companies and the associate company covered under the Act, during the year ended 31 March 2023;

   iv. a. The respective managements of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, as disclosed in note 47(iv) to the accompanying consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies to or in any persons or entities, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiaries, its associate company or its joint venture ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

      b. The respective managements of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, as disclosed in the note 47(v) to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiary companies from any persons or entities, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiaries, its associate company or its joint venture shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed by us and that performed by the auditors of the subsidiaries as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The final dividend paid by the Holding Company during the year ended 31 March 2023 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend. Further, the subsidiary companies and associate company have not declared or paid any dividend during the year ended 31 March 2023.

As stated in note 19 to the accompanying consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year ended 31 March 2023 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

**Manish Agrawal**
Partner
Membership No.: 507000
UDIN: 23507000BGYESK9813

Bengaluru
29 May 2023

## Annexure I

**List of entities consolidated in the consolidated financial statements of Sobha Limited for the year ended 31 March 2023 (in addition to the Sobha Limited, the Holding Company)**

| S. No. | Name of the Company/Entity | Relationship |
|---|---|---|
| 1 | Sobha City | Subsidiary |
| 2 | Sobha Highrise Ventures Private Limited | Subsidiary |
| 3 | Sobha Developers (Pune) Limited | Subsidiary |
| 4 | Sobha Assets Private Limited | Subsidiary |
| 5 | Sobha Tambaram Developers Limited | Subsidiary |
| 6 | Sobha Nandambakkam Developers Limited | Subsidiary |
| 7 | Sobha Construction Products Private Limited | Subsidiary |
| 8 | Vayaloor Properties Private Limited | Step-down subsidiary |
| 9 | Vayaloor Builders Private Limited | Step-down subsidiary |
| 10 | Vayaloor Developers Private Limited | Step-down subsidiary |
| 11 | Vayaloor Real Estate Private Limited | Step-down subsidiary |
| 12 | Vayaloor Realtors Private Limited | Step-down subsidiary |
| 13 | Valasai Vettikadu Realtors Private Limited | Step-down subsidiary |
| 14 | Sobha Contracting Private Limited | Step-down subsidiary |
| 15 | Kilai Builders Private Limited | Step-down subsidiary |
| 16 | Kuthavakkam Builders Private Limited | Step-down subsidiary |
| 17 | Kuthavakkam Realtors Private Limited | Step-down subsidiary |
| 18 | Sobha Interiors Private Limited | Step-down subsidiary |
| 19 | Kondhwa Projects LLP | Joint Venture |
| 20 | CVS Tech Park Private Limited | Associate |

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## Annexure II to the Independent Auditor's Report of even date to the members of Sobha Limited on the consolidated financial statements for the year ended 31 March 2023

**Independent Auditor's Report on the internal financial controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

1. In conjunction with our audit of the consolidated financial statements of Sobha Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associate and joint venture as at and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and its associate company, which are companies covered under the Act, as at that date.

**Responsibilities of Management and Those Charged with Governance for Internal Financial Controls**

2. The respective Board of Directors of the Holding Company, its subsidiary companies and its associate company, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to consolidated 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 ('Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). 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 the Company's business, including adherence to the 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 Act.

**Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Consolidated Financial Statements**

3. The audit of internal financial controls with reference to financial statements of the aforementioned associate company, which is a company covered under the Act, and reporting under Section 143(3)(i) is exempted vide MCA notification no. G.S.R. 583(E) dated 13 June 2017 read with corrigendum dated 14 July 2017. Consequently, our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. 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 if such controls operated effectively in all material respects.

4. 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 includes 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 consolidated financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained, and the audit evidence obtained by the other auditors 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 financial statements of the Holding Company and its subsidiary companies as aforesaid.

**Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements**

6. 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 consolidated financial statements for external purposes in accordance with generally accepted accounting

principles. A company's internal financial controls with reference to consolidated 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 consolidated 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 consolidated financial statements.

**Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

7. 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..

**Opinion**

8. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies, the Holding Company and its subsidiary companies which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to consolidated financial statements and such controls were operating effectively as at 31 March 2023, 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 issued by the ICAI.

**Other Matter**

9. We did not audit the internal financial controls with reference to financial statements insofar as it relates to 17 subsidiary companies which are covered under the Act, whose financial statements reflect total assets of ₹ 6,819.20 million and net assets of ₹ 3,107.12 million as at 31 March 2023, total revenues of ₹ 696.59 million and net cash inflows amounting to ₹ 29.98 million for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies, have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company and its subsidiary companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

**Manish Agrawal**
Partner
Membership No.: 507000
UDIN: 23507000BGYESK9813

Bengaluru
29 May 2023

# SOBHA LIMITED
## CONSOLIDATED STATEMENT OF BALANCE SHEET AS AT 31 MARCH 2023
(All amounts in ₹ millions, unless otherwise stated)

| Particulars | Note | As at 31 March 2023 | As at 31 March 2022 Restated(*) | As at 1 April 2021 Restated(*) |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 4 | 4,129.98 | 4,160.93 | 4,538.79 |
| Investment property | 5 | 4,518.72 | 3,962.02 | 3,956.46 |
| Investment property under development | 6 | 67.89 | 65.03 | 700.58 |
| Intangible asset under development | 7 | 17.62 | - | - |
| Goodwill | 8 | 171.67 | 171.67 | 172.90 |
| Other intangible assets | 8 | 2.55 | 4.69 | 8.81 |
| Right of use assets | 38 | 103.27 | 153.18 | 189.27 |
| Investments accounted for using the equity method | 9A | 1,149.38 | 1,148.78 | 1,142.52 |
| Financial assets | | | | |
| (i) Investments | 9B | 0.08 | 0.18 | 0.18 |
| (ii) Trade receivables | 11 | 795.18 | 654.56 | 521.01 |
| (iii) Other financial assets | 13 | 382.60 | 1,414.05 | 1,267.32 |
| Income tax assets (net) | 33 | 217.46 | 116.01 | 96.75 |
| Deferred tax asset (net) | 33 | 222.38 | 247.13 | 278.94 |
| Other non-current assets | 14 | 9,297.99 | 3,702.29 | 4,542.69 |
| | | **21,076.77** | **15,800.52** | **17,416.22** |
| **Current assets** | | | | |
| Inventories | 10 | 87,609.75 | 76,515.79 | 74,984.00 |
| Financial assets | | | | |
| (i) Trade receivables | 11 | 1,580.16 | 3,504.53 | 1,937.18 |
| (ii) Cash and cash equivalents | 15 | 2,793.86 | 1,390.65 | 1,637.38 |
| (iii) Bank balance other than (ii) above | 16 | 1,720.18 | 392.44 | 404.11 |
| (iv) Loans | 12 | 9.00 | 11.19 | - |
| (v) Other financial assets | 13 | 4,711.51 | 4,893.49 | 5,801.94 |
| Other current assets | 14 | 6,381.20 | 12,910.63 | 12,968.92 |
| | | **104,805.66** | **99,618.72** | **97,733.53** |
| **Total assets** | | **125,882.43** | **115,419.24** | **115,149.75** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Equity share capital | 17 | 948.46 | 948.46 | 948.46 |
| Other equity | 18 | 23,998.25 | 23,280.67 | 21,889.74 |
| **Equity attributable to owners of the Holding Company** | | **24,946.71** | **24,229.13** | **22,838.20** |
| **Non - controlling interest** | | **-** | **-** | **-** |
| **Total equity** | | **24,946.71** | **24,229.13** | **22,838.20** |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| Financial liabilities | | | | |
| (i) Borrowings | 20 | 6,134.59 | 3,647.92 | 3,504.33 |
| (ii) Lease liabilities | 38 | 204.77 | 202.79 | 218.20 |
| Provisions | 22 | 228.85 | 174.70 | 151.46 |
| Deferred tax liabilities (net) | 33 | 125.82 | 116.76 | 126.48 |
| | | **6,694.03** | **4,142.17** | **4,000.47** |
| **Current liabilities** | | | | |
| Financial liabilities | | | | |
| (i) Borrowings | 20 | 13,900.90 | 21,389.35 | 26,816.34 |
| (ii) Lease liabilities | 38 | 28.04 | 50.70 | 60.98 |
| (iii) Trade payables | | | | |
| (A) Total outstanding dues of micro enterprises and small enterprises; and | 23 | - | - | - |
| (B) Total outstanding dues of creditors other than micro enterprises and small enterprises | 23 | 5,986.75 | 4,469.65 | 4,986.54 |
| (iv) Other financial liabilities | 21 | 8,970.44 | 7,578.02 | 7,579.18 |
| Other current liabilities | 24 | 65,152.80 | 53,202.73 | 48,642.43 |
| Provisions | 22 | 202.76 | 154.55 | 138.50 |
| Current tax liabilities (net) | 33 | - | 202.94 | 87.11 |
| | | **94,241.69** | **87,047.94** | **88,311.08** |
| **Total liabilities** | | **100,935.72** | **91,190.11** | **92,311.55** |
| **Total equity and liabilities** | | **125,882.43** | **115,419.24** | **115,149.75** |

(*) The comparative information is restated on account of correction of errors. Refer Note 45

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

*For* **Walker Chandiok & Co LLP**
*Chartered Accountants*
Firm registration number: 001076N/N500013

**Manish Agrawal**
*Partner*
Membership No.: 507000

Bengaluru
29 May 2023

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

**Ravi PNC Menon**
*Chairman*
DIN: 02070036

**Jagadish Nangineni**
*Managing Director*
DIN: 01871780

**Yogesh Bansal**
*Chief Financial Officer*

**Vighneshwar G Bhat**
*Company Secretary and Compliance Officer* ACS16651

Bengaluru
29 May 2023

## SOBHA LIMITED
## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2023
(All amounts in ₹ millions, unless otherwise stated)

| Particulars | Note | Year ended 31 March 2023 | Year ended 31 March 2022 Restated(*) |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 25 | 33,101.14 | 25,612.60 |
| Other income | 26 | 923.19 | 839.67 |
| **Total income** | | **34,024.33** | **26,452.27** |
| **Expenses** | | | |
| Land purchase cost | | 10,528.43 | 2,072.07 |
| Cost of materials consumed | 27 | 3,659.79 | 1,982.21 |
| Purchase of project materials | | 9,554.69 | 5,195.23 |
| Changes in Inventories of raw materials, land stock, work in progress and finished goods | 28 | (11,013.29) | (1,533.42) |
| Sub-contractor cost | | 8,291.69 | 6,412.58 |
| Employee benefits expense | 29 | 2,944.75 | 2,511.96 |
| Finance costs | 30 | 2,490.24 | 3,083.25 |
| Depreciation and amortisation expense | 31 | 678.37 | 718.27 |
| Other expenses | 32 | 5,439.91 | 3,643.87 |
| **Total expenses** | | **32,574.58** | **24,086.02** |
| **Profit before tax and share of profits/(loss) in associate/joint venture** | | **1,449.75** | **2,366.25** |
| Share of profit/(loss) in associate/joint venture | | - | - |
| **Profit before tax** | | **1,449.75** | **2,366.25** |
| Tax expenses | | | |
| Current tax | 33 | 360.46 | 609.23 |
| Deferred tax charge | 33 | 47.24 | 25.12 |
| **Income tax expense** | | **407.70** | **634.35** |
| **Profit for the year** | | **1,042.05** | **1,731.90** |
| **Other comprehensive income** | | | |
| **Item that will not be reclassified to profit or loss** | | | |
| Re-measurement on defined benefit plan | 37 | (53.36) | (12.04) |
| Income tax relating to above | 33 | 13.43 | 3.03 |
| **Other comprehensive income for the year, net of tax** | | **(39.93)** | **(9.01)** |
| **Total comprehensive income for the year** | | **1,002.12** | **1,722.89** |
| **Profit attributable to:** | | | |
| Owners | | 1,042.05 | 1,731.90 |
| Non-controlling interests | | - | - |
| **Other comprehensive income attributable to:** | | | |
| Owners | | (39.93) | (9.01) |
| Non-controlling interests | | - | - |
| **Total comprehensive income attributable to:** | | | |
| Owners | | 1,002.12 | 1,722.89 |
| Non-controlling interests | | - | - |
| **Earnings per equity share [nominal value of ₹ 10 per share]** | | | |
| Basic and diluted (amount in ₹) | 34 | 10.99 | 18.27 |

(*) The comparative information is restated on account of correction of errors. Refer Note 45

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

*For* **Walker Chandiok & Co LLP**
*Chartered Accountants*
Firm registration number: 001076N/N500013

**Manish Agrawal**
*Partner*
Membership No.: 507000

Bengaluru
29 May 2023

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

**Ravi PNC Menon**
*Chairman*
DIN: 02070036

**Jagadish Nangineni**
*Managing Director*
DIN: 01871780

**Yogesh Bansal**
*Chief Financial Officer*

**Vighneshwar G Bhat**
*Company Secretary and Compliance Officer*
ACS16651

Bengaluru
29 May 2023

## SOBHA LIMITED
## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023
(All amounts in ₹ millions, unless otherwise stated)

| | Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| | | | **Restated(*)** |
| **A.** | **Cash flows from operating activities** | | |
| | Profit before tax | **1,449.75** | **2,366.25** |
| | **Adjustments to reconcile profit before tax to net cash flows from operating activities** | | |
| | Depreciation and amortization | 678.37 | 718.27 |
| | Gain on sale of property, plant and equipment and Investment property | (1.00) | (354.00) |
| | Finance costs (including fair value change in financial instruments) | 2,490.24 | 3,083.25 |
| | Finance income (including fair value change in financial instruments) | (293.32) | (286.76) |
| | Reversal of impairement loss on financial assets | (50.55) | |
| | Impairment of property, plant and equipment | 58.71 | - |
| | Allowance for credit loss | 372.10 | 43.03 |
| | Bad debts written off | - | 3.54 |
| | Provision for land advances | 168.16 | - |
| | Other advances written off | 60.85 | - |
| | Liabilities written back | (327.96) | (6.00) |
| | **Operating profit before working capital changes** | **4,605.35** | **5,567.58** |
| | **Working capital adjustments** | | |
| | Changes in trade receivables | 1,412.63 | (1,748.57) |
| | Changes in inventories | (11,093.95) | (1,532.45) |
| | Changes in other current and non-current financial assets | 1,098.10 | 1,281.10 |
| | Changes in other current and non-current assets | 766.56 | 1,152.14 |
| | Changes in trade payables | 1,844.86 | (517.00) |
| | Changes in provisions | 102.36 | 39.00 |
| | Changes in other current financial liabilities | 1,512.52 | (121.00) |
| | Changes in other current liabilities | 11,932.69 | 4,658.61 |
| | **Cash generated from operating activities** | **12,181.12** | **8,779.41** |
| | Income tax paid (net of refund) | (679.00) | (514.85) |
| | **Net cash flows from operating activities (A)** | **11,502.12** | **8,264.56** |
| **B.** | **Cash flow from investing activities** | | |
| | Purchase of property, plant and equipment, investment property and intangible assets | (1,234.05) | (200.47) |
| | Proceeds from sale of property, plant and equipment and investment property | 68.00 | 661.49 |
| | Investments in fixed deposits (net) | (1,326.76) | (102.79) |
| | Investment in mutual funds | - | (6.21) |
| | Interest income | 124.39 | 30.10 |
| | **Net cash flows (used in)/from investing activities (B)** | **(2,368.43)** | **382.12** |
| **C.** | **Cash flow from financing activities** | | |
| | Repayments from current borrowings (net) | (6,438.83) | (9,162.94) |
| | Proceeds from non-current borrowings | 2,723.80 | 4,093.82 |
| | Repayment of non-current borrowings | (1,404.12) | (496.91) |
| | Repayment of principal portion of lease liabilities | (52.10) | (48.17) |
| | Repayment of interest portion of lease liabilities | (27.26) | (30.83) |
| | Interest paid | (2,246.65) | (2,916.37) |
| | Dividend paid on equity shares | (285.32) | (332.01) |
| | **Net cash flows used in financing activities (C)** | **(7,730.48)** | **(8,893.41)** |
| | Net increase/(decrease) in cash and cash equivalents (A+B+C) | 1,403.21 | (246.73) |
| | Cash and cash equivalents at the beginning of the year | 1,390.65 | 1,637.38 |
| | **Cash and cash equivalents at the end of the year (Refer Note 15)** | **2,793.86** | **1,390.65** |
| | **Less:** Book overdraft from scheduled banks (Refer Note 21) | (1,026.00) | (290.00) |
| | **Net Cash and cash equivalents at the end of the year** | **1,767.86** | **1,100.65** |

## SOBHA LIMITED
## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023
(All amounts in ₹ millions, unless otherwise stated)

**Note:**

(i) Changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes:

| Liabilities | As at 1st April 2022 | Cash flow | Non-cash changes: Amortization of transaction cost | Non-cash changes: Accrued Interest | Non-cash changes: Initial recognition of Lease Liability | As at 31 March 2023 |
|---|---|---|---|---|---|---|
| Borrowings from bank and other parties | 24,542.18 | (4,624.06) | 117.37 | - | - | 20,035.49 |
| Non-convertible debentures | 495.09 | (495.09) | - | - | - | - |
| Interest on Borrowings | 35.07 | (2,246.65) | - | 2,273.97 | - | 62.39 |
| Unclaimed dividend | 2.32 | (0.32) | - | - | - | 2.00 |
| Lease liabilities | 253.49 | (79.36) | - | 27.26 | 31.42 | 232.81 |

| Liabilities | As at 1st April 2021 | Cash flow | Non-cash changes: Amortization of transaction cost | Non-cash changes: Accrued Interest | Non-cash changes: Initial recognition of Lease Liability | As at 31 March 2022 |
|---|---|---|---|---|---|---|
| Borrowings from bank and other parties | 30,320.67 | (6,066.03) | 287.54 | - | - | 24,542.18 |
| Non-convertible debentures | - | 500.00 | (4.91) | - | - | 495.09 |
| Interest on Borrowings | 28.98 | (2,916.37) | - | 2,922.46 | - | 35.07 |
| Unclaimed dividend | 2.33 | (0.01) | - | - | - | 2.32 |
| Lease liabilities | 279.18 | (79.00) | - | 30.83 | 22.48 | 253.49 |

(*) The comparative information is restated on account of correction of errors. Refer Note 45

The above Consolidated Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Ind AS 7, 'Statement of Cash flow'

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

*For* **Walker Chandiok & Co LLP**
*Chartered Accountants*
Firm registration number: 001076N/N500013

**Manish Agrawal**
*Partner*
Membership No.: 507000

Bengaluru
29 May 2023

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

**Ravi PNC Menon**
*Chairman*
DIN: 02070036

**Jagadish Nangineni**
*Managing Director*
DIN: 01871780

**Yogesh Bansal**
*Chief Financial Officer*

**Vighneshwar G Bhat**
*Company Secretary and Compliance Officer* ACS16651

Bengaluru
29 May 2023

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## SOBHA LIMITED
## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023
(All amounts in ₹ millions, unless otherwise stated)

**a. Equity share capital***

| | Amount |
|---|---|
| **Balance as at 1 April 2021** | **948.46** |
| Changes in equity share capital during the year | - |
| **Balance as at 31 March 2022** | **948.46** |
| | |
| **Balance as at 1 April 2022** | **948.46** |
| Changes in equity share capital during the year | - |
| **Balance as at 31 March 2023** | **948.46** |

**b. Other equity****

| | Attributable to owners of the Company | | | | | |
|---|---|---|---|---|---|---|
| | Reserves and Surplus | | | | Items of OCI | Total |
| | Capital redemption reserve | Securities premium | General reserve | Retained earnings | Other items of OCI | |
| **Balance as at 1 April 2021 (as previously reported)** | **119.47** | **9,328.92** | **4,235.65** | **9,644.35** | **0.50** | **23,328.89** |
| Impact of correction of errors (Refer note 45) | - | - | - | (1,439.15) | - | (1,439.15) |
| **Balance as at 1 April 2021 (Restated)** | **119.47** | **9,328.92** | **4,235.65** | **8,205.20** | **0.50** | **21,889.74** |
| **Total comprehensive income for the year ended 31 March 2022 (Restated)** | | | | | | |
| Profit for the year | - | - | - | 1,731.90 | - | 1,731.90 |
| Other comprehensive income | - | - | - | - | (9.01) | (9.01) |
| **Total comprehensive income for the year (Restated)** | **-** | **-** | **-** | **1,731.90** | **(9.01)** | **1,722.89** |
| **Transfer to other reserves** | | | | | | |
| General reserve | - | - | 112.85 | (112.85) | - | - |
| **Total transfer to other reserves** | **-** | **-** | **112.85** | **(112.85)** | **-** | **-** |
| **Transaction with owners, recorded directly in equity** | | | | | | |
| Dividend | - | - | - | (331.96) | - | (331.96) |
| **Total distribution to owners** | **-** | **-** | **-** | **(331.96)** | **-** | **(331.96)** |
| **Balance as at 31 March 2022 (Restated)** | **119.47** | **9,328.92** | **4,348.50** | **9,482.29** | **(8.51)** | **23,280.67** |
| **Balance as at 31 March 2022 (as previously reported)** | **119.47** | **9,328.92** | **4,348.50** | **10,368.37** | **(8.51)** | **24,156.75** |
| Impact of correction of errors (Refer note 45) | - | - | - | (876.08) | - | (876.08) |
| **Balance as at 31 March 2022 (Restated)** | **119.47** | **9,328.92** | **4,348.50** | **9,492.29** | **(8.51)** | **23,280.67** |
| Profit for the year | - | - | - | 1,042.05 | - | 1,042.05 |
| Other comprehensive income | - | - | - | - | (39.93) | (39.93) |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **1,042.05** | **(39.93)** | **1,002.12** |
| **Transfer to other reserves** | | | | | | |
| General reserve | - | - | 104.20 | (104.20) | - | - |
| **Total transfer to other reserves** | **-** | **-** | **104.20** | **(104.20)** | **-** | **-** |
| **Transaction with owners, recorded directly in equity** | | | | | | |
| Dividend | - | - | - | (284.54) | - | (284.54) |
| **Total distribution to owners** | **-** | **-** | **-** | **(284.54)** | **-** | **(284.54)** |
| **Balance As at 31 March 2023** | **119.47** | **9,328.92** | **4,452.70** | **10,145.59** | **(48.44)** | **23,998.25** |

(*) Refer Note 17
(**) Refer Note 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

*For* **Walker Chandiok & Co LLP**
*Chartered Accountants*
IFirm registration number: 001076N/N500013

**Manish Agrawal**
*Partner*
Membership No.: 507000

Bengaluru
29 May 2023

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

**Ravi PNC Menon**
*Chairman*
DIN: 02070036

**Jagadish Nangineni**
*Managing Director*
DIN: 01871780

**Yogesh Bansal**
*Chief Financial Officer*

**Vighneshwar G Bhat**
*Company Secretary and Compliance Officer* ACS16651

Bengaluru
29 May 2023

## 1 Corporate information

Sobha Limited (the 'Company' or the 'Holding Company ') was incorporated on 07 August 1995 under the provision of erstwhile Companies Act, 1956. The Holding Company along with its subsidiaries, associate and joint venture (collectively referred to as 'the Group') is engaged in the business of real estate 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 Sobha's turnkey projects.

The Holding Company is a public limited company, incorporated and domiciled in India and has its registered office at, Sarjapur – Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bengaluru - 560 103. The Holding Company's equity shares are listed on two recognized stock exchanges in India namely National Stock Exchange of India Limited and BSE Limited.

## 2.1 Basis of preparation

### a. Statement of Compliance

The consolidated financial statements of the Group are prepared in accordance with the Indian Accounting Standards (Ind-AS) specified under section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules 2015 and other accounting principles generally accepted in India.

The consolidated financial statements for the year ended 31 March 2023 were authorized and approved for issue by the Board of Directors on 29 May 2023.The revision to consolidated financial statements is permitted by Board of Directors after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of Companies Act, 2013.

### b. Functional and presentation currency

These consolidated financial statements are presented in Indian Rupee ("₹") which is also the functional and presentation currency of the Company. All amounts have been rounded-off to the nearest million (two decimals), unless otherwise indicated.

### c. Basis of measurement

These consolidated financial statements have been prepared on going concern basis under the historical cost basis except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

### d. Use of estimates

The preparation of consolidated financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. The Management believes that, although these estimates used in preparation of the consolidated financial statements are prudent and reasonable and are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities. The effect of change in an accounting estimate is recognized prospectively. Significant management judgement in applying accounting policies and estimation uncertainty have been disclosed in note 2.5.

**e. Fair value measurement**

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116, 'Leases', and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2, 'Inventories', or value in use in Ind AS 36, 'Impairment of assets'.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques have been disclosed in note 2.4(p)(xi).

**f. Current versus non-current classification**

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

The Group classifies an asset as current asset when:

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the asset primarily for the purpose of trading;
- it expects to realise the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent unless the asset is 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 classified as current when –

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

The real estate development projects undertaken by the Group generally run over a period ranging up to 5 years. Based on the nature of service and the time between the acquisition of assets for development and their realization in cash and cash equivalents, Operating assets and liabilities relating to such projects are classified as current based on an operating cycle as 5 years. For all other assets and liabilities the Group has considered twelve months.

## 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 2023 | 31 March 2022 |
| **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% | 100% |
| Sobha Nandambakkam Developers Limited | | India | 100% | 100% |
| Sobha Tambaram Developers Limited | | India | 100% | 100% |
| Sobha Construction Products Private Limited | | India | 100% | 100% |
| Kilai Builders Private Limited | | India | 100% | 100% |
| Kuthavakkam Builders Private Limited | | India | 100% | 100% |
| Kuthavakkam Realtors Private Limited | | India | 100% | 100% |
| Vayaloor Properties Private Limited | | India | 100% | 100% |
| Vayaloor Builders Private Limited | | India | 100% | 100% |
| Vayaloor Developers Private Limited | | India | 100% | 100% |
| Vayaloor Real Estate Private Limited | | India | 100% | 100% |
| Vayaloor Realtors Private Limited | | India | 100% | 100% |
| Valasai Vettikadu Realtors Private Limited | | India | 100% | 100% |

The consolidated financial statements also includes the result of a joint venture, Kondhwa Projects LLP, which has been accounted for under the equity method of accounting.

The consolidated financial statement also includes the results of associate, C.V.S. Tech Park Private Limited, 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, an associate company 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 2023.

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.

**Investments accounted for using the equity method**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.The Group's investments in its joint ventures and associates are accounted for using the equity method.

Under the equity method, the investment in a joint venture or associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill, if any, relating to the joint venture or associate is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the joint venture or associate.Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture or associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture or associate are eliminated to the extent of the interest in the joint venture or associate. If an entity's share of losses of a joint venture or associate equals or exceeds its interest in the joint venture or associate (which includes any long term interest that, in substance, form part of the Group's net investment in the joint venture or associate), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate. If the joint venture or associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of a joint venture or associate is shown on the face of the statement of profit and loss.

The financial statements of joint venture or associate used for the purpose of consolidation are drawn up to same reporting date as that of the Holding Company, i.e., year ended on March 31st and are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture or associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture or associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture or associate and its carrying value, and then recognises the loss as 'Share of profit in joint venture or associate' in the statement of profit or loss.

Upon loss of significant influence over the joint venture or associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture or associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or 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 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.

**Impairment of Goodwill**

Goodwill recognized on business combination are tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount of the asset or the cash generating unit to which these pertain is less than the carrying value. The recoverable amount of the asset or the cash generating units is higher of value-in-use and fair value less cost of disposal. The calculation of value in use of an asset or a cash generating unit involves use of significant estimates and assumptions which include turnover, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

### b) Revenue recognition

#### I. Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts and other credits, if any, as specified in the contract with the customer. The Group presents revenue from contracts with customers net of indirect taxes in its statement of profit and loss.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

The Group has applied five step model as per Ind AS 115 'Revenue from contracts with customers' to recognise revenue in the consolidated financial statements. The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

a) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or

b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

c) The Group's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where any of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue is recognised either at point of time or over a period of time based on various conditions as included in the contracts with customers.

The billing schedules agreed with customers include periodic performance-based billing and / or milestone-based progress billings. Revenues in excess of billing are classified as unbilled revenue, while billing in excess of revenues is classified as contract liabilities (which we refer to as deferred revenues).

**i) Recognition of revenue from sale of real estate property**

Revenue from real estate development of residential unit is recognised at the point in time, when the control of the asset is transferred to the customer, which generally coincides with transfer of physical possession of the residential unit to the customer ie., handover/ deemed handover of the residential units. Deemed handover of the residential units is considered upon intimation to the customers about receipt of occupancy certificate and receipt of substantial sale consideration.

Revenue consists of sale of undivided share of land and constructed area to the customer, which have been identified by the Group as a single performance obligation, as they are highly interrelated/ interdependent.

Further, for projects executed through joint development arrangements not being jointly controlled operations, wherein the land owner/ possessor provides land and the Group undertakes to develop properties on such land and in lieu of land owner providing land, the Group has agreed to transfer certain percentage of constructed area or certain percentage of the revenue proceeds, the revenue from the development and transfer of constructed area/revenue sharing arrangement in exchange of such development rights/ land is being accounted on gross basis on launch of the project. Revenue is recognised over time using input method, on the basis of the inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation.

The revenue is measured at the fair value of the land received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the land received cannot be measured reliably, the revenue is measured at the fair value of the estimated construction service rendered to the land owner, adjusted by the amount of any cash or cash equivalents transferred. The fair value so estimated is considered as the cost of land in the computation of percentage of completion for the purpose of revenue recognition as discussed above.

For contracts involving sale of real estate unit, the Group receives the consideration in accordance with the terms of the contract in proportion of the percentage of completion of such real estate project and represents payments made by customers to secure performance obligation of the Group under the contract enforceable by customers. Such consideration is received and utilised for specific real estate projects in accordance with the requirements of the Real Estate (Regulation and Development) Act, 2016. Consequently, the Group has concluded that such contracts with customers do not involve any financing element since the same arises for reasons explained above, which is other than for provision of finance to/from the customer.

**ii) Recognition of revenue from contractual projects**

Revenue from contractual project is recognised over time, using an input method with reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

The Group recognises revenue only when it can reasonably measure its progress in satisfying the performance obligation. Until such time, the Group recognises revenue to the extent of cost incurred, provided the Group expects to recover the costs incurred towards satisfying the performance obligation.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately when such probability is determined.

**iii) 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.

**iv) Recognition of revenue from glazing works**

Revenue from glazing projects is recognised over time, using an output method with reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of the budgeted cost associated to the units produced/installed for work performed to date relative to the total contractual obligation of production/installation of such units.

The Group recognises revenue only when it can reasonably measure its progress in satisfying the performance obligation. Until such time, the Group recognises revenue to the extent of cost incurred, provided the Group expects to recover the costs incurred towards satisfying the performance obligation.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately when such probability is determined.

**v) Recognition of revenue from interior works and sale of concrete products and scrap**

Revenue is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. Revenue excludes indirect taxes and is after deduction of any trade discounts.

**vi) Recognition of revenue from maintenance and other services**

Revenue in respect of maintenance services and other services is recognised on an accrual basis, in accordance with the terms of the respective contract as and when the Group satisfies performance obligations by delivering the services as per contractual agreed terms.

**vii) Other operating income**

Interest on delayed receipts, cancellation/forfeiture income, transfer fees, marketing fee from customers are recognised based upon underlying agreements with customers and when reasonable certainty of collection is established.

**viii) Contract balances**

Contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

**ix) Cost to obtain a contract**

The Group recognises as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The Group incurs costs such as sales commission when it enters into a new contract, which are directly related to winning the contract. The asset recognised is amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

**II. 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.

**III. 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.

**IV. Interest income**

Interest income, including income arising from other financial instruments, is recognised using the effective interest rate method.

## c) Borrowing cost

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

The Group treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

## d) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined based on a weighted average basis. Net realizable 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.

**I. Related to real estate and contractual activity**

Direct expenditure relating to real estate 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 real estate activity. Cost incurred/items purchased specifically for projects are taken as consumed as and when incurred/received.

| | | |
|---|---|---|
| i) | Work-in-progress (Real estate) | Represents cost incurred in respect of projects where the revenue is yet to be recognized and includes cost of land (including development rights and non-refundable deposits paid, if any under joint development arrangements ('JDA'), internal development costs, external development charges, construction costs, overheads, borrowing cost etc. Land/development rights received under JDA 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. |
| ii) | Stock of units/plots in completed real estate projects | Represents cost incurred in respect of completed real estate project net cost of revenue. |
| iii) | Building materials | Cost comprises of purchase price and other costs incurred in bringing the inventories to their present location and condition. |
| iv) | Land stock | Represents land other than area transferred to work-in-progress at the commencement of construction. Cost comprises of purchase price under agreement to purchase, stamp duty, registration charges, brokerage cost and other incidental expenses. |

**II. Related to glazing, interiors and concrete products activity**

| | | |
|---|---|---|
| i) | Raw material, components and stores | Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. |
| ii) | Work-in-progress and Finished goods | Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. |

**e) Advance paid towards land procurement**

Advances paid by the Group to the seller/intermediary towards outright purchase of land is recognised as land advance under other assets 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. Management is of the view that these advances are given under normal trade practices and are neither in the nature of loans nor advance in the nature of loans. (refer note no.14)

**f) Foreign currency transactions and balances**

**i) Initial recognition**

Foreign currency transactions are recorded in the functional currency, by applying the exchange rate between the functional currency and the foreign currency at the date of the transaction.

**ii) Conversion**

Foreign currency monetary items are retranslated 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. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

**iii) Exchange differences**

The Group accounts for exchange differences arising on translation/settlement of foreign currency monetary items as income or as expense in the period in which they arise.

**g) Property, plant and equipment**

**i) Recognition and initial measurement**

Property, plant and equipment at their initial recognition are stated at their cost of acquisition. Cost of an item of property, plant and equipment comprises its purchase price, borrowing costs (if capitalization criteria are met), import duties, non-refundable taxes and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The Group identifies and determines cost of each component/part of the asset separately, if the component/part have a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour, borrowing costs (if capitalization criteria are met) and any other costs directly attributable to bringing the asset to working condition for its intended use.

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.

**ii) Subsequent measurement**

Items of property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses, if any. 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 recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

**iii) Subsequent expenditure**

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

**iv) Derecognition**

An item of Property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the Property, plant and equipment is de-recognized.

## h) Investment property

**i) Recognition and initial measurement**

Investment property is property held either to earn rental income or for capital appreciation or for both. Upon initial recognition, an investment property is measured at cost, including related transaction costs. The cost comprises purchase price, cost of replacing parts, borrowing cost, if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

The cost of a self-constructed item of Investment property comprises the cost of materials, direct labour, borrowing costs (if capitalization criteria are met) and any other costs directly attributable to bringing the asset to working condition for its intended use.

**ii) Subsequent measurement**

Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any. 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.

**iii) Subsequent expenditure**

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

**iv) Derecognition**

Investment property is derecognised either when control of the same is transferred to the buyer or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

**v) Reclassification from /to investment property**

Transfers to (or from) investment property are made only when there is a change in use. Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

**vi) Fair value disclosure**

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.

## i) Depreciation on property, plant and equipment and Investment property

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

| Particulars | Useful lives estimated by the management (in years) |
|---|---|
| **Property, plant and equipment** | |
| Factory buildings | 30 |
| Buildings - other than factory buildings | 60 |
| Buildings - temporary structure for precast plant | 8 |
| Buildings - temporary structure | 3 |
| Plant and machinery | |
| i. General plant and machinery | 15 |
| ii. Plant and machinery - Civil construction | 12 |
| iii. Plant and machinery - Electrical installations | 10 |
| iv. Plant and machinery - Precast plant | 8 |
| v. Plant and machinery - Others | 3-5 |
| Furniture and fixtures | 10 |
| Motor vehicles - Two wheelers | 10 |
| Motor vehicles - Four wheelers | 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 |
| Buildings - One Sobha | 46-48 |
| Plant and machinery | |
| i. General plant and machinery | 15 |
| ii. Plant and machinery | 12 |
| Office equipments | 5 |
| Furniture and fixtures | 10 |

The Group, based on technical assessment made by technical expert and management estimate, depreciates certain items of building and plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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

Leasehold land is amortized on a straight-line basis over the balance period of lease

Freehold land is not depreciated and is stated at cost less impairment loss, if any.

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.

### j) Capital work-in-progress and intangible assets under development

Capital work-in-progress and intangible assets under development represents expenditure incurred in respect of capital projects/intangible assets under development which are not yet ready for their intended use and are carried at cost less accumulated impairment loss, if any.

Depreciation/amortisation is not provided on capital work-in-progress and intangible assets under development until construction/installation are complete and the asset is ready for its intended use.

### k) 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. Gains or losses arising

from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is derecognised.

### l) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### I. Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, if any and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 2.4(q)(ii) on impairment of non-financial assets.

##### ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

**iii) Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on shortterm leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

**II. Group as a lessor**

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Assets subject to operating leases are included under Investment property.

Lease income from operating lease is recognized on a straight-line basis over the term of the relevant lease including lease income on fair value of refundable security deposits, unless the lease agreement explicitly states that increase is on account of inflation. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. 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.

### m) Retirement and other employee benefits

**i) Employee Provident Fund and Employee State Insurance**

Retirement benefits in the form of state governed Employee Provident Fund and Employee State Insurance are defined contribution schemes (collectively the 'Schemes'). The Group has no obligation, other than the contribution payable to the Schemes. The Group recognizes contribution payable to the Schemes as expenditure, when an employee renders the related service. The contribution paid in excess of amount due is recognized as an asset and the contribution due in excess of amount paid is recognized as a liability.

**ii) Gratuity**

Gratuity is a post-employment benefit and is in the nature of a defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit/ obligation at the balance sheet date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit/ obligation is calculated at or near the balance sheet date by an independent actuary using the projected unit credit method. This is based on standard rates of inflation, salary growth rate and mortality. Discount factors are determined close to each year-end by reference to market yields on government bonds that have terms to maturity approximating the terms of the related liability. Service cost and net interest expense on the Group's defined benefit plan is included in statement of profit and loss. Actuarial gains/ losses resulting from re-measurements of the liability are included in other comprehensive income in the period in which they occur and are not reclassified to profit or loss in subsequent periods.

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.

**iii) Compensated absences**

Accumulated leave, which is expected to be utilized within the next twelve 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 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.

**iv) Other short-term benefits**

Short-term employee benefits comprising employee costs including performance bonus is recognized in the statement of profit and loss on the basis of the amount paid or payable for the period during which services are rendered by the employee.

**n) Provisions, contingent assets and contingent liabilities**

**i) Provisions**

Provisions are recognized only when there is a present obligation (legal or constructive), as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of obligation can be made at the reporting date. Provisions are discounted to their present values, where the time value of money is material, 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.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

**ii) Onerous contracts**

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e. the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

**iii) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within 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 it in the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

**iv) Contingent assets**

Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

## o) Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognized in the statement of profit and loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

**i) Current income tax**

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for that period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

**ii) Deferred income tax**

Deferred income tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

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.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

## p) 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.

**i) Initial recognition and measurement of financial assets and liabilities**

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value, trade receivable/trade payable that do not contain a significant financing component are measured at transaction value and investment in subsidaries are measured at costing accordance with

Ind AS 27 - separete finacial statement. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

**ii) Financial assets at amortized cost**

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**iii) Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**iv) Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in statement of profit and loss.

**v) Debt instruments at amortized cost**

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

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.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized 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 amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

**vi) Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments. Gains or losses on liabilities held for trading are recognized in the profit or loss.

**vii) Financial liabilities at amortized cost**

Financial liabilities are subsequently carried at amortized cost using the effective interest ('EIR') method.

Interest-bearing loans and borrowings are subsequently measured at amortized cost using EIR method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**viii) De-recognition of financial instruments**

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

**ix) Reclassification of financial assets**

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial instruments.

**x) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously..

**xi) Fair value of financial instruments**

In determining the fair value of its financial instruments, the Group uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

*Fair value hierarchy:*

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized 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 (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

## q) Impairment

**i) 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 recognizes 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.

**ii) Non-financial assets**

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

Impairment losses are recognized in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**iii)** Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit and loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase .

## r) Segment reporting

**i) Identification of segments**

In accordance with Ind AS 108 – Operating Segment, the operating segments used to present segment information are identified on the basis of information reviewed by the Group's management to allocate resources to the segments and assess their performance. An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Results of the operating segments are reviewed regularly by the Managing Director who has been identified as the chief operating decision maker (CODM), to make decisions about resources to be allocated to the segment and assess its performance.

**ii) Inter-segment transfers**

The Group generally accounts for intersegment sales and transfers at appropriate margins.

**iii) Unallocated items**

Unallocated items include general corporate asset, liability, income and expense items which are not allocated to any business segment.

**iv) Segment accounting policies**

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Group as a whole.

**s) Cash dividend to equity holders of the Group or Holding Company**

The Group recognizes a liability to make cash distributions to equity holders of the Group when the distribution is authorized 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.

**t) Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

**u) Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

**v) Restatement**

The Group restates its financial statements and presents a third balance sheet as at the beginning of the preceding period if it applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements that has a material effect on the information in the balance sheet at the beginning of the preceding period.

The Group corrects material prior period errors retrospectively in the first set of financial statements approved for issue after their discovery by (a) restating the comparative amounts for the prior periods presented in which the error occurred; or (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

## 2.5 Significant accounting judgements, estimates and assumptions

Significant accounting judgements, estimates and assumptions used by management are as below

Determination of performance obligations and timing of revenue recognition on revenue from real estate development [Refer note 2.4(b)(I)(i)]

Existence of a significant financing component in contract with customers [Refer note 2.4(b)(I)(i)]

Accounting for revenue and land cost for projects executed through joint development arrangement [Refer note 2.4(b)(I)(i)]

Computation of percentage completion for projects in progress, project cost, revenue and saleable area estimates [Refer note 2.4(b)(I)(i),(ii),(iv)]

Estimation of net realizable value for inventory [Refer note 2.4(d)], land advance and refundable deposits paid under JDA

Provision for litigations and contingencies [Refer note 2.4(n)]

Useful life and residual value of property, plant and equipment, investment property and intangible assets [Refer note 2.4(i)]

Evaluation of indicators and impairment of financial and non-financial assets [Refer note 2.4(q)]

Classification of property as investment property or inventory [Refer note 2.4(g) & (d)]

Fair value measurement disclosures [Refer note 2.4(p)]

Provision for tax [Refer note 2.4(o)]

## 3 Recent accounting pronouncements

The Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1, Presentation of Financial Statements – This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after 01 April 2023.

Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors – This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after 01 April 2023.

Ind AS 12, Income Taxes – This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after 01 April 2023.

The amendments are extensive and the Group will evaluate the same to give effect to them as required by law.

New and amended standards adopted by the Group
The Ministry of Corporate Affairs had vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amended certain accounting standards, and are effective 1 April 2022. These amendments did not have any impact on the amounts recognised in current period and are not expected to significantly affect the future periods.

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## 4 Property, plant and equipment

| | Freehold land | Factory buildings | Other buildings | Plant and machinery | Scaffolding items | Furniture and fixtures | Vehicles | Computers | Office equipment | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | | |
| **As at 1 April 2021 (Restated)** | **1,841.23** | **720.78** | **1,085.02** | **1,920.40** | **1,891.19** | **51.60** | **12.71** | **166.40** | **36.42** | **7,725.75** |
| Additions during the year | - | - | 0.01 | 54.27 | 118.66 | 3.16 | 0.03 | 34.42 | 4.37 | 214.92 |
| Disposal during the year | (14.82) | (12.24) | - | (11.84) | (29.10) | - | (0.11) | (1.61) | (0.04) | (69.76) |
| **As at 31 March 2022 (Restated)** | **1,826.41** | **708.54** | **1,085.03** | **1,962.83** | **1,980.75** | **54.76** | **12.63** | **199.21** | **40.75** | **7,870.91** |
| Additions during the year | - | - | 43.82 | 61.21 | 383.57 | 4.33 | 3.63 | 35.26 | 6.44 | 538.26 |
| Disposal during the year | - | - | - | (24.40) | (12.52) | (0.18) | (0.01) | (2.72) | (0.34) | (40.17) |
| **As at 31 March 2023** | **1,826.41** | **708.54** | **1,128.85** | **1,999.64** | **2,351.80** | **58.91** | **16.25** | **231.75** | **46.85** | **8,369.00** |
| **Accumulated depreciation and impairement loss** | | | | | | | | | | |
| **As at 1 April 2021 (Restated)** | **-** | **409.95** | **349.22** | **1,106.56** | **1,126.30** | **34.12** | **7.96** | **128.13** | **24.72** | **3,186.96** |
| Charge for the year | - | 72.98 | 39.95 | 209.96 | 187.69 | 3.60 | 0.84 | 26.64 | 4.75 | 546.41 |
| Disposal during the year | - | (7.49) | - | (9.86) | (4.39) | - | (0.07) | (1.54) | (0.04) | (23.39) |
| **As at 31 March 2022 (Restated)** | **-** | **475.44** | **389.17** | **1,306.66** | **1,309.60** | **37.72** | **8.73** | **153.23** | **29.43** | **3,709.98** |
| Charge for the year | - | 71.82 | 46.85 | 140.57 | 199.58 | 4.43 | 1.04 | 31.41 | 5.13 | 500.83 |
| Impairement loss | 2.85 | - | 55.62 | 0.24 | - | - | - | - | - | 58.71 |
| Disposal during the year | - | - | - | (20.13) | (7.48) | (0.14) | (0.01) | (2.43) | (0.31) | (30.50) |
| **As at 31 March 2023** | **2.85** | **547.26** | **491.64** | **1,427.34** | **1,501.70** | **42.01** | **9.76** | **182.21** | **34.25** | **4,239.02** |
| **Net carrying value** | | | | | | | | | | |
| **As at 31 March 2023** | **1,823.56** | **161.28** | **637.21** | **572.30** | **850.10** | **16.90** | **6.49** | **49.54** | **12.60** | **4,129.98** |
| **As at 31 March 2022 (Restated)** | **1,826.41** | **233.10** | **695.86** | **656.17** | **671.15** | **17.04** | **3.90** | **45.98** | **11.32** | **4,160.93** |

**Note:**

a) **Contractual obligations**
The contractual commitments pending for the acquisition of property, plant and equipment as at 31 March 2023 is ₹250.03 (31 March 2022: ₹146.80).

b) **Property, plant and equipment pledged as security**
Refer Note.43 for details of Property, plant and equipment pledged as security for borrowings.

c) The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), are held in the name of the Group.

d) The Group has not revalued its property, plant and equipment during the current or previous year.

e) The comparative information is restated on account of correction of errors. Refer Note 45

## 5 Investment property

| Particulars | Freehold land | Right to Use - Land | Other buildings | Other assets forming part of Building | | | Total |
|---|---|---|---|---|---|---|---|
| | | | | Plant and machinery | Furniture and fixtures | Office Equipment | |
| **Cost** | | | | | | | |
| **As at 1 April 2021 (Restated)** | **132.47** | **142.84** | **3,646.37** | **307.94** | **36.81** | **0.17** | **4,266.60** |
| Additions during the year | - | - | 114.23 | - | - | - | 114.23 |
| Disposal during the year | - | | - | - | - | - | - |
| **As at 31 March 2022 (Restated)** | **132.47** | **142.84** | **3,760.60** | **307.94** | **36.81** | **0.17** | **4,380.83** |
| Additions during the year | - | - | 671.30 | 1.66 | 0.22 | 3.52 | 676.70 |
| Disposal during the year | - | | - | - | - | - | - |
| **As at 31 March 2023** | **132.47** | **142.84** | **4,431.90** | **309.60** | **37.03** | **3.69** | **5,057.53** |
| **Accumulated depreciation and amortisation** | | | | | | | |
| **As at 1 April 2021 (Restated)** | **-** | **-** | **204.47** | **91.72** | **13.79** | **0.16** | **310.14** |
| Charge for the year | - | 3.01 | 69.69 | 32.53 | 3.44 | - | 108.67 |
| Disposals during the year | - | - | - | - | - | - | - |
| **As at 31 March 2022 (Restated)** | **-** | **3.01** | **274.16** | **124.25** | **17.23** | **0.16** | **418.81** |
| Charge for the year | - | 3.01 | 84.58 | 28.32 | 3.56 | 0.53 | 120.00 |
| Disposals during the year | - | - | - | - | - | - | - |
| **As at 31 March 2023** | **-** | **6.02** | **358.74** | **152.57** | **20.79** | **0.69** | **538.81** |
| **Carrying amount** | | | | | | | |
| **As at 31 March 2023** | **132.47** | **136.82** | **4,073.16** | **157.03** | **16.24** | **3.00** | **4,518.72** |
| **As at 31 March 2022 (Restated)** | **132.47** | **139.83** | **3,486.44** | **183.69** | **19.58** | **0.01** | **3,962.02** |

a. One investment property is constructed/ developed on a leasehold land where the company is the lessee and the lease agreement is duly executed in favour of the lessee. As the Right-of-use assets meet the definition of investment property, and hence presented within 'investment property.

b. Investment property comprises of commercial properties and club houses that involve lease arrangements. Each of the leases contains an initial non-cancellable period of 2-3 years. The Group has no restrictions on the realisability of its investment property.

c. **Fair value of investment property**
The fair value of Investment property is ₹9,054.10 (31 March 2022: ₹7,546). The valuations is based on valuation performed by an accredited independent valuer and is a registered valuer as defined under Rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. The fair value of the Group's investment properties have been arrived at using discounted cash flow method, direct comparison approach, and depreciated replacement cost method. Under discounted cash flow method, cash flow projections based on reliable estimates of cash flow are discounted. The main inputs used are rental growth rate, expected vacancy rates, discount rates, and transacted values of similar properties which are based on comparable transactions and industry data. The fair value measurement of the investment property has been categorised as a Level 3 fair value (discounted cash flow method) and level 2 fair value (direct comparison and depreciated replacement cost method) based on the inputs to the valuation technique used (Refer Note 40b)

d. **Investment property pledged as security**
Refer Note.43 for details of investment property pledged as security for borrowings.

e. **Amounts recognised in profit or loss**

| Particulars | 31 March 2023 | 31 March 2022 |
|---|---|---|
| **Rental income derived from investment properties (Refer note 25B)** | **478.24** | **395.82** |
| Direct operating expenses (including repairs and maintenance) generating rental income | (193.14) | (155.10) |
| Direct operating expenses (including repairs and maintenance) that did not generate rental income | - | - |
| **Profit arising from investment properties before depreciation and indirect expenses** | **285.10** | **240.72** |
| Less:- Depreciation | (120.00) | (108.67) |
| **Profit arising from investment properties before indirect expenses** | **165.10** | **132.05** |

f. The comparative information is restated on account of correction of errors. Refer Note 45

## 6 Investment property under development

| | Amount |
|---|---|
| **As at 1 April 2021** | **700.58** |
| Additions during the year | 65.03 |
| Disposals during the year | (637.27) |
| Capitalised during the year | (63.31) |
| **As at 31 March 2022** | **65.03** |
| Additions during the year | 2.86 |
| Disposals during the year | - |
| Capitalised during the year | - |
| **As at 31 March 2023** | **67.89** |

**As at 31 March 2022**

| | Amount of Investment property under construction for the period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 Years | 2-3 Years | More than 3 years | Total |
| Projects in progress | 6.75 | 2.27 | 56.01 | - | 65.03 |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | **6.75** | **2.27** | **56.01** | **-** | **65.03** |

**As at 31 March 2023**

| | Amount of Investment property under construction for the period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 Years | 2-3 Years | More than 3 years | Total |
| Projects in progress | 2.86 | 6.75 | 2.27 | 56.01 | 67.89 |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | **2.86** | **6.75** | **2.27** | **56.01** | **67.89** |

**Note:** During the year ended 31 March 2022, the Company has relinquished its right over partial constructed property in favour of a third party for a upfront consideration as mutually agreed upon and the resultant gain amounting to ₹31.74 is disclosed under 'Other income' as 'Profit on sale of investment property'

The Management is of the view that the fair value of investment properties under development cannot be reliably measured and hence fair value disclosures pertaining to investment properties under development have not been provided.

## 7 Intangible asset under development

| | Amount |
|---|---|
| **As at 1 April 2021** | **-** |
| Additions during the year | - |
| Charged to cost of sale | - |
| **At 31 March 2022** | **-** |
| Additions during the year | 17.62 |
| Charged to cost of sale | - |
| **As at 31 March 2023** | **17.62** |

**Contractual obligations**

The contractual commitments pending for the acquisition of intangible asset under development as at 31 March 2023 is ₹13.93 (31 March 2022: ₹ Nil)

**Ageing of intangible assets under development as at 31 March 2023**

| Particulars | Amount in intangible assets under development for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 Years | 2-3 Years | More than 3 years | Total |
| Projects in progress * | 17.62 | - | - | - | 17.62 |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | **17.62** | **-** | **-** | **-** | **17.62** |

(*) There are no projects in progress under 'Intangible assets under development' whose completion is overdue or has exceeded its cost compared to its original plan.

## 8 Intangible assets

| | Goodwill | Software | Intellectual property rights | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| **As at 1 April 2021** | **172.90** | **27.75** | **0.05** | **200.70** |
| Additions during the year | - | 0.26 | - | 0.26 |
| Deletions during the year | (1.23) | (1.29) | - | (2.52) |
| **As at 31 March 2022** | **171.67** | **26.72** | **0.05** | **198.44** |
| Additions during the year | - | - | - | - |
| Deletions during the year | - | - | - | - |
| **As at 31 March 2023** | **171.67** | **26.72** | **0.05** | **198.44** |
| **Amortization and impairment** | | | | |
| **As at 1 April 2021** | **-** | **18.94** | **0.05** | **18.99** |
| Charge for the year | - | 3.09 | - | 3.09 |
| **As at 31 March 2022** | **-** | **22.03** | **0.05** | **22.08** |
| Charge for the year | - | 2.14 | - | 2.14 |
| **As at 31 March 2023** | **-** | **24.17** | **0.05** | **24.22** |
| **Carrying amount** | | | | |
| **As at 31 March 2023** | **171.67** | **2.55** | **-** | **174.22** |
| **As at 31 March 2022** | **171.67** | **4.69** | **-** | **176.36** |

**Note:**
The Group has not revalued its intangible assets during the current or previous year.

**Allocation of goodwill to Cash Generating Units**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Sobha City | 123.85 | 123.85 |
| Kuthavakkam Builders Private Limited | 47.82 | 47.82 |
| | **171.67** | **171.67** |

For impairment testing, goodwill is allocated to a CGU representing the lowest level within the Group at which goodwill is monitored for internal management purposes. Goodwill is tested for impairment at least annually in accordance with the Group's procedure for determining the recoverable value of each CGU. The recoverable amount of the CGU is determined on the basis of Higher of value in use or Fair Value Less Cost of Disposal (FVLCD). The recoverable amount of the CGU is determined based on the discounted cash flow approach, using the discount rate and terminal income growth rate from unobservable market data by the Management for the year ended March 31, 2023. The discount rate applied to the cash flow projections is 17% and cash flows beyond the five-year period were extrapolated using a growth rate of 8.00%, which was the same as the long term average growth rate of the real estate industry in the India. The fair value measurement is categorised as a level 3 fair value based on the inputs in the valuation techniques used. Goodwill acquired through business combinations have been allocated to the reporting units for impairment testing. As at March 31, 2023, the estimated recoverable amount of the CGU exceeded its carrying amount. Reasonable sensitivities in key assumptions is unlikely to cause the carrying amount to exceed the recoverable amount of the cash generating units.

## 9A Investments accounted for using the equity method

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Investment in associates (refer note a below) | 0.05 | 0.05 |
| Investments in joint ventures (refer note b below) | 1,149.33 | 1,148.73 |
| | **1,149.38** | **1,148.78** |

| Particulars | Principal activities | Place of registration | % of voting rights 31 March 2023 | % of voting rights 31 March 2022 | Amount As at 31 March 2023 | Amount As at 31 March 2022 |
|---|---|---|---|---|---|---|
| a. ***Investment in associate*** | | | | | | |
| **Investment in equity instruments (Unquoted)** | | | | | | |
| (i) C.V.S.Tech Park Private Limited | Real estate | India | 49% | 49% | 0.05 | 0.05 |
| b. ***Investments in joint venture*** | | | | | | |
| **In Limited Liability Partnership (LLP) firm** | | | | | | |
| 50% (31 March 2023 - 50%) share in the profits of LLP | | | | | | |
| Kondhwa Projects LLP | Real estate | India | 50% | 50% | | |
| - Capital account | | | | | 0.05 | 0.05 |
| - Current account | | | | | 1,149.28 | 1,148.68 |
| | | | | | **1,149.33** | **1,148.73** |

The principle place of business of all the investments of the Company is India

### A. Investment in Joint venture (Kondhwa Projects LLP)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Share of the joint venture's statement of financial position :** | | |
| Non current assets | 2,292.06 | 2,290.66 |
| current assets | | |
| Cash and Cash Equivalents | 0.02 | 1.23 |
| Other Current Assets | 6.73 | 6.81 |
| | **2,298.81** | **2,298.70** |
| Non current liabilities | - | - |
| Current liabilities | 0.16 | 1.23 |
| Equity | **2,298.65** | **2,297.47** |
| Proportion of group ownership (50%) | 1,149.33 | 1,148.73 |
| Revenue | - | - |
| Profit or loss from continuing operations. | - | - |
| post-tax profit or loss from discontinued operations. | - | - |
| Other comprehensive income | - | - |
| Total comprehensive income | - | - |
| Group's carrying amount of the investment(50%) | 1,149.33 | 1,148.73 |

**B. Investment accounted for using equity method - other investment which are not material (Investment in associate - C.V.S.Tech Park Private Limited)**

| | Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| i) | Profit or loss from continuing operations | - | - |
| ii) | Total comprehensive income | - | - |

## 9B Investment

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Investments in Government or trust securities | 0.08 | 0.18 |
| **Investments at amortized cost** | | |
| *Investment in Government or trust securities (unquoted)* | | |
| National savings certificates | 0.08 | 0.08 |
| Investments in mutual funds | - | 0.10 |
| **Total investments carried at amortised cost** | **0.08** | **0.18** |

## 10 Inventories

**(Valued at cost or net realisable value, which ever is lower)**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| | | **Restated** |
| Raw materials, components and stores | 717.54 | 636.87 |
| Building materials | 1,336.47 | 75.80 |
| Land stock (*) | 7,225.32 | 4,319.20 |
| Work-in-progress | | |
| - Real estate projects (*) | 63,484.04 | 59,078.88 |
| - Others | 491.94 | 955.86 |
| Stock of units in completed real estate projects (*) | 14,198.74 | 11,325.03 |
| Finished goods | 155.70 | 124.15 |
| | **87,609.75** | **76,515.79** |

(*) Refer note 43 for details of inventories pledged as security for borrowings.

**Note**: The write-down (net) of inventories to net realisable value for the year ended 31 March 2023 is ₹124 (31 March 2022: ₹Nil). This was recorded as an expense during the respective years and included in 'changes in inventories' in consolidated statement of profit and loss.

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## 11 Trade receivables

| | Non-current | | Current | |
|---|---|---|---|---|
| | As at 31 March 2023 | As at 31 March 2022 Restated | As at 31 March 2023 | As at 31 March 2022 Restated |
| **Trade receivables** | | | | |
| Trade receivables considered good - unsecured | 795.18 | 654.56 | 2,247.16 | 3,822.52 |
| Trade receivables - credit impaired | - | - | 29.12 | 29.12 |
| | 795.18 | 654.56 | 2,276.28 | 3,851.64 |
| Less: Impairment allowance (allowance for credit loss) | | | | |
| Trade receivables considered good - unsecured | - | - | (667.00) | (317.99) |
| Trade receivables - credit impaired | - | - | (29.12) | (29.12) |
| **Net trade receivables** | **795.18** | **654.56** | **1,580.16** | **3,504.53** |
| **Note**: | | | | |
| a Trade receivables due by firms or private companies in which the director of the Company is a partner or a director or a member | - | - | 212.01 | 211.57 |
| b Trade receivables from related parties | - | - | 10.06 | 45.49 |

c Refer Note 43 for details of Trade receivables pledged as security for borrowings.

d **Trade receivable ageing schedule**

**As at 31 March 2023**

| | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not Due | Less than 6 months | 6 months-1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Undisputed Trade receivables-considered good | 1,006.41 | 859.74 | 295.18 | 242.97 | 91.42 | 546.62 | 3,042.34 |
| Undisputed Trade receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| Undisputed Trade receivables-credit impaired | - | - | - | - | - | 29.12 | 29.12 |
| Disputed Trade receivables-considered good | - | - | - | - | - | - | - |
| Disputed Trade receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| Disputed Trade receivables-credit impaired | - | - | - | - | - | - | - |
| **Total** | **1,006.41** | **859.74** | **295.18** | **242.97** | **91.42** | **575.74** | **3,071.46** |

**As at 31 March 2022 (Restated)**

| | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not Due | Less than 6 months | 6 months-1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Undisputed Trade receivables-considered good | 817.14 | 908.48 | 1,883.08 | 273.90 | 295.71 | 298.77 | 4,477.08 |
| Undisputed Trade receivables - which have significant increase in credit risk | | - | - | - | - | | |
| Undisputed Trade receivables-credit impaired | | - | - | - | - | 29.12 | 29.12 |
| Disputed Trade receivables-considered good | | - | - | - | - | - | - |
| Disputed Trade receivables - which have significant increase in credit risk | | - | - | - | - | - | - |
| Disputed Trade receivables-credit impaired | | - | - | - | - | - | - |
| **Total** | **817.14** | **908.48** | **1,883.08** | **273.90** | **295.71** | **327.89** | **4,506.20** |

e Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days

## 12 Loans

| | Non-current | | Current | |
|---|---|---|---|---|
| | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022 |
| | | | | Restated |
| **Loans to related parties (refer note 35)** | | | | |
| Loans Receivables considered good – unsecured | - | - | 9.00 | 11.19 |
| Loans Receivables – credit impaired | - | - | - | - |
| | **-** | **-** | **9.00** | **11.19** |
| **Less: Allowances for credit loss** | | | | |
| Loans Receivables – credit impaired | - | - | - | - |
| **Net loans** | **-** | **-** | **9.00** | **11.19** |

There are no loans due from directors or other officers either severally or jointly with any other person.

## 13 Other financial assets

| | Non- Current | | Current | |
|---|---|---|---|---|
| | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022 |
| | | Restated | | Restated |
| **Unsecured, considered good** | | | | |
| Refundable deposits towards joint development agreement | 180.00 | 1,190.56 | 3,211.06 | 2,772.61 |
| Security deposits | 51.56 | 48.21 | 135.61 | 142.18 |
| External/Internal development charges | - | - | 1,284.84 | 1,893.82 |
| Other advances | - | - | 80.00 | 84.88 |
| **Fixed deposits with marturity for more than 12 months** | | | | |
| - Pledged/ under lien/ earmarked/ margin money | 151.04 | 175.28 | - | - |
| **Unsecured, credit impaired** | | | | |
| Refundable deposits towards joint development agreement | - | - | - | 50.55 |
| Allowances for credit loss | - | - | - | (50.55) |
| | **382.60** | **1,414.05** | **4,711.51** | **4,893.49** |

**Note:** Refer Note 43 for details of deposits pledged as security for borrowings

## 14 Other assets

| | Non-current | | Current | |
|---|---|---|---|---|
| | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022 |
| | | Restated | | Restated |
| **Unsecured, considered good** | | | | |
| Land advances * | 9,021.93 | 3,376.18 | 683.59 | 7,190.87 |
| Advances recoverable in kind | 0.24 | 2.74 | 1,015.21 | 466.67 |
| Prepaid expenses | - | - | 1,017.99 | 717.48 |
| Balances with statutory/ government authorities | - | - | 1,127.67 | 1,173.93 |
| Unbilled revernue ^ | - | - | 1,764.53 | 3,361.68 |
| Other receivables | 275.82 | 323.37 | 772.21 | - |
| **Unsecured, considered doubtful** | | | | |
| Land advances | 168.16 | 15.00 | - | - |
| Less: Provision for doubtful advances | (168.16) | (15.00) | - | - |
| | **9,297.99** | **3,702.29** | **6,381.20** | **12,910.63** |

(*) 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.

(^) Classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

**Note**

| | | Non-current | | Current | |
|---|---|---|---|---|---|
| | | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022 |
| | | | Restated | | Restated |
| a. | Advances recoverable in kind from firms or private companies in which the director of the Company is a partner or a director or a member | - | - | 10.02 | - |
| b. | Includes from related parties | | | | |
| | Land advances (refer note 35) | 8,212.92 | 2,914.29 | - | 5,547.84 |
| | Advances recoverable in kind (refer note 35) | - | - | 215.25 | - |

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(All amounts in ₹ millions, unless otherwise stated)

## 15 Cash and cash equivalents

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Balances with banks in current accounts | 2,659.65 | 1,299.31 |
| Cash on hand | 9.16 | 16.36 |
| Cheques/ drafts on hand | 125.05 | 74.98 |
| | **2,793.86** | **1,390.65** |

**Note**

| | | |
|---|---|---|
| a. Includes amount held in escrow account for projects under Real Estate Regulation and Development Act, 2016, to be utilised for project specific purposes. | 1,758.76 | 553.97 |

## 16 Bank balance other than cash and cash equivalents

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Earmarked bank balances** | | |
| – On unclaimed dividend account | 2.00 | 2.32 |
| **Fixed deposits with banks with maturity less than 12 months (*)** | | |
| - Pledged/ under lien/ earmarked/ margin money | 1,718.18 | 390.12 |
| | **1,720.18** | **392.44** |

(*) Refer Note 43 for details of deposits pledged as security for borrowings.

## 17 Equity share capital

| | 31 March 2023 | | 31 March 2022 | |
|---|---|---|---|---|
| | No. of shares | Amount | No. of shares | Amount |
| **Authorised shares (*)** | | | | |
| Equity shares of ₹10 each (in ₹) | 150,000,000 | 1,500.00 | 150,000,000 | 1,500.00 |
| **Issued, subscribed and fully paid-up shares** | | | | |
| Equity shares of ₹10 each (in ₹) fully paid up | 94,845,853 | 948.46 | 94,845,853 | 948.46 |
| **Total issued, subscribed and fully paid-up share capital** | **94,845,853** | **948.46** | **94,845,853** | **948.46** |

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

| | 31 March 2023 | | 31 March 2022 | |
|---|---|---|---|---|
| | No. of shares | Amount | No. of shares | Amount |
| *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 Holding Company has issued only one class of equity shares having a par value of ₹10 per share (in ₹) fully paid up. Each holder of equity shares is entitled to one vote per share. The Holding Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors of the Holding Company is subject to the approval of the shareholders in ensuing Annual General Meeting.

In the event of liquidation of the Holding Company, the holders of equity shares would be entitled to receive remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

| | 31 March 2023 | | 31 March 2022 | |
|---|---|---|---|---|
| | No. of shares | Holding % | No. of shares | Holding % |
| *Equity shares of ₹10* (in ₹) *each fully paid up* | | | | |
| Mrs. Sobha Menon | 28,726,420 | 30.29% | 28,726,420 | 30.29% |
| Mr. P.N.C. Menon | 12,319,259 | 12.99% | 12,061,259 | 12.72% |
| Mr. P.N.C. Menon (inclusive of joint holding with Mrs. Sobha Menon) | 5,289,054 | 5.58% | 5,289,054 | 5.58% |
| Anamudi Real Estates LLP | 9,475,096 | 9.99% | 9,475,096 | 9.99% |
| Schroder International Selection Fund Emerging Asia | 5,541,913 | 5.84% | 5,541,913 | 5.84% |
| Franklin India Focused Equity Fund | 5,828,613 | 6.15% | 5,575,003 | 5.88% |

**(d) Details of shares held by promoters**

| Promoter Name | 31 March 2023 | | | 31 March 2022 | | |
|---|---|---|---|---|---|---|
| | No.of shares | % of total shares | % change during the year | No.of shares | % of total shares | % change during the year |
| Mrs. Sobha Menon | 28,726,420 | 30.29% | - | 28,726,420 | 30.29% | - |
| Mr. P.N.C. Menon | 12,319,259 | 12.99% | 0.27% | 12,061,259 | 12.72% | - |
| Mr. P.N.C. Menon (inclusive of joint holding with Mrs. Sobha Menon) | 5,289,054 | 5.58% | - | 5,289,054 | 5.58% | - |
| Mr. Ravi PNC Menon | 3,185,930 | 3.36% | - | 3,185,930 | 3.36% | - |

**(e)** There have been no buy back of shares, issue of bonus shares and issue of shares pursuant to contract without payment being received in cash for the period of 5 years immediately preceding the reporting date

**(f)** There are no shares reserved for issue under options and contracts/ commitments for sale of shares/ disinvestments.

* Excludes 5,000,000, 7% Redeemable preference shares of ₹ 100 each (in ₹) amounting to ₹ 500 (31 March 2022: ₹ 500)

*This space is intentionally left blank*

## 18 Other equity

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| | | **Restated** |
| Capital redemption reserve | 119.47 | 119.47 |
| Securities premium | 9,328.92 | 9,328.92 |
| General reserve | 4,452.70 | 4,348.50 |
| Retained earnings | 10,097.15 | 9,483.78 |
| | **23,998.25** | **23,280.67** |

**Nature and purpose of reserve**

**(a) Capital redemption reserve**
The Group recognises profit and loss on purchase, sale, issue or cancellation of the Group's own equity instruments to capital redemption reserve.

**(b) Securities premium**
Securities premium reserve is used to record the premium received on issue of shares by the Group. The reserve can be utilised in accordance with the provision of Section 52(2) of Companies Act, 2013.

**(c) General reserve**
The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in general reserve will not be reclassified subsequently to profit and loss.

**(d) Retained earnings**
The cumulative gain or loss arising from the operations which is retained by the Group is recognised and accumulated under the heading of retained earnings. At the end of the year, the profit after tax is transferred from the Consolidated statement of profit and loss to Surplus in the statement of profit and loss account.

## 19 Distribution made and proposed

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Final dividend on equity shares declared and paid** | | |
| ₹ 3 per share for the year ended 31 March 2022 | 284.54 | - |
| ₹ 3.5 per share for the year ended 31 March 2021 | - | 331.96 |
| | **284.54** | **331.96** |
| **Details of proposed final dividend on equity shares (*)** | | |
| ₹ 3 per share for the year ended 31 March 2023 | 284.54 | - |
| ₹ 3 per share for the year ended 31 March 2022 | - | 284.54 |
| | **284.54** | **284.54** |

(*) Proposed dividends on equity shares are subject to the approval of the shareholders at the ensuing annual general meeting and are not recognised as a liability as at respective balance sheet dates.

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## 20 Borrowings

| | As at 31 March 2023 | As at 31 March 2022 Restated |
|---|---|---|
| **Non-current borrowings** | | |
| **Term loans (Secured)** | | |
| - from banks | 8,942.75 | 9,954.25 |
| - from other parties | 3,033.83 | 2,044.38 |
| | **11,976.58** | **11,998.63** |
| Less: Current maturities of long term borrowings | (5,841.99) | (8,350.71) |
| **Total non-current borrowings** | **6,134.59** | **3,647.92** |
| **Current borrowings** | | |
| **Debentures (Secured)** | | |
| 8.75%, unlisted, redeemable, Non Convertible Debentures of ₹ 500 each | - | 495.09 |
| **Term loans (Secured)** | | |
| - from banks | 813.04 | 4,585.99 |
| - from other parties | 928.02 | 1,688.08 |
| **Loans repayable on demand** | | |
| - from banks | 3,991.21 | 3,276.22 |
| Cash credit from banks | 2,326.64 | 2,993.26 |
| Current maturities of long term borrowings | 5,841.99 | 8,350.71 |
| **Total current borrowings** | **13,900.90** | **21,389.35** |

**Note:**

i) The Group has borrowings from banks and financial institutions on the basis of security of current assets. The quarterly returns or statements of current assets filed by the Group with banks and financial institutions are in agreement with the books of accounts.

ii) None of the entities in the Group have been declared wilful defaulter by any bank or financial institution or government or any government authority.

| Particulars | Carrying amount as at 31 March 2023 | 31 March 2022 | Effective interest rate | Security Details | Repayment terms |
|---|---|---|---|---|---|
| **Non-current borrowings** | | | | | |
| Term loans from banks | 2,789.15 | 4,094.41 | 8%-10% | Secured by way of<br>a. equitable mortgage on immovable properties of the project<br>b. equitable mortgage on vacant land parcels<br>c. hypothecation of Escrow balances, other current assets and receivables (both present and future) of the project | Repayable in 10 equal quarterly installments, after a moratorium period of 39 months from the date of first disbursement. |
| Term loans from banks | 1,475.98 | 1,527.98 | 8%-10% | Secured by way of<br>a. mortgage of Investment Property and hypothecation of current assets and receivables relating to the Investment Property<br>b. hypothecation of Escrow account and Debt Service Reserve account | Repayable in 153 monthly installments, after a moratorium period of 3 months from the date of first disbursement. |
| Term loans from banks | 1,387.87 | 1,794.87 | 8%-10% | Secured by way of<br>a. first charge on the Company's share of Inventory in the project<br>b. equitable mortgage on vacant land parcels<br>c. hypothecation of Escrow balances, other current assets and Company's share of receivables (both present and future) of the project and Debt Service Reserve account | Repayable in 10 equal quarterly installments, after a moratorium period of 42 months from the date of first disbursement. |

| Particulars | Carrying amount as at 31 March 2023 | Carrying amount as at 31 March 2022 | Effective interest rate | Security Details | Repayment terms |
|---|---|---|---|---|---|
| Term loans from banks | 641.13 | 725.74 | 7%-9% | Secured by way of<br>a. mortgage of Investment Property of the Group Company<br>b. hypothecation of receivables (both present and future) of the relation to the Investment Property<br>c. corporate guarantee from the Group Company | Repayable in 126 monthly installments, after a moratorium period of 3 months from the date of first disbursement. |
| Term loans from banks | 558.39 | 698.28 | 7%-9% | Security charge by way of<br>a. equitable mortgage of immovable property of the Subsidiary project<br>b. first Charge on Escrow balances and all assets of the Subsidiary project | Repayable in 15 equal quarterly installments, after a moratorium period of 3 months from the date of first disbursement. |
| Term loans from banks | 462.51 | 456.29 | 8%-10% | Secured by way of<br>a. equitable mortgage on immovable properties of the project<br>b. equitable mortgage on vacant land parcels<br>c. hypothecation of Escrow balances, other current assets and receivables (both present and future) of the project and Debt Service Reserve account | Repayable in 10 equal quarterly installments, after a moratorium period of 51 months from the date of first disbursement. |
| Term loans from banks | 222.43 | 370.69 | 8%-10% | Secured by way of<br>a. first charge on Property, Plant and Equipment<br>b. equitable mortgage on vacant land parcels | Repayable in 16 equal quarterly installments from the date of first disbursement |
| Term loans from banks | 195.78 | 194.71 | 8%-10% | Secured by way of<br>a. equitable mortgage on immovable properties of the project<br>b. hypothecation of receivables (both present and future) | Repayable in 48 quarterly installments, after a moratorium period of 30 months from the date of first disbursement. |
| Term loans from banks | 684.96 | - | 8%-10% | Security charge by way of<br>a. equitable mortgage of immovable property of the Group project<br>b. first charge on all assets of the Group project | Repayable in 36 equal quarterly installments, after a moratorium period of 12 months from the date of first disbursement. |
| Term loans from banks | 524.55 | - | 8%-10% | Secured by way of<br>a. first charge on the Company's share of Inventory of the project<br>b. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project and Debt Service Reserve account | Repayable in 24 monthly installments, after a moratorium period of 36 months from the date of first disbursement. |
| Term loans from banks | - | 91.17 | 8%-10% | Secured by way of<br>a. first charge on the Company's share of Inventory in the project<br>b. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project | Repayable in 6 quarterly installments, after a moratorium period of 12 months from the date of first disbursement. |
| Term loans from banks | - | 0.11 | 8%-10% | Secured by way of<br>a. hypothecation of receivables (both present and future) of the project<br>b. exclusive charge on immoveable property of the Company | Repayable in 8 quarterly installments from the date of disbursement |
| Term loans from other parties | 603.81 | 873.69 | 8%-10% | Secured by way of<br>a. mortgage of property owned by Group Company<br>b. mortgage of building owned by the Company<br>b. corporate guarantee of Group Company | Repayable in 20 equal quarterly installments, after a moratorium period of 6 months from the date of first disbursement. |

| Particulars | Carrying amount as at 31 March 2023 | Carrying amount as at 31 March 2022 | Effective interest rate | Security Details | Repayment terms |
|---|---|---|---|---|---|
| Term loans from other parties | 1,012.98 | - | 8%-10% | Secured by way of<br>a. first charge on the Company's share of Inventory of the project<br>b. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project | Repayable in 24 monthly installments, after a moratorium period of 48 months from the date of first disbursement. |
| Term loans from other parties | 797.90 | - | 8%-10% | Secured by way of<br>a. equitable mortgage on the Company's share of Inventory of the project<br>b. equitable mortgage on vacant land parcels<br>c. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project | Repayable in 24 equal monthly installments, after a moratorium period of 24 months from the date of first disbursement. |
| Term loans from other parties | 595.47 | - | 8%-10% | Secured by way of<br>a. equitable mortgage on the Company's share of Inventory of the project<br>b. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project | Repayable in 24 monthly installments, after a moratorium period of 24 months from the date of first disbursement. |
| Term loans from other parties | 23.67 | - | 9%-11% | Secured by way of<br>a. equitable mortgage on the Company's share of Inventory of the project<br>b. first charge on the vacant land parcels<br>b. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project | Repayable in 24 monthly installments, after a moratorium period of 24 months from the date of first disbursement. |
| Term loans from other parties | - | 375.22 | 9%-11% | Secured by way of<br>a. first charge on the Company's share of Inventory in the project<br>b. equitable mortgage on vacant land parcels<br>c. hypothecation of Escrow balances, and Company's share of receivables (both present and future) of the project and Debt Service Reserve account | Repayable in 30 monthly installments, after a moratorium period of 6 months from the date of first disbursement. |
| Term loans from other parties | - | 369.27 | 9%-11% | Secured by way of<br>a. equitable mortgage on the Company's share of Inventory of the project<br>b. equitable mortgage on vacant land parcels<br>b. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project | Repayable in 18 monthly installments, after a moratorium period of 24 months from the date of first disbursement. |
| Term loans from other parties | - | 192.30 | 9%-11% | Secured by way of<br>a. equitable mortgage on vacant land parcels<br>b. hypothecation of Company's share of receivables (both present and future) of the project | Repayable in 48 monthly installments from the date of first disbursement. |
| Term loans from other parties | - | 185.14 | 9%-11% | Secured by way of<br>a. equitable mortgage on immovable properties of the project<br>b. equitable mortgage on vacant land parcels<br>c. hypothecation of receivables (both present and future) of the project | Repayable in 12 quarterly installments, after a moratorium period of 54 months from the date of first disbursement. |
| Term loans from other parties | - | 48.76 | 9%-11% | Secured by way of<br>a. first charge on the Company's share of Inventory in the project<br>b. equitable mortgage on vacant land parcels<br>c. hypothecation of Escrow balances, and Company's share of receivables (both present and future) of the project and Debt Service Reserve account | Repayable in 11 quarterly installments, after a moratorium period of 6 months from the date of first disbursement. |
| **Sub - total** | **11,976.58** | **11,998.63** | | | |

| Particulars | Carrying amount as at 31 March 2023 | Carrying amount as at 31 March 2022 | Effective interest rate | Security Details | Repayment terms |
|---|---|---|---|---|---|
| **Current borrowings** | | | | | |
| Debentures (Secured) | - | 495.09 | 8.75% | Secured by way of<br>a. first charge on the Company's share of Inventory in the project<br>b. hypothecation of Escrow balances, other current assets and Company's share of receivables (both present and future) of the project | Repayable in 30 equal monthly installments, after a moratorium period of 24 months from the date of first disbursement. |
| Loans from banks | 1,178.53 | 1,783.96 | 8%-10% | Secured by way of<br>a. first charge on receivables and inventory of the contracting business and concrete product division<br>b. first charge on identified moveable fixed assets of the company<br>c. hypothecation of receivables of project<br>d. equitable mortgage on vacant land parcels | Repayable on demand. |
| Loans from banks | 696.42 | 697.69 | 8%-10% | Secured by way of<br>a. first charge on inventory, receivables and other current assets of the Manufacturing division.<br>b. Equitable mortgage on vacant land parcels | Repayable on demand. |
| Term loans from banks | 551.03 | 479.30 | 8%-10% | Security charge by way of<br>a. equitable mortgage of immovable property of the project<br>b. equitable mortgage on vacant land parcels<br>c. hypothecation of other current assets and receivables (both present and future) of the project | Repayable in 10 quarterly installments, after a moratorium period of 30 months from the date of first disbursement. |
| Loans from banks | 406.26 | 150.00 | 8%-11% | Secured by way of<br>a. first charge on the Company's share of Inventory in the project<br>b. hypothecation of Escrow balances, other current assets and Company's share of receivables (both present and future) of the project and Debt Service Reserve account | Repayable on demand. |
| Loans from banks | 1,490.25 | - | 8%-10% | Secured by way of<br>a. first charge on inventory of the project<br>b. first charge on identified moveable fixed assets of the company<br>c. hypothecation of receivables of project<br>d. equitable mortgage on vacant land parcels | Repayable on demand. |
| Term loans from banks | 262.01 | - | 8%-10% | Secured by way of<br>a. first charge on the Company's share of Inventory of the project<br>b. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project and Debt Service Reserve account<br>c. fund shortfall undertaking by the director of the Company towards funding of underlying projects* | Repayable in 24 monthly installments, after a moratorium period of 36 months from the date of first disbursement. |
| Loans from banks | 219.75 | - | 8%-10% | Secured by way of<br>a. first charge on the Company's share of Inventory of the project<br>b. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project and Debt Service Reserve account | Repayable on demand. |

| Particulars | Carrying amount as at 31 March 2023 | Carrying amount as at 31 March 2022 | Effective interest rate | Security Details | Repayment terms |
|---|---|---|---|---|---|
| Term loans from banks | - | 787.06 | 8%-10% | Secured by way of<br>a. first charge on the Company's share of Inventory in the project<br>b. hypothecation of Escrow balances, other current assets and Company's share of receivables (both present and future) of the project and Debt Service Reserve account<br>c. fund shortfall undertaking by the director of the Company towards funding of underlying projects | Repayable in 24 monthly installments, after a moratorium period of 33 months from the date of first disbursement. |
| Term loans from banks | - | 569.16 | 8%-10% | Secured by way of<br>a. first charge on the Company's share of Inventory in the project<br>b. equitable mortgage on vacant land parcels<br>c. hypothecation of Escrow balances, other current assets and Company's share of receivables (both present and future) of the project and Debt Service Reserve account | Repayable in 24 equal monthly installments, after a moratorium period of 30 months from the date of first disbursement. |
| Term loans from banks | - | 511.60 | 8%-10% | Secured by way of equitable mortgage on immovable properties of the project | Repayable in 10 quarterly installments, after a moratorium period of 16 months from the date of first disbursement. |
| Loans from banks | - | 510.00 | 8%-10% | Secured by way of<br>a. equitable mortgage on vacant land parcels<br>b. hypothecation of receivables (both present and future) of the project | Repayable on demand. |
| Term loans from banks | - | 500.00 | 8%-10% | Secured by way of<br>a. equitable mortgage on immovable properties of the project<br>b. hypothecation of Escrow balances, other current assets and receivables (both present and future) of the project | Repayable in 12 monthly installments from the date of first disbursement. |
| Term loans from banks | - | 450.36 | 8%-10% | Secured by way of<br>a. first charge on the immoveable property of the project<br>b. first charge over the receivables of the project | Repayable in equal monthly installments, after a moratorium period of 6 months from the date of first disbursement. |
| Term loans from banks | - | 407.56 | 8%-10% | Secured by way of<br>a. first charge on the Company's share of Inventory in the project<br>b. equitable mortgage on vacant land parcels<br>c. hypothecation of Escrow balances, other current assets and Company's share of receivables (both present and future) of the project and Debt Service Reserve account | Repayable in 30 equal monthly installments, after a moratorium period of 30 months from the date of first disbursement. |
| Term loans from banks | - | 372.63 | 8%-10% | Secured by way of<br>a. first charge on the immoveable property of the project<br>b. first charge over the receivables of the project | Repayable in 36 monthly installments from the date of disbursement. |
| Term loans from banks | - | 346.12 | 8%-10% | Secured by way of<br>a. equitable mortgage on vacant land parcels<br>b. hypothecation of receivables (both present and future) of the project | Repayable in 10 equal quarterly installments, after a moratorium period of 30 months from the date of first disbursement. |
| Term loans from banks | - | 134.56 | 8%-10% | Secured by way of<br>a. equitable mortgage on immovable properties of the project<br>b. hypothecation of Escrow balances, other current assets and receivables (both present and future) of the project | Repayable in 12 monthly installments from the date of first disbursement. |

| Particulars | Carrying amount as at 31 March 2023 | Carrying amount as at 31 March 2022 | Effective interest rate | Security Details | Repayment terms |
|---|---|---|---|---|---|
| Term loans from banks | - | 102.21 | 8%-10% | Secured by way of<br>a. first charge on inventory, receivables and other current assets (both present and future) of the project.<br>b. equitable mortgage on vacant land parcels<br>c. hypothecation of Escrow balances | Repayable in 5 quarterly installments, after a moratorium period of 36 months from the date of first disbursement. |
| Loans from banks | - | 60.00 | 8%-10% | Secured by way of<br>a. equitable mortgage on vacant land parcels<br>b. hypothecation of receivables (both present and future) of the project | Repayable on demand. |
| Term loans from other parties | 678.68 | - | 8.40% | Secured by way of<br>a. equitable mortgage on immovable properties of the project<br>b. hypothecation of receivables (both present and future) of the project. | Repayable in 30 monthly installments, after a moratorium period of 24 months from the date of first disbursement. |
| Term loans from other parties | 249.34 | - | 8%-10% | Secured by way of<br>a. equitable mortgage on the Company's share of Inventory of the project<br>b. equitable mortgage on vacant land parcels<br>c. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project | Repayable in 24 equal monthly installments, after a moratorium period of 24 months from the date of first disbursement. |
| Term loans from other parties | - | 645.55 | 9%-11% | Secured by way of<br>a. equitable mortgage on the Company's share of Inventory of the project<br>b. first charge on the vacant land parcels<br>b. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project | Repayable in 24 monthly installments, after a moratorium period of 24 months from the date of first disbursement. |
| Term loans from other parties | - | 414.23 | 9%-11% | Secured by way of<br>a. equitable mortgage on the Company's share of Inventory of the project<br>b. equitable mortgage on vacant land parcels<br>c. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project | Repayable in 18 monthly installments, after a moratorium period of 24 months from the date of first disbursement. |
| Term loans from other parties | - | 406.58 | 9%-11% | Secured by way of<br>a. equitable mortgage on vacant land parcels<br>b. hypothecation of Escrow balances, Company's share of receivables (both present and future) of the project | Repayable in 48 monthly installments from the date of disbursement. |
| Term loans from other parties | - | 172.90 | 9%-11% | Secured by way of<br>a. equitable mortgage on the Company's share of Inventory of the project<br>b. equitable mortgage on vacant land parcels<br>c. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project | Repayable in 18 monthly installments, after a moratorium period of 24 months from the date of first disbursement. |
| Term loans from other parties | - | 48.82 | 9%-11% | Secured by way of<br>a. first charge on the Company's share of Inventory in the project<br>b. hypothecation of Escrow balances, other current assets and Company's share of receivables (both present and future) of the project | Repayable in 30 equal monthly installments, after a moratorium period of 24 months from the date of first disbursement. |
| Cash credit | 838.68 | 1,473.89 | 9%-11% | Secured by way of<br>a. equitable mortgage on vacant land parcels<br>b. hypothecation of receivables (both present and future) of projects | Repayable on demand. |
| Cash credit | 707.77 | 574.66 | 8%-10% | Secured by way of receivables of the project | Repayable on demand. |

| Particulars | Carrying amount as at 31 March 2023 | Carrying amount as at 31 March 2022 | Effective interest rate | Security Details | Repayment terms |
|---|---|---|---|---|---|
| Cash credit | 276.72 | 231.02 | 8%-10% | Secured by way of<br>a. first charge on receivables and inventory of the contracting business and concrete product division<br>b. first charge on identified moveable fixed assets of the company<br>c. hypothecation of receivables of project<br>d. equitable mortgage on vacant land parcels | Repayable on demand. |
| Cash credit | 85.00 | 173.54 | 7%-9% | Secured by way of<br>a. first charge on inventory, receivables and other current assets of the Manufacturing division.<br>b. Equitable mortgage on vacant land parcels | Repayable on demand. |
| Cash credit | 20.09 | 49.30 | 8%-11% | Secured by way of<br>a. first charge on the Company's share of Inventory in the project<br>b. hypothecation of Escrow balances, other current assets and Company's share of receivables (both present and future) of the project and Debt Service Reserve account | Repayable on demand. |
| Cash credit | 4.92 | 6.08 | 7%-9% | Secured by way of<br>a. first charge on inventory, receivables and other current assets of the Manufacturing division.<br>b. Equitable mortgage on vacant land parcels | Repayable on demand. |
| Cash credit | 7.40 | 0.04 | 7%-9% | Secured by way of<br>a. first charge on inventory, receivables and other current assets of the Manufacturing division.<br>b. Equitable mortgage on vacant land parcels | Repayable on demand. |
| Cash credit | 9.93 | 11.62 | 8%-10% | Secured by way of<br>a. first charge on receivables and inventory of the contracting business and concrete product division<br>b. first charge on identified moveable fixed assets of the company<br>c. hypothecation of receivables of project<br>d. equitable mortgage on vacant land parcels | Repayable on demand. |
| Cash credit | 3.65 | 301.15 | 8%-10% | Secured by way of<br>a. first charge on receivables (both present and future) of the project<br>b. equitable mortgage on the vacant lands | Repayable on demand. |
| Cash credit | 0.72 | 0.76 | 8%-10% | Secured by way of<br>a. first charge on receivables and inventory of the contracting business and concrete product division<br>b. first charge on identified moveable fixed assets of the company<br>c. hypothecation of receivables of project<br>d. equitable mortgage on vacant land parcels | Repayable on demand. |
| Cash credit | 0.04 | 0.24 | 7%-9% | Secured by way of<br>a. first charge on inventory, receivables and other current assets of the Manufacturing division.<br>b. Equitable mortgage on vacant land parcels | Repayable on demand. |
| Cash credit | 272.54 | - | 8%-10% | Secured by way of<br>a. first charge on the Company's share of Inventory of the project<br>b. hypothecation of Escrow balances and Company's share of receivables (both present and future) of the project and Debt Service Reserve account | Repayable on demand. |
| Cash credit | 50.20 | - | 8%-10% | Secured by way of<br>a. first charge on receivables and inventory of the contracting business and concrete product division<br>b. first charge on identified moveable fixed assets of the company<br>c. hypothecation of receivables of project<br>d. Equitable mortgage on vacant land parcels. | Repayable on demand. |

| Particulars | Carrying amount as at 31 March 2023 | 31 March 2022 | Effective interest rate | Security Details | Repayment terms |
|---|---|---|---|---|---|
| Cash credit | 30.00 | - | 8%-10% | Secured by way of<br>a. first charge on receivables and inventory of the contracting business and concrete product division<br>b. first charge on identified moveable fixed assets of the company<br>c. hypothecation of receivables of project<br>d. Equitable mortgage on vacant land parcels. | Repayable on demand. |
| Cash credit | 18.98 | - | 8%-10% | Secured by way of<br>a. first charge on receivables and inventory of the contracting business and concrete product division<br>b. first charge on identified moveable fixed assets of the company<br>c. hypothecation of receivables of project<br>d. Equitable mortgage on vacant land parcels. | Repayable on demand. |
| Cash credit | - | 129.55 | 8%-10% | Secured by way of<br>a. equitable mortgage on vacant land parcels<br>b. hypothecation of receivables (both present and future) of the project | Repayable on demand. |
| Cash credit | - | 26.95 | 8%-10% | Secured by way of<br>a. equitable mortgage on vacant land parcels<br>b. hypothecation of receivables (both present and future) of the project | Repayable on demand. |
| Cash credit | - | 14.46 | 8%-10% | Secured by way of<br>a. first charge on receivables and inventory of the contracting business and concrete product division<br>b. first charge on identified moveable fixed assets of the company<br>c. hypothecation of receivables of project<br>d. equitable mortgage on vacant land parcels | Repayable on demand. |
| Cash credit | 0.00 | - | 8%-10% | Secured by way of<br>a. first charge on receivables and inventory of the contracting business and concrete product division<br>b. first charge on identified moveable fixed assets of the company<br>c. hypothecation of receivables of project<br>d. equitable mortgage on vacant land parcels | Repayable on demand. |
| Cash credit | 0.00 | - | 8%-10% | Secured by way of<br>a. first charge on receivables and inventory of the contracting business and concrete product division<br>b. first charge on identified moveable fixed assets of the company<br>c. hypothecation of receivables of project<br>d. equitable mortgage on vacant land parcels | Repayable on demand. |
| Cash credit | 0.00 | - | 8%-10% | Secured by way of<br>a. first charge on receivables and inventory of the contracting business and concrete product division<br>b. first charge on identified moveable fixed assets of the company<br>c. hypothecation of receivables of project<br>d. equitable mortgage on vacant land parcels | Repayable on demand. |
| Cash credit | 0.00 | - | 8%-10% | Secured by way of<br>a. first charge on receivables and inventory of the contracting business and concrete product division<br>b. first charge on identified moveable fixed assets of the company<br>c. hypothecation of receivables of project<br>d. equitable mortgage on vacant land parcels | Repayable on demand. |
| **Sub - total** | **8,058.91** | **13,038.64** | | | |
| **Total borrowings** | **20,035.49** | **25,037.27** | | | |

(*) Refer Note 35

(All amounts in ₹ millions, unless otherwise stated)

## 21 Other financial liabilities

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| | | Restated |
| **Current** | | |
| Payable to land owner for acquisition of land/developmental rights | 3,133.03 | 1,182.74 |
| Security deposit received towards | | |
| -Maintenance services | 2,087.41 | 2,209.39 |
| -Lease deposit | 152.37 | 121.70 |
| Letter of credit payable | 1,346.96 | 2,701.64 |
| Book overdraft | 1,025.86 | 289.92 |
| Revenue share payable under joint development agreement | 632.42 | 380.93 |
| Interest accrued but not due on borrowings | 62.39 | 35.07 |
| Deferred Lease Rental | 27.93 | 22.23 |
| Unclaimed dividend* | 2.00 | 2.32 |
| Capital creditors | 2.19 | 2.36 |
| Payable to related parties (refer note 35) | 170.53 | 338.74 |
| Others | 327.35 | 290.98 |
| **Total other financial liabilities** | **8,970.44** | **7,578.02** |

*Investor Protection and Education Fund is credited for unclaimed dividends when due.

## 22 Provisions

| | Non-current | | Current | |
|---|---|---|---|---|
| | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022 |
| **Provision for employee benefits** | | | | |
| Provision for gratuity (refer note 37) | 228.85 | 174.70 | 85.67 | 73.12 |
| Provision for compensated absence | - | - | 117.09 | 81.43 |
| | **228.85** | **174.70** | **202.76** | **154.55** |

## 23 Trade payables

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| | | Restated |
| Dues of micro enterprises and small enterprises | - | - |
| Dues of creditors other than micro enterprises and small enterprises | 5,986.75 | 4,469.65 |
| | **5,986.75** | **4,469.65** |

**Trade payable ageing schedule**

**As at 31 March 2023**

| Particulars | Unbilled dues /Not Due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 year | 1-2 years | 2-3 years | more than 3 years | |
| Total outstanding dues of micro enterprises and small enterprises | - | - | - | - | - | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 2,290.97 | 3,365.02 | 108.57 | 62.27 | 159.92 | 5,986.75 |
| Disputed dues of micro enterprises and small enterprises | - | - | - | - | - | - |
| Disputed dues of creditors other than micro enterprises and small enterprises | - | - | - | - | - | - |
| **Total** | **2,290.97** | **3,365.02** | **108.57** | **62.27** | **159.92** | **5,986.75** |

**As at 31 March 2022 (Restated)**

| Particulars | Unbilled dues /Not Due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 year | 1-2 years | 2-3 years | more than 3 years | |
| Total outstanding dues of micro enterprises and small enterprises | - | - | - | - | - | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 1,455.68 | 2,193.85 | 151.79 | 117.68 | 550.65 | 4,469.65 |
| Disputed dues of micro enterprises and small enterprises | - | - | - | - | - | - |
| Disputed dues of creditors other than micro enterprises and small enterprises | - | - | - | - | - | - |
| **Total** | **1,455.68** | **2,193.85** | **151.79** | **117.68** | **550.65** | **4,469.65** |

**Note:** Details of dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprises Development Act, 2006.

The information as required under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Group.

| | Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| i. | Principal amount remaining unpaid to any supplier as at the year end | - | - |
| ii. | Interest due thereon | - | - |
| iii. | Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year. | - | - |
| iv. | Amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED, 2006 | - | - |
| v. | Amount of interest accrued and remaining unpaid at the end of the accounting year | - | - |
| vi. | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006 | - | - |

(All amounts in ₹ millions, unless otherwise stated)

## 24 Other liabilities

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| | | Restated |
| Contract liabilities | | |
| -Advance from customers | 52,912.64 | 41,888.99 |
| -Mobilisation advance | 581.31 | 571.60 |
| -Liability under joint development agreement* | 11,222.11 | 10,384.34 |
| -Deferred revenue | 168.70 | 117.16 |
| Withholding taxes payable | 135.71 | 70.19 |
| Others | 132.33 | 170.45 |
| | **65,152.80** | **53,202.73** |

* Represents amount payable to landowners where the Company has entered into joint development arrangements with landowners for joint development of properties on land in lieu of which, the Company has agreed to transfer certain percentage of constructed area or certain percentage of the revenue proceeds, net of revenue recognised.

## 25 Revenue from operations

| | | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| A | **Revenue from contract with customers** | | |
| I | **Sale of products** | | |
| | Income from of constructed properties, plots and other development activities | 23,937.32 | 16,175.41 |
| | Income from sale of land and development rights | - | 1,435.69 |
| | Income from glazing works | 2,626.08 | 1,207.87 |
| | Income from interior works | 831.49 | 737.70 |
| | Income from concrete blocks | 649.08 | 520.10 |
| | Income from retail sales | 133.93 | 76.91 |
| II | **Sale of services** | | |
| | Income from contractual activity | 3,622.51 | 4,633.39 |
| | Income from maintenance and other services | 470.50 | 293.68 |
| III | **Other operating revenue** | | |
| | Forfeiture income | 140.96 | 0.40 |
| | Interest collected from customer | 63.01 | 23.00 |
| | Transfer fees | 67.30 | 33.67 |
| | Marketing income | 16.51 | 21.67 |
| | Scrap sales | 64.21 | 57.29 |
| | **Total (A)** | **32,622.90** | **25,216.78** |

| | | | |
|---|---|---|---|
| B | **Rental income** | | |
| | Rental income from operating leases (refer note 38) | 478.24 | 395.82 |
| | **Total (A+B)** | **33,101.14** | **25,612.60** |

**Additional disclosures required under Ind AS 115**

**(a) Disaggregated revenue information**

Set out below is the disaggregation of the Company's revenue from contracts with customers by timing of transfer of goods or services

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Revenue recognition at a point of time | 23,159.33 | 16,678.26 |
| Revenue recognition over period of time | 9,463.57 | 8,538.52 |
| | **32,622.90** | **25,216.78** |

**(b) Contract balances**

The following table provides information about receivables and contract liabilities from contract with customers:

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| **Contract assets** | | Restated |
| Unbilled revenue | 1,764.53 | 3,361.68 |
| **Total contract assets** | **1,764.53** | **3,361.68** |
| | | |
| **Contract liabilities** | | |
| Advance from customers | 53,493.95 | 42,460.59 |
| Liability under joint development agreement | 11,222.11 | 10,384.34 |
| Deferred revenue | 168.70 | 117.16 |
| **Total contract liabilities** | **64,884.76** | **52,962.09** |
| | | |
| **Receivables** | | |
| Trade receivables | 2,375.34 | 4,159.09 |
| **Total receivables** | **2,375.34** | **4,159.09** |

Unbilled revenue is initially recognised for revenue earned on account of contracts where revenue is recognised over the period of time as receipt of consideration is conditional on successful completion of performance obligations as per contract. Once the performance obligation is fulfilled and milestones for invoicing are achieved, contract assets are classified to trade receivables. Such unbilled revenue is classified as non-financial asset because the right to consideration depends on completion of contractual milestones.

Contract liabilities include advances received from customers as well as deferred revenue representing transaction price allocated to outstanding performance obligations.

**(c) Significant changes in contract liabilities balances during the year are as follows:**

| Particulars | As at 31 March 2023 | | | As at 31 March 2022 | | |
|---|---|---|---|---|---|---|
| | Advances from customers | Payable to land owner | Deferred Revenue | Advances from customers | Payable to land owner | Deferred Revenue |
| **Opening balance** | 42,460.59 | 10,384.34 | 117.16 | 35,200.29 | 13,081.60 | 160.89 |
| Additions during the year (net) | 32,026.97 | 4,052.75 | 168.70 | 20,795.52 | - | 117.16 |
| Revenue recognised during the year | (20,993.61) | (3,214.98) | (117.16) | (13,535.22) | (2,697.26) | (160.89) |
| **Closing balance** | **53,493.95** | **11,222.11** | **168.70** | **42,460.59** | **10,384.34** | **117.16** |

**(d) Significant changes in unbilled revenue balances during the year are as follows:**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Opening balance | 3,361.68 | 3,429.43 |
| Revenue recognised during the year | 6,502.10 | 6,868.96 |
| Billed during the year | (8,099.25) | (5,950.44) |
| Cumulative catch up adjustments to revenue | - | (986.27) |
| **Closing balance** | **1,764.53** | **3,361.68** |

**(e) Reconciliation of revenue recognised with contract revenue:**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Contract revenue | 32,622.90 | 25,216.78 |
| **Revenue recognised** | **32,622.90** | **25,216.78** |

The performance obligation of the Group in case of sale of residential plots, villas, apartments, commercial space and development management of such properties is satisfied once the project is completed and control is transferred to the customers. The customer makes the payment for contract price as per installment stipulated in customer's agreement which can be cancelled by the customer for convenience.

The transaction price of the remaining performance obligation (unsatisfied or partly satisfied) as at 31 March 2023 is ₹ 115,536.09 (31 March 2022 is ₹ 83,954.21). The same is expected to be recognised within 1 to 5 years

## 26 Other income

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Interest income on | | |
| -Bank deposits | 47.30 | 30.10 |
| -Unwinding of discount on refundable deposits | 231.29 | 256.66 |
| -Refundable deposits | 38.87 | - |
| -Others | 14.73 | - |
| Other non-operating income (net of expenses directly attributable to such income) | | |
| -Liabilities no longer required written back | 327.96 | 6.00 |
| -Facilitation charges | 179.50 | 140.69 |
| -Gain on foreign exchange difference (net) | 1.16 | - |
| -Profit on sale of property, plant and equipment (net) | 0.92 | 322.48 |
| -Profit on sale of investment property (net) | - | 31.74 |
| -Reversal of impairement of refundable deposit | 50.55 | - |
| -Others | 30.91 | 52.00 |
| | **923.19** | **839.67** |

## 27 Cost of material consumed

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Inventory at the beginning of the year | 636.87 | 545.68 |
| Add: Purchases during the year | 3,740.46 | 2,073.40 |
| Less: Inventory at the end of the year | 717.54 | 636.87 |
| Cost of material consumed | **3,659.79** | **1,982.21** |

## 28 Changes in inventories of raw materials, land stock, work in progress and finished goods

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Inventories at the end of the year | | |
| Building materials | 1,336.47 | 75.80 |
| Land stock | 7,225.32 | 4,319.20 |
| Work-in-progress | 63,975.98 | 60,034.74 |
| Stock in trade - flats | 14,198.74 | 11,325.03 |
| Finished goods | 155.70 | 124.15 |
| | **86,892.21** | **75,878.92** |

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Inventories at the beginning of the year | | |
| Building materials | 75.80 | 77.55 |
| Land stock | 4,319.20 | 15,154.39 |
| Work-in-progress | 60,034.74 | 58,894.32 |
| Stock in trade - flats | 11,325.03 | 322.11 |
| Finished goods | 124.15 | 115.56 |
| | **75,878.92** | **74,563.93** |
| Less: Opening Inventory transferred to capital work in progress | - | 218.43 |
| | 75,878.92 | 74,345.50 |
| **Increase** | **(11,013.29)** | **(1,533.42)** |

## 29 Employee benefits expense

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Salaries, wages and bonus | 2,664.55 | 2,307.17 |
| Contribution to provident and other funds | 89.79 | 80.19 |
| Gratuity expenses (refer note 37) | 40.24 | 36.16 |
| Compensated absence | 69.72 | 37.57 |
| Staff welfare expenses | 80.45 | 50.87 |
| | **2,944.75** | **2,511.96** |

## 30 Finance costs (*)

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Interest expense | | |
| - on borrowings | 2,032.87 | 2,663.11 |
| -unwinding of discount on land cost payable | 189.01 | 111.24 |
| -on leases | 27.26 | 30.83 |
| -on others | 104.38 | 59.28 |
| Other borrowing cost | | |
| -letter of credit charges | 85.08 | 157.17 |
| -bank guarantee charges | 18.88 | 18.72 |
| -bank and other charges | 32.76 | 42.90 |
| **Total** | **2,490.24** | **3,083.25** |
| (*)Includes finance expense capitalised to inventory (The rate used to determine the amount of borrowing costs eligible for capitalisation is the effective interest rate of the underlying borrowings which is in the range of 7% to 11%) Capitalisation rate 31.03.2023 - 10% (31.03.2022 - 10%) | 2,260.65 | 2,900.45 |

## 31 Depreciation and amortization expense

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Depreciation of property, plant and equipment | 500.83 | 546.41 |
| Depreciation of investment properties | 120.00 | 108.67 |
| Depreciation of right of use assets | 55.40 | 60.10 |
| Amortization of intangible assets | 2.14 | 3.09 |
| | **678.37** | **718.27** |

## 32 Other expenses

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| License fees and plan approval charges | 654.01 | 201.69 |
| Power and fuel | 663.35 | 531.48 |
| Water charges | 28.66 | 31.68 |
| Freight and forwarding charges | 267.59 | 235.11 |
| Rent (refer note 38) | 165.38 | 178.44 |
| Rates and taxes | 201.13 | 193.78 |
| Insurance | 132.19 | 113.26 |
| Property maintenance expenses | 160.46 | 168.96 |
| Repairs and maintenance | | |
| Plant and machinery | 52.62 | 36.92 |
| Others | 87.05 | 55.06 |
| Advertising and sales promotion | 415.48 | 389.37 |
| Brokerage and discounts | 326.20 | 175.11 |
| Donation | 0.95 | 0.30 |
| Corporate social responsibility expenditure | 199.62 | 121.10 |
| Travelling and conveyance | 305.52 | 236.20 |
| Printing and stationery | 39.09 | 28.48 |
| Communication costs | 0.16 | 0.14 |
| Legal and professional fees | 403.80 | 387.70 |
| Directors' commission and sitting fees (refer note 35) | 8.71 | 6.73 |
| Payment to auditor | 18.70 | 14.28 |
| Exchange difference (net) | - | 0.49 |
| Allowance for credit losses (including amounts written off) | 372.10 | 43.03 |
| Provision for land advances | 168.11 | - |
| Other advances written off | 60.85 | - |
| Bad debts written off | - | 3.54 |
| Security charges | 192.01 | 184.23 |
| Impairment of property, plant and equipment | 58.71 | - |
| Miscellaneous expenses | 457.46 | 306.79 |
| | **5,439.91** | **3,643.87** |

## 33 Income taxes

The significant components of income tax expense for the years ended 31 March 2023 and 31 March 2022 are -

### A. Amounts charged to statement of profit and loss

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| **Current income tax:** | | |
| Current income tax charge | 360.46 | 609.23 |
| **Deferred tax:** | | |
| Relating to origination and reversal of temporary differences | 47.24 | 25.12 |
| **Income tax expense reported in the statement of profit and loss** | **407.70** | **634.35** |

### B Income tax recognised in other comprehensive income

| | | |
|---|---|---|
| Net loss on remeasurements of defined benefit plans | 13.43 | 3.03 |
| **Income tax charge to other comprehensive income** | **13.43** | **3.03** |

### C Reconciliation of tax expense and the accounting profit multiplied by Company's domestic tax rate for 31 March 2023 and 31 March 2022

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Accounting profit before income tax | 1,449.75 | 2,366.25 |
| Tax on accounting profit at statutory income tax rate 25.17% (31 March 2022: 25.17%)* | 364.90 | 595.59 |
| Adjustments in respect of change in tax rate of subsidiary | 0.94 | 1.00 |
| Permanent adjustments | 41.86 | 37.76 |
| | **407.70** | **634.35** |

* The Group (except sobha city - partnership firm, Tax rate is 34.94% ) 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 from the year ended 31 March 2021 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 previous year on the exercise of this said option.

*This space is intentionally left blank*

(All amounts in ₹ millions, unless otherwise stated)

**D Deferred tax asset / Liability**

*Deferred tax assets/(liabilities) relates to the following*

| Particulars | 31 March 2023 | | 31 March 2022 | |
|---|---|---|---|---|
| | Deferred tax asset | Deferred tax liability | Deferred tax asset | Deferred tax liability |
| Provision for compensated absence | 29.46 | - | 20.49 | - |
| Provision for gratuity | 79.16 | - | 62.38 | - |
| Provision for exgratia | 18.64 | - | 11.62 | - |
| Expected credit losses | 145.05 | - | 76.86 | - |
| Deferred tax asset on tax losses and unabsorbed depreciation | 26.93 | - | 13.10 | - |
| Others | 55.79 | - | 44.19 | - |
| Property, plant and equipment and investment property | 40.70 | - | 66.49 | - |
| On account of difference in IndAS 115 and ICDS III | - | (173.35) | - | (48.00) |
| Deferred tax asset/(liability) | **395.73** | **(173.35)** | **295.13** | **(48.00)** |
| **Deferred tax asset (Net)** | **222.38** | | **247.13** | |

*Deferred tax liability relates to the following*

| Particulars | 31 March 2023 | | 31 March 2022 | |
|---|---|---|---|---|
| | Deferred tax asset | Deferred tax liability | Deferred tax asset | Deferred tax liability |
| Expected credit losses | 30.16 | - | 9.80 | - |
| Deferred tax asset on tax losses and unabsorbed depreciation | 56.59 | - | 66.16 | - |
| Others | - | (30.32) | - | (30.32) |
| Property, plant and equipment and investment property | - | (269.92) | - | (248.94) |
| On account of difference in IndAS 115 and ICDS III | 87.67 | - | 86.54 | - |
| | **174.42** | **(300.24)** | **162.50** | **(279.26)** |
| **Deferred Tax (liability) (Net)** | | **(125.82)** | | **(116.76)** |

For three subsidiaries, deferred tax assets have been created on tax losses of ₹ 96.73 (31 March 2022 ₹ 45.96) and unabsorbed depreciation of ₹ 172.19 (31 March 2022 ₹ 195.46)

**Following summarises the movement of Deferred tax asset/ (liability)**

| Year ended 31 March 2023 | Balance as at 31 April 2022 Restated | Movement in statement of Profit/Loss | Movement in OCI | Balance as at 31 March 2023 |
|---|---|---|---|---|
| Provision for compensated absence | 20.49 | 8.97 | - | 29.46 |
| Provision for gratuity | 62.38 | 3.35 | 13.43 | 79.16 |
| Provision for exgratia | 11.62 | 7.02 | - | 18.64 |
| Expected credit losses | 86.66 | 88.55 | - | 175.21 |

(All amounts in ₹ millions, unless otherwise stated)

| Year ended 31 March 2023 | Balance as at 31 April 2022 Restated | Movement in statement of Profit/Loss | Movement in OCI | Balance as at 31 March 2023 |
|---|---|---|---|---|
| Deferred tax asset on tax losses and unabsorbed depreciation | 79.26 | 4.26 | - | 83.52 |
| Others | 13.87 | 11.60 | - | 25.47 |
| Property, plant and equipment and investment property | (182.45) | (46.77) | - | (229.22) |
| On account of difference in IndAS 115 and ICDS III | 38.54 | (124.22) | - | (85.68) |
| **Total** | **130.37** | **(47.24)** | **13.43** | **96.56** |

| Year ended 31 March 2022 | Balance as at 1 April 2021 Restated | Movement in statement of Profit/Loss | Movement in OCI | Balance as at 31 March 2022 Restated |
|---|---|---|---|---|
| Provision for compensated absence | 18.12 | 2.37 | - | 20.49 |
| Provision for gratuity | 54.86 | 4.49 | 3.03 | 62.38 |
| Provision for exgratia | - | 11.62 | - | 11.62 |
| Expected credit losses | 100.47 | (13.81) | - | 86.66 |
| Deferred tax asset on tax losses and unabsorbed depreciation | 44.91 | 34.35 | - | 79.26 |
| Others | 28.94 | (15.07) | - | 13.87 |
| Property, plant and equipment and investment property | (214.65) | 32.20 | - | (182.45) |
| On account of difference in IndAS 115 and ICDS III | 119.81 | (81.27) | - | 38.54 |
| **Total** | **152.46** | **(25.12)** | **3.03** | **130.37** |

E The Group has not entered into any such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)

**F Income tax assets (net)**

| Particulars | 31 March 2023 | 31 March 2022 |
|---|---|---|
| Advance Income tax (net of provisions) | 217.46 | 116.01 |
| | **217.46** | **116.01** |

**G Current tax liabilities (net)**

| Particulars | 31 March 2023 | 31 March 2022 |
|---|---|---|
| Current tax liabilities (net of advance tax) | - | 202.94 |
| | **-** | **202.94** |

## 34 Earnings per share [‘EPS’]

| Particulars | 31 March 2023 | 31 March 2022 |
|---|---|---|
| Net Profit after tax attributable to equity shareholders | 1,042.05 | 1,731.90 |
| Weighted average number of equity shares used in calculating basic and diluted EPS | 94,845,853 | 94,845,853 |
| Nominal value per equity share ( in ₹) | 10 | 10 |
| Earnings per share ( in ₹) | | |
| - Basic and diluted | 10.99 | 18.27 |

## 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

**Associate**

C.V.S.Tech Park Private Limited

**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 (till 31 March 2022)

Mr. T P Seetharam - Whole-time Director (till 31 March 2022)

Mr. Jagadish Nangineni - Managing Director (with effect from 01 April 2022)

**Additional related parties (‘KMP’s) as per Companies Act, 2013 with whom transactions have taken place**

Mr. Subhash Bhat - Chief Financial Officer (till 14th November 2021)

Mr. Yogesh Bansal - Chief Financial Officer (with effect from 15th November 2021)

Mr. Vighneshwar G Bhat - Company Secretary

***Other Directors***

Mr. Anup Shah

Mr. R V S Rao

Mrs. Srivathsala KN

Mr. Sumeet Jagdish Puri (till 7th October 2021)

Mr. Raman Mangalorkar (with effect from 01 April 2022)

**Relatives of key management personnel**

Mrs. Sudha Menon

**Post employment-benefit plan entity**

Sobha Developers Employees Gratuity Trust

**Other related parties**

Mannur Real Estate Private Limited
Mannur Properties Private Limited
Puzhakkal Developers 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 Kurumba Educational and Charitable Trust
Sri Parvathy Land Developers Private Limited
Technobuild Developers Private Limited
Mapedu Realtors Private Limited
Mapedu Builders Private Limited
Chikmangaloor Properties Private Limited
Rusoh Marina Properties Private Limited
Thakazhi Developers Private Limited
Thakazhi Realtors Private Limited
Moolamcode Traders Private Limited

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**b) Details of the transactions with the related parties:**

| Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| **I. Transaction with joint venture** | | |
| **Amount contributed to partnership current account** | | |
| Kondhwa Projects LLP | 0.60 | 6.21 |
| **II. Transaction with other related parties** | | |
| **Income/(Loss) from sale of land and development rights** | | |
| Chikmangaloor Properties Private Limited | 0.97 | - |
| Thakazhi Developers Private Limited | 16.25 | - |
| Thakazhi Realtors Private Limited | 6.64 | - |
| Rusoh Marina Properties Private Limited | (0.01) | - |
| Mapedu Realtors Private Limited | (0.15) | - |
| Mapedu Builders Private Limited | (0.14) | - |
| **Income from contractual activity** | | |
| Sobha Projects & Trade Private Limited | - | 70.14 |
| **Income from glazing works** | | |
| Sri Kurumba Educational and Charitable Trust | 0.30 | 1.71 |
| **Income from interior works** | | |
| Sri Kurumba Educational and Charitable Trust | 0.44 | 0.43 |
| Mr. Anup Shah | 0.04 | 1.80 |
| **Income from concrete blocks/works** | | |
| Sobha Projects & Trade Private Limited | 11.57 | - |
| **Purchase of project items** | | |
| Sobha Projects & Trade Private Limited | 382.96 | 530.59 |
| **Aircraft hire charges** | | |
| Sobha Puravankara Aviation Private Limited | 129.37 | 110.57 |
| **CSR expenditure - Donation** | | |
| Sri Kurumba Educational and Charitable Trust | 199.62 | 121.10 |
| **Land Advance** | | |
| Technobuild Developers Private Limited | 201.06 | - |
| **Advance paid towards purchase of goods or services** | | |
| Sri Parvathy Land Developers Private Limited | 0.01 | 0.03 |
| Sri Durga Devi Property Management Private Limited | 0.06 | 0.05 |
| Sobha Puravankara Aviation Private Limited | 105.00 | 66.00 |

(All amounts in ₹ millions, unless otherwise stated)

| Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| **Refund of advance by the related party** | | |
| Technobuild Developers Private Limited | 449.98 | 339.52 |
| Puzhakkal Developers Private Limited | 52.20 | - |
| Sri Parvathy Land Developers Private Limited | 106.48 | - |
| Sri Durga Devi Property Management Private Limited | 43.10 | - |
| **Advances received fom the related party** | | |
| Technobuild Developers Private Limited | 1.06 | 1.17 |
| **Provision for land advances** | | |
| Sri Parvathy Land Developers Private Limited | 60.51 | - |
| **Security Deposit adjusted towards Rent** | | |
| Sobha Glazing & Metal Works Private Limited | 5.50 | 5.50 |
| **Contribution to plan assets** | | |
| Sobha Developers Employees Gratuity Trust | 26.90 | 18.30 |
| **Guarantees received** | | |
| Sri Durga Devi Property Management Private Limited | 1,100.00 | - |
| Sri Parvathy Land Developers Private Limited | 1,100.00 | - |
| **Guarantees extinguished** | | |
| Sri Durga Devi Property Management Private Limited | 1,500.00 | - |
| Sri Parvathy Land Developers Private Limited | 1,500.00 | - |
| **III. Transaction with key managerial personnel** | | |
| **Directors' remuneration** | | |
| Mr. J. C. Sharma (till 31 March 2022) | - | 35.04 |
| Mr. Ravi PNC Menon | 92.49 | 80.38 |
| Mr.T P Seetharam (till 31 March 2022) | - | 6.44 |
| Mr. Jagadish Nangineni (with effect from 01 April 2022) | 33.08 | - |
| **Dividend paid (payment basis)** | | |
| Mr. Ravi PNC Menon | 9.56 | 11.15 |
| Mr. J. C. Sharma (till 31 March 2022) | - | 0.38 |
| Mr. Subhash Bhat (till 14th November 2021) | - | - |
| Mr. Anup Shah | 0.01 | 0.02 |
| Mr. R V S Rao | 0.05 | 0.05 |

| Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| **Salary (including perquisites)** | | |
| Mr. Subhash Bhat (till 14th November 2021) | - | 7.92 |
| Mr. Vigneshwar G Bhat | 5.18 | 4.69 |
| Mr. Yogesh Bansal (with effect from 15th November 2021) | 6.74 | 2.08 |
| **Directors' sitting fees and commission** | | |
| Mr. Anup Shah | 2.14 | 1.88 |
| Mr. R V S Rao | 2.18 | 1.94 |
| Mr. Sumeet Jagdish Puri (till 7th October 2021) | - | 0.99 |
| Mrs. Srivathsala KN | 2.23 | 1.92 |
| Mr. Raman Mangalorkar (with effect from 01 April 2022) | 2.16 | - |
| **IV. Transaction with key shareholders** | | |
| **Dividend paid (payment basis)** | | |
| Mr. P. N. C. Menon | 36.18 | 42.21 |
| Mrs. Sobha Menon | 86.18 | 100.54 |
| Mr. P. N. C. Menon and Mrs. Sobha Menon (jointly held shares) | 15.87 | 18.51 |

c) **Details of balances receivable from and payable to related parties are as follows:**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **I. Balances receivable from and payable to joint ventures & associates** | | |
| **In partners current account** | | |
| Kondhwa Projects LLP | 1,149.28 | 1,148.68 |
| **II. Balances receivable from and payable to other related parties** | | |
| **Land advance** | | |
| Technobuild Developers Private Limited | 8,152.41 | 8,199.84 |
| Puzhakkal Developers Private Limited | - | 52.20 |
| Sri Parvathy Land Developers Private Limited | 60.51 | 166.99 |
| Sri Durga Devi Property Management Private Limited | - | 43.10 |
| **Provision for land advances** | | |
| Sri Parvathy Land Developers Private Limited | 60.51 | - |
| **Right of use Assets** | | |
| Sobha Glazing & Metal Works Private Limited | 33.00 | 38.50 |

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Advances recoverable in cash or in kind** | | |
| Sobha Puravankara Aviation Private Limited | 215.25 | 164.73 |
| Sobha Glazing & Metal Works Private Limited | 10.02 | - |
| Sobha Aviation and Engineering Services Private Limited | - | 0.01 |
| Thakazhi Developers Private Limited | - | 0.05 |
| Thakazhi Realtors Private Limited | - | 0.04 |
| Sobha Space Private Limited | - | 0.01 |
| Mannur Real Estate Private Limited | - | 0.15 |
| Mannur Properties Private Limited | - | 0.02 |
| Sobha Technocity Private Limited | - | 0.02 |
| Moolamcode Traders Private Limited | - | 0.02 |
| **Trade receivables** | | |
| Sri Kurumba Educational and Charitable Trust | 6.41 | 35.10 |
| Puzhakkal Developers Private Limited | - | 0.01 |
| Technobuild Developers Private Limited | - | 0.07 |
| Sobha Projects & Trade Private Limited | 212.01 | 211.57 |
| Mr. Anup Shah | 0.73 | 0.68 |
| Thakazhi Developers Private Limited | 2.57 | 0.05 |
| Mapedu Realtors Private Limited | 0.35 | 2.18 |
| Mapedu Builders Private Limited | - | 1.24 |
| Chikmangaloor Realtors Private Limited | - | 0.42 |
| Chikmangaloor Properties Private Limited | - | 2.23 |
| Allapuzha Fine Real Estate Private Limited | - | 1.45 |
| Rusoh Modern Properties Private Limited | - | 1.49 |
| Rusoh Marina Properties Private Limited | - | 0.52 |
| Santhavellur Developers Private Limited | - | 0.02 |
| Santhavellur Realtors Private Limited | - | 0.02 |
| Santhavellur Builders Private Limited | - | 0.01 |
| **Advance from customers** | | |
| Sri Parvathy Land Developers Private Limited | 1.90 | - |
| **Trade payables** | | |
| Sobha Projects & Trade Private Limited | - | - |
| Technobuild Developers Private Limited | - | - |
| Puzhakkal Developers Private Limited | - | 0.01 |
| Mapedu Builders Private Limited | 0.11 | - |
| Rusoh Marina Properties Private Limited | 0.02 | - |
| Sri Parvathy Land Developers Private Limited | 2.53 | 2.53 |
| Sobha Space Private Limited | 14.05 | - |

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Other Current financial liabilities** | | |
| Technobuild Developers Private Limited | 173.88 | 382.25 |
| Sobha Space Private Limited | 14.05 | - |
| Sobha Glazing & Metal Works Private Limited | 0.00 | - |
| Sobha Projects & Trade Private Limited | 7.01 | 26.20 |
| **Other Payables** | | |
| Sobha Glazing & Metal Works Private Limited | - | 50.14 |
| Sri Durga Devi Property Management Private Limited | 1.89 | - |
| **Guarantees and Collaterals received** | | |
| Sri Durga Devi Property Management Private Limited | 1,100.00 | 1,500.00 |
| Sri Parvathy Land Developers Private Limited | 1,100.00 | 1,500.00 |
| **Security Received** | | |
| Sri Durga Devi Property Management Private Limited | 155.88 | 153.25 |
| Sri Parvathy Land Developers Private Limited | 155.88 | 153.25 |

**d) Payable to key management personnel/director of the Group**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Commission to independent directors | 8.00 | 5.95 |
| Commission to Chairman, Vice Chairman & Managing Director | 41.10 | 38.97 |
| | **49.10** | **44.92** |

*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.

Note

The director of the Company has given fund shortfall undertaking for cetain borrowings towards funding of the respective underlying projects. Refer note 20

**e) Compensation of key management personnel of the Company**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Short-term employee benefits | 137.49 | 121.86 |
| Other benefits* | 41.10 | 38.97 |
| | **178.59** | **160.83** |

*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.

Note

The director of the Company has given fund shortfall undertaking for cetain borrowings towards funding of the respective underlying projects. Refer note 20

## 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 Managing Director (MD) 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 MD reviews internal management reports on at least a quarterly basis.

The MD 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 2023 and 31 March 2022 respectively:

**Business segments**

| Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| **Segment revenue** | | |
| Real estate | 25,372.14 | 18,513.60 |
| Contractual and manufacturing | 9,331.00 | 7,891.00 |
| **Total segment revenue** | **34,703.14** | **26,404.60** |
| Inter segment revenues | (1,602.00) | (792.00) |
| **Net revenue from operations** | **33,101.14** | **25,612.60** |
| **Segment result** | | |
| Real estate | 5,871.77 | 7,587.04 |
| Contractual and manufacturing | (45.34) | (119.04) |
| **Total segment results** | **5,826.43** | **7,468.00** |
| Finance costs | (2,490.00) | (3,082.75) |
| Other unallocable expenditure | (2,527.68) | (2,602.00) |
| Other income (including finance income) | 641.00 | 583.00 |
| **Profit before taxation** | **1,449.75** | **2,366.25** |
| Income taxes | (407.70) | (634.35) |
| **Profit after taxation** | **1,042.05** | **1,731.90** |

The following table presents assets and liabilities information for the Group's operating segments as at 31 March 2023 and 31 March 2022 respectively:

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Segment assets** | | |
| Real estate | 104,150.24 | 93,004.00 |
| Contractual and manufacturing | 6,518.76 | 7,879.00 |
| **Total segment assets** | **110,669.00** | **100,883.00** |
| Unallocated assets | 15,213.43 | 14,536.24 |
| **Total assets** | **125,882.43** | **115,419.24** |
| **Segment liabilities** | | |
| Real estate | 67,876.00 | 51,844.00 |
| Contractual and manufacturing | 6,239.00 | 6,373.00 |
| **Total segment liabilities** | **74,115.00** | **58,217.00** |
| Unallocated liabilities | 26,820.72 | 32,973.11 |
| **Total liabilities** | **100,935.72** | **91,190.11** |
| **Capital employed** | | |
| Real estate | 36,274.24 | 41,160.00 |
| Contractual and manufacturing | 279.76 | 1,506.00 |
| Unallocated capital employed | (11,607.29) | (18,436.87) |
| **Total capital employed** | **24,946.71** | **24,229.13** |

Current taxes, deferred taxes and certain financial assets and liabilities are considered as unallocated as they are also managed on a Group basis.

| Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| **Capital expenditure** | | |
| Real estate | 468.32 | 288.82 |
| Contractual and manufacturing | 84.74 | 42.54 |
| Unallocated capital expenditure | 732.01 | 65.20 |
| **Total capital expenditure** | **1,285.07** | **396.56** |

Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment property under development.

Information of revenue and non-current operating assets based on location has not been furnished since there are no revenue generated from business activities outside India and there are no non-current operating assets held by the Group outside India.

**Reconciliations to amounts reflected in the financial statements**

**(i) Reconciliation of assets**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Segment assets** | **110,669.00** | **100,883.00** |
| Investment (refer note 9) | 1,149.33 | 1,148.73 |
| Prepaid expenses (refer note 14) | 1,017.99 | 962.83 |
| Balances with statutory/ government authorities (refer note 14) | 1,127.67 | 1,508.88 |
| Income tax assets (net) (refer note 33) | 217.46 | 116.01 |
| Deferred tax assets (net) (refer note 33) | 222.38 | 247.13 |
| Cash and bank balances (refer note 15 and 16) | 4,514.04 | 1,783.09 |
| Non-current bank balances (refer note 13) | 151.04 | 175.28 |
| Other unallocable assets | 6,813.52 | 8,594.29 |
| **Total assets** | **125,882.43** | **115,419.24** |

**(ii) Reconciliation of liabilities**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Segment liabilities** | **74,115.00** | **58,217.00** |
| Borrowings (refer note 20) | 20,035.49 | 25,037.27 |
| Provisions (refer note 22) | 202.76 | 154.55 |
| Deferred tax liabilities (refer note 33) | 125.82 | 116.76 |
| Liabilities for current tax (net) (refer note 33) | - | 202.94 |
| Withholding taxes payable (refer note 24) | 135.71 | 70.19 |
| Others payable (refer note 24) | 132.33 | 170.45 |
| Other unallocable liabilities | 6,188.61 | 7,220.95 |
| **Total liabilities** | **100,935.72** | **91,190.11** |

## 37 Employment benefit plans

### A Defined benefit plan

The Group has gratuity as defined benefit retirement plans for its employees. The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity at the rate of 15 days basic salary for each year of service until the retirement age. As at 31 March 2023 and 31 March 2022 the plan assets were invested in insurer managed funds.

It is exposed to the following types of risks:

**Interest rate risk:** A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

**Salary Risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

**Investment Risk:** The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

**Asset Liability Matching Risk:** The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

**Mortality risk:** Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

**Concentration Risk:** Plan is having a concentration risk as all the assets are invested with the insurance company

The following tables set out the the funded status of gratuity plans and amount recognised in the balance sheet for the respective plans:

| | Particulars | 31 March 2023 | 31 March 2022 |
|---|---|---|---|
| 1 | **The amounts recognized in the Balance Sheet are as follows:** | | |
| | Present value of defined benefit obligation at the end of the year | 318.74 | 251.17 |
| | Less: Fair value of plan assets as at the end of the year | 4.21 | 3.35 |
| | **Net liability recognised in the balance sheet** | **314.53** | **247.82** |
| 2 | **Changes in the present value of defined benefit obligation** | | |
| | Defined benefit obligation as at beginning of the year | 251.17 | 220.36 |
| | Current service cost | 24.35 | 22.91 |
| | Interest cost | 16.10 | 13.35 |
| | Benefits paid | (26.04) | (17.47) |
| | Actuarial (gain) / loss due to demographic assumption changes | 6.06 | (0.04) |
| | Actuarial (gain) / loss due to financial assumption changes | 26.70 | (3.49) |
| | Actuarial (gain) / loss due to experience adjustments | 20.39 | 15.55 |
| | **Defined benefit obligation as at the end of the year** | **318.74** | **251.17** |
| 3 | **Changes in the fair value of plan assets** | | |
| | Fair value as at the beginning of the year | 3.35 | 2.40 |
| | Interest on plan assets | 0.21 | 0.15 |
| | Actuarial gain / (loss) | (0.21) | (0.03) |
| | Contributions | 26.90 | 18.30 |
| | Benefits paid | (26.04) | (17.47) |
| | **Fair value as at the end of the year** | **4.21** | **3.35** |
| 4 | **Net gratuity cost for the reporting years comprises of following components** | | |
| | Current service cost | 24.35 | 22.91 |
| | Interest cost | 16.10 | 13.35 |
| | Interest income | (0.21) | (0.15) |
| | **Net Gratuity cost** | **40.24** | **36.11** |
| 5 | **Other comprehensive income** | | |
| | Actuarial loss on defined benefit obligation | (53.15) | (12.01) |
| | Return on plan assets excluding interest income | (0.21) | (0.03) |
| | **Loss recognised in other comprehensive income** | **(53.36)** | **(12.04)** |
| 6 | **Experience adjustment:** | | |
| | On plan defined benefit obligation (gain) / loss | 20.39 | 15.55 |
| | On plan assets gain / (loss) | (0.21) | (0.03) |

**7 Investment Details**

The major categories of plan assets as a percentage of the fair value of the total plan assets are as follows:

| Particulars | 31 March 2023 | 31 March 2022 |
|---|---|---|
| Investment in insurance fund | 100% | 100% |

**8 Actuarial assumptions**

| Particulars | 31 March 2023 | 31 March 2022 |
|---|---|---|
| Discount rate (p.a) | 7.20% | 6.41% |
| Future salary growth (p.a) | 12.00% | 5.00% |
| Weighted Average Duration of the Defined Benefit Obligation (years) | 3 | 5 |
| Attrition rate (p.a) | 35.00% | 15.00% |

**9 Sensitivity Analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

| Particulars | 31 March 2023 | | 31 March 2022 | |
|---|---|---|---|---|
| | Decrease | Increase | Decrease | Increase |
| Discount rate (+ / -1%) | 5.63 | 5.94 | 9.39 | 10.28 |
| Salary growth rate (- / + 1%) | 4.64 | 4.74 | 8.60 | 9.16 |
| Attrition rate (+ / -1%) | 1.09 | 1.14 | 0.59 | 0.51 |

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.

**10 Maturity profile of defined benefit obligation**

| Particulars | 31 March 2023 | 31 March 2022 |
|---|---|---|
| Within the next 12 months | 108.32 | 49.27 |
| Between 2 and 5 years | 197.18 | 131.96 |
| Between 5 and 10 years | 54.73 | 89.56 |
| Beyond 10 years | 10.01 | 68.23 |
| **Total expected payments** | **370.24** | **339.02** |

Expected contribution in the next year ₹ 85.67.

**B Defined contribution plan**

The Company makes contribution of statutory provident fund as per Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and Employees State Insurance Scheme as per the Employees' State Insurance Act, 1948. The Company has recognized the following amounts in the Statement of Profit and Loss under defined contribution plan whereby the Company is required to contribute a specified percentage of the payroll costs to fund the benefits:

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Employer's contribution to provident fund | 88.45 | 78.44 |
| Employer's contribution to Employees' state insurance scheme | 0.99 | 1.35 |
| Contribution to Superannuation Fund | 0.35 | 0.40 |
| **Total** | **89.79** | **80.19** |

## 38 Leases

### A The Group as a lessor

**Assets given on operating lease:**

The Company has entered into operating lease agreements with its lessees. Total lease rental income recognized in the statement of profit and loss for the year is ₹ 478.24 (31 March 2022: ₹ 338.96)

The future minimum lease receivables under non-cancellable operating leases in aggregate are as follows:

| Year | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| FY 2022-23 | - | 195.82 |
| FY 2023-24 | 248.90 | 196.36 |
| FY 2024-25 | 217.76 | 162.84 |
| FY 2025-26 | 126.15 | 69.51 |
| FY 2026-27 | 85.44 | 24.64 |
| FY 2027-28 | 75.19 | - |
| More than 5 years | 100.30 | 42.11 |
| **Total** | **853.74** | **691.28** |

### B The Group as a lessee

The Group has leases for building, vehicles and plant and machinery. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability except for lease on buildings for which it was agreed that the company shall pay a security deposit which shall be adjusted to the minimum lease payments and due to which no lease liability in the same was created and the amount given as security deposit is treated as Right of use asset depreciated on a straight line basis over the lease period. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and right of use assets. The Company has presented its right-of-use assets in the balance sheet separately from other assets.

Lease arrangements for vehicles contain an option to extend the lease for a further term till the vehicle is handed over to the lessor after the end of lease term as per agreement or for a fixed tenure of 3 to 9 months as the case may be as per the requirement of Lessee.The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over Factory buildings, the Company must repair and maintain those properties in a good state and return the properties with all connections, sanitary, water and drainage fittings and fixtures as it may exist on the relevant date.

### a. Right of use assets

| | Other buildings | Vehicles | Plant and machinery | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| **As at 1 April 2021 (Restated)** | **71.12** | **128.20** | **90.33** | **289.65** |
| Additions during the year | - | 24.01 | - | 24.01 |
| Deletions during the year | - | (4.61) | - | (4.61) |
| **As at 31 March 2022 (Restated)** | **71.12** | **147.60** | **90.33** | **309.05** |
| Additions during the year | - | 31.02 | - | 31.02 |
| Deletions during the year | - | (14.90) | - | (14.90) |
| Other Adjustmennts | (21.62) | - | - | (21.62) |
| **As at 31 March 2023** | **49.50** | **163.72** | **90.33** | **303.55** |

| | Other buildings | Vehicles | Plant and machinery | Total |
|---|---|---|---|---|
| **Accumulated depreciation** | | | | |
| **As at 1 April 2021 (Restated)** | **5.50** | **49.00** | **45.88** | **100.38** |
| Charge for the year | 5.50 | 33.65 | 20.95 | 60.10 |
| Reversal during the year | - | (4.61) | - | (4.61) |
| **As at 31 March 2022 (Restated)** | **11.00** | **78.04** | **66.83** | **155.87** |
| Charge for the year | 5.50 | 28.95 | 20.95 | 55.40 |
| Reversal during the year | - | (10.99) | - | (10.99) |
| **As at 31 March 2023** | **16.50** | **96.00** | **87.78** | **200.28** |
| **Carrying amount** | | | | |
| **As at 31 March 2023** | **33.00** | **67.72** | **2.55** | **103.27** |
| **As at 31 March 2022 (Restated)** | **60.12** | **69.56** | **23.50** | **153.18** |

**b.** Set out below are the carrying amounts of lease liabilities and the movements during the year:

| Particulars | Amount |
|---|---|
| **As on 1 April 2021 (Restated)** | **279.18** |
| Additions during the year | 22.48 |
| Interest expense for the year | 30.83 |
| Payment of lease liabilities | (79.00) |
| **As on 31 March 2022 (Restated)** | **253.49** |
| Additions during the year | 31.42 |
| Interest expense for the year | 27.26 |
| Payment of lease liabilities | (79.36) |
| **As on 31 March 2023** | **232.81** |

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Current** | 28.04 | 50.70 |
| **Non Current** | 204.77 | 202.79 |

**c. The following are the amounts recognised in the profit & loss**

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Depreciation expenses of right-of-use assets | 55.40 | 60.10 |
| Interest expenses on lease liabilities | 27.26 | 30.83 |
| Expenses relating to short-term leases | 163.84 | 177.21 |
| Expenses relating to lease of Low-value of assets | 1.54 | 1.23 |
| **Total amount recogniesed in the profit & loss** | **248.04** | **269.37** |
| **Total cash out flows towards leases** | **244.74** | **257.44** |

Lease term of the above referred leases range from 11 months to 63 years

**d. Information about extension and termination options**

| Right of use assets | Number of leases | Range of remaining term (in years) | Average remaining lease term (in years) | Number of leases with extension options | Number of leases with purchase option | Number of leases with termination option |
|---|---|---|---|---|---|---|
| Other buildings | 2.00 | 5.92 | 6.00 | 2.00 | - | - |
| Plant and Machinery | 9.00 | 0.04 to 0.21 | 0.11 | - | 9.00 | - |
| Vehicles | 62.00 | 0.35 to 4.68 | 2.52 | 62.00 | 62.00 | 62.00 |

**e.** The maturity profile for lease liabilities has been provided in note 41(C)

## 39 Contingent liabilities and commitments

**a Contingent liabilities (to the extent not provided for)**

| | Particulars | 31 March 2023 | 31 March 2022 |
|---|---|---|---|
| i | Income tax matters in dispute (Refer note 1) | 82.07 | 103.12 |
| ii | Value added tax, Service tax and customs matters in dispute (Refer note 2) | 1,641.69 | 1,856.71 |
| iii | Customer related cases and complaints (Refer note 3) | 2.00 | - |
| iv | Matters before prevention of money laundering adjudicating authority Refer note 4) | 2,016.00 | - |
| v | Other litigation (Refer note 7 and 9) | 15.50 | 15.50 |
| | | **3,757.26** | **1,975.33** |

Note - Pending resolution of the respective proceedings, it is not practicable for the group to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.

The Group does not expect the outcome of these proceeding to have a material adverse effect on its financial position. The Group does not expect any reimbursement in respect of above contingent liability

**1** The Income Tax Authorities have disputed the tax computation for certain years, which are pending before various forums. Based on the grounds of the appeals, the management believes that there is a reasonably strong likelihood of obtaining a favourable order. Any income, which may arise out of such litigations will be recognised only on the receipt basis/ or where right to receive such income is clearly established. Pending the final decisions on the above matter, no adjustment has been made in these consolidated financial statements.

**2** There are various disputes pending with the authorities of customs, service tax and value added tax. The group is contesting these demands raised by authorities and are pending at various appellate authorities. The group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its consolidated financial statements. The group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.

**3** There are various litigations going on/ complaints filed against the group primarily in Consumer Redressal Forum and under the real estate regulation act 2016. The group is contesting such litigations with the respective appellate authorities. The management has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required in its seperate financial statements. For most number of litigations/ complaints, based on the grounds of the appeals, the management believes that there is a reasonably strong likelihood of succeeding before these authorities and hence, pending the final decisions on the above matters, no adjustment has been made in these consolidated financial statements.

**4** The Holding Company had entered into a Joint Development Arrangement with certain land owners in Gurugram, Haryana, in earlier years. In respect of this transaction, the Enforcement Directorate ('ED') after due investigation has filed a complaint with Adjudicating Authority, Prevention of Money Laundering ('AA-PML'), alleging certain irregularities in respect of the manner of allotment and pricing of certain plots under this project or payment of applicable fees and charges by the Holding Company or the landowners, with respect to the terms and conditions mentioned in the development policy of Haryana Development and Regulation of Urban Areas Act (HDRUAA), 1975 and the bilateral agreement between the land owners and Directorate of Town and Country Planning, Haryana (DTCP) resulting in provisional attachment under the Prevention of Money Laundering Act, 2002 ('PMLA') of land parcels with value of ₹ 2,016 disclosed under "Other non-current assets" in the accompanying consolidated financial statements, held by Technobuild Developers Private Limited ('TDPL'). The Holding Company has entered into a Memorandum of Understanding ('MoU') with TDPL for acquiring land parcels using advances extended by the Holding Company. As per the MoU, TDPL and its affiliates cannot transfer land parcels without prior approval of the Holding Company and the Holding Company has absolute rights over land parcels acquired by TDPL and its affiliates acquired from such advance given by the Holding Company.

As part of the inquiry process, the Holding Company and its officers have been asked to provide contracts, documents and justification in respect of this transaction by the concerned authorities. The Holding Company and its officers have been responding to the queries raised / documents sought from time to time. During the current quarter, the Holding Company is in receipt of Show Cause Notice (SCN) under the PMLA from AA-PML and the Holding Company has duly filed detailed responses to allegations made in SCN and the Holding Company is yet to receive the response from AA-PML.

The management, based on its overall assessment and independent legal opinion obtained, believes that these transactions have been carried out in accordance with all the applicable laws and regulations and the said bilateral agreement and has not identified any adverse material impact to the consolidated financial statements as at 31 March 2023 or for earlier periods including the recoverability of land advance given against such provisionally attached ₹ 2,016 land parcels held through TDPL.

5 The Income Tax Department ("the Department") conducted a Search activity ("the search") under Section 132 of the Income Tax Act ("the Search") at various premises of the Company and certain group companies during March 2023. The Company has provided all the necessary support and cooperation to the Income-tax officials during the search and provided all the necessary information including documents and data sought by the Department. As on the date of issuance of these financial statements, the Group has only received a notice u/s148 requiring the management to re-file the Income Tax return for AY 2016-17.

While the uncertainty exist regarding the outcomes of the proceedings by the Department, the Company and certain group companies after considering all available records and facts known to it, has not identified any adjustments to the current or prior period consolidated financial statements at this stage.

6 During the current year, one of the customers of Sobha Assets Private Limited (SAPL), a wholly owned subsidiary of the Group has terminated a project development contract entered by it and demanded compensation of ₹ 2,956 in addition to forfeiture of a ₹ 227 performance guarantee and ₹ 26 of deposits alleging that SAPL has not commenced the contract work. The carrying value of aforesaid project related assets/receivables as at 31 March 2023 in the books of the Group and SAPL is ₹ 24 and ₹ 330 respectively. SAPL has filed a petition with the court of jurisdiction challenging the termination and its grounds, and also filed a counter claim from the customer towards business losses and other receivables. The Group based on its overall assessment and independent legal opinion, believes that the aforesaid termination is illegal and will not have any adverse impact to the financial statements and accordingly no provision has been made.

7 In the earlier year, the renewal of Fire Department 'no objection certificate' for one of the project procured by an entrusted person, was found to be defective. On becoming aware of this fact, the Group immediately took remedial steps and obtained renewed approvals, which were then re-submitted with the local body for regularization. During the current year, the local body has cancelled the Occupancy Certificate (OC), against which the Group has filed an appeal with Karnataka Appellate Tribunal challenging the cancellation of OC. The Karnataka Appellate Tribunal has ordered stay on such cancellation order of the OC. The Group is working with the local body for resolution of the aforesaid matter. The management is of the view that the aforementioned event shall not have a material impact on the consolidated financial statements of the Group.

8 The Group is involved in certain litigations for lands being developed/ acquired by it for construction purposes, either through a Joint Development Agreement or through outright purchases. These cases are pending with the Civil Courts and scheduled for hearings. After considering the facts and circumstances of each case in detail, and post consideration of the opinions of the in-house legal councel, management believes that these litigations will not have a material effect on the consolidated financial statements.

9 Certain litigations have been filed on the Group by the forest department, Bangalore water supply and sewage board (BWSSB) on certain real estate projects undertaken by the Group. Also, certain claims have been laid upon the Group under the Land acquisition act, against which the Group has filed various writ petitions and obtained stay orders from the honourable high court. The impact of all such litigations and claims is not quantifiable. These litigation/ claims are pending with various courts and are scheduled for hearings. Based on internal assessment, and post consideration of the opinion of its in-house legal councel, the management is confident that the matter would be decided in its favour, accordingly no adjustment has been made in these consolidated financial statements.

10 In one of the subsidiaries, certain charges have been levied by the respective municipal authorities. The Group has contested against the charges with Honourable High court of karnataka and obtained stay on the same. The group management is confident that the matter would be decided in favour of the Group, accordingly no provision has been made in this respect

**b. Commitments**

(a) The contractual commitments pending for the acquisition of property, plant and equipment as at 31 March 2023 is ₹ 250.03 (31 March 2022: ₹ 146.80)

(b) The Group has entered into an aircraft usage agreement with a party wherein the Group along with certain other parties has committed minimum usage of aircraft. During the year ended 31 March 2023, the Group incurred ₹ 129.37 (31 March 2022 - ₹ 110.57) towards aircraft usage as per the agreement.

## 40 Fair value measurements

**a. The carrying amounts of financial instruments by categories is as follows:**

| Particulars | Note | As at 31 March 2023 | | | As at 31 March 2022 (Restated) | | |
|---|---|---|---|---|---|---|---|
| | | 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 | 9B | - | - | 0.08 | - | - | 0.18 |
| Trade receivables | 11 | - | - | 2,375.34 | - | - | 4,159.09 |
| Loans | 12 | - | - | 9.00 | - | - | 11.19 |
| Cash and bank balances | 15 & 16 | - | - | 4,514.04 | - | - | 1,783.09 |
| Other financials assets | 13 | - | - | 5,094.11 | - | - | 6,307.54 |
| **Total** | | **-** | **-** | **11,992.57** | **-** | **-** | **12,261.09** |
| **Financial liabilities** | | | | | | | |
| Borrowings | 20 | - | - | 20,035.49 | - | - | 25,037.27 |
| Trade payables | 23 | - | - | 5,986.75 | - | - | 4,469.65 |
| Other financial liabilities | 21 | - | - | 8,970.44 | - | - | 7,578.02 |
| Lease Liabilities | 38 | - | - | 232.81 | - | - | 253.49 |
| **Total** | | **-** | **-** | **35,225.49** | **-** | **-** | **37,338.43** |

**b. Fair value hierarchy**

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities

| Particulars | As at 31 March 2023 | | | | As at 31 March 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | Carrying amount | Fair value | | | Carrying amount | Fair value | | |
| | | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 |
| Investment Property (disclosure) | 4,518.72 | - | 1,394.10 | 7,660.00 | 3,962.02 | - | - | 7,546.00 |
| | **4,518.72** | **-** | **1,394.10** | **7,660.00** | **3,962.02** | **-** | **-** | **7,546.00** |

**Notes:**

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

There have been no transfers between the levels during the year.

Financial instruments carried at amortised cost such as 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 amortised cost, the carrying amounts are equal to the fair values.

*Valuation Method used for Level 3 Valuations -*

| Particulars | Valuation Technique | Unobservable input | Relationship of unobservable input with fair value |
|---|---|---|---|
| Fair value of Investment property | Income approach (Discounted cash flow method) | Discount rate | Increase/decrease in discount rate would result in decrease/ increase in fair value |
| | | Expected vacancy rates | Increase/decrease in vacancy rate would result in decrease/ increase in fair value |
| | | Rental growth rate | Increase/decrease in rental growth rate would result in increase/ decrease in fair value |

## 41 Financial risk management

The Group's principal financial liabilities comprise 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 has exposure to the following risks arising from financial instruments

| Risk | Exposure arising from |
|---|---|
| Market Risk-Interest rate risk (A) | Borrowings |
| Credit Risk (B) | Trade receivables, cash and cash equivalents, bank balances, and other deposits and investments |
| Liquidity Risk (C) | Borrowings, trade payables, and other financial liabilities |

*Risk Management policy*

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.

### 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. The Group does not have a material foreign currency exposure as at balance sheet date and hence, this risk is not applicable.

The sensitivity analysis in the following sections relate to the position as at 31 March 2023 and 31 March 2022. 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 2023 and 31 March 2022.

### (i) 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 of borrowings. The Group does not enter into any interest rate swaps.

Below is the overall exposure of the Group to interest rate risk:

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Variable rate borrowings | 19,356.81 | 25,037.27 |

**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:

| | Increase/ decrease in interest rate | Effect on profit before tax * |
|---|---|---|
| **31 March 2023** | | |
| INR | +1% | (199.27) |
| INR | -1% | 199.27 |
| **31 March 2022** | | |
| INR | +1% | (250.11) |
| INR | -1% | 250.11 |

* determined on gross basis i.e. with out considering inventorisation of such borrowing cost.

**(ii) Price risk**

The Group's exposure to price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit or loss. To manage the price risk arising from investments, the Group diversifies its portfolio of assets. There are no investments held by the Group which are measured at fair value either through profit and loss or fair value through other comprehensive income, hence the Group is not exposed to price risk.

**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 primarily from trade receivables (net of advances/ payables), refundable joint development deposits, security deposits, loans and other financial assets measured at amortised cost. The Group continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. The carrying amounts of financial assets, unbilled renvenue and contract assets represent the maximum credit exposure.

The Group assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Group assigns the following credit ratings to each class of financial contracts/assets based on the assumptions, inputs and factors specific to the class of financial contracts/assets.

(a) Low credit risk

(b) Medium credit risk

(c) High credit risk

Based on business environment in which the Group operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

The Group provides for expected credit loss based on the following:

| Category | Asset class exposed to credit risk | Allowance for expected credit loss |
|---|---|---|
| Low credit risk/ medium credit risk | Loans, trade receivables (Category A and B), cash and cash equivalents, other financial assets measured at amortised cost | 12 Months expected credit loss or specific allowance whichever is higher |
| High credit risk | Trade receivables (Category C) | Life time expected credit loss or specific allowance |

a. ***Management of Credit risk***

**i. Cash and cash equivalents and bank deposits**

Credit risk related to cash and cash equivalents and bank deposits is managed by only selecting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

**ii. Trade receivables**

The Group divides its receivables in the following categories based on the credit risk associated with such categories

Category 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. Group recognises impairment on a specific identification basis for debtors where no security exists.

Category B - Receivables from related parties: The Group performs construction services for its subsidiaries which have individual real estate projects. Credit risk in such cases is managed as control is established; Also, such subsidiaries manage their credit risks by requiring their customers to pay in advance, before transfer of ownership. For other related parties, the Group actively manages such credit risk by an established process of inter-party reconciliations, follow ups and active business at an arms length price.

Category C - Receivables resulting from other than sale of properties: Credit risk is managed by each business unit (primarily pertaining to the contractual and manufacturing business subdivisions) 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, who have a history of prompt payment for more than 5 years with the Group. For other customers, impairment is tested collectively based on the business sub-segment in which they operate. 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 30-90 days.

No single customer individually accounted for more than 10% of the trade receivable balance or more than 10% of the revenue of the group as at 31 March 2023 and 31 March 2022.

**iii. Other financial assets measured at amortised cost**

Other financial assets measured at amortised cost includes refundable deposits paid under joint development arrangements, security deposits, loans to related parties, and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system are in place ensure the amounts are within defined limits.

a. *Recognition of Expected credit losses*

**i. Financial assets with credit risk classified as 'low'/medium**

Group provides for expected credit losses on financial assets other than trade receivables by assessing individual financial instruments for expectation of any credit losses.

For cash & cash equivalents, other bank balances and derivative financial instruments - Since the Group deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, derivative financial instruments, other bank balances and bank deposits is evaluated as very low.

For refundable deposits (RD) under joint development arrangements (JDA) and security deposits - Credit risk is considered low because the Group is in possession of the underlying asset.

For trade receivables (category A and B) and other financial assets - Credit risk is evaluated based on Group's knowledge of the credit worthiness of those parties and loss allowance is measured. For such financial assets, the Group policy is to provide for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses/ specific allowance upon significant increase in credit risk.

| Particulars | Note no. | Gross carrying amount | Expected probability of default | Expected credit losses | Carrying amount net of impairment allowance |
|---|---|---|---|---|---|
| **31 March 2023** | | | | | |
| Cash and bank balances | 15 & 16 | 4,514.04 | 0.00% | - | 4,514.04 |
| Trade receivables (Category A and B) | 11 | 345.95 | 0.00% | 29.12 | 316.83 |
| Loans | 12 | 9.00 | 0.00% | - | 9.00 |
| Refundable deposits under JDA | 13 | 3,391.06 | 0.00% | - | 3,391.06 |
| Other financials assets | 13 | 1,703.05 | 0.00% | - | 1,703.05 |
| Unbilled Revenue | 14 | 1,764.53 | 0.00% | - | 1,764.53 |
| **31 March 2022** | | | | | |
| Cash and bank balances | 15 & 16 | 1,783.09 | 0.00% | - | 1,783.09 |
| Trade receivables (Category A and B) | 11 | 1,469.34 | 0.00% | 29.12 | 1,440.22 |
| Loans | 12 | 11.19 | 0.00% | - | 11.19 |
| Refundable deposits under JDA | 13 | 3,963.17 | 0.00% | 50.55 | 3,912.62 |
| Other financials assets | 13 | 2,344.37 | 0.00% | - | 2,344.37 |
| Unbilled Revenue | 14 | 3,361.68 | 0.00% | - | 3,361.68 |

**ii. Financial assets with credit risk classified as 'high'**

For trade receivables (Category C) - The Group uses an allowance matrix to measure the expected credit losses of such trade and finance receivables. The measurement is made collectively based on the business sub-segment in which the respective customers operate. Loss rates are seperately measured for customers which have a history of prompt payment, and are not significantly past due from payment. Based on the industry practices and the business environment in which the entity operates, management considers that the trade receivables and loans are in default (credit impaired) if the payments are more than 730 days past due (Net of advances/ payables). Loss rates are based on actual credit loss experience over the past eleven quarters. In the current year, the Group has revised its estimation of loss rates.

*Expected credit losses measured on the simplified approach*

| 31 March 2023 | Weighted average loss rate | Gross carrying amount | Loss Allowance | Net carrying amount after loss allowance |
|---|---|---|---|---|
| Current (Not past due) | 1% | 1,226.92 | 12.56 | 1,214.36 |
| Upto 90 days past due | 4% | 641.55 | 23.95 | 617.60 |
| 91 - 180 days past due | 10% | 52.24 | 5.12 | 47.12 |
| 181 - 270 days past due | 16% | 110.93 | 17.23 | 93.71 |
| 271 - 360 days past due | 25% | 20.51 | 5.11 | 15.40 |
| 361 - 730 days past due | 65% | 91.00 | 59.07 | 31.93 |
| More than 730 days past due | 93% | 582.37 | 543.96 | 38.40 |

| 31 March 2022 | Weighted average loss rate | Gross carrying amount | Loss Allowance | Net carrying amount after loss allowance |
|---|---|---|---|---|
| Current (Not past due) | 1% | 1,095.61 | 11.59 | 1,084.02 |
| Upto 90 days past due | 3% | 514.75 | 13.15 | 501.60 |
| 91 - 180 days past due | 8% | 138.98 | 10.73 | 128.25 |
| 181 - 270 days past due | 19% | 92.47 | 17.11 | 75.36 |
| 271 - 360 days past due | 21% | 65.62 | 13.65 | 51.97 |
| 361 - 730 days past due | 23% | 175.56 | 39.54 | 136.02 |
| More than 730 days past due | 32% | 671.99 | 212.22 | 459.77 |

**Movement in allowance for credit losses of Trade receivables**

| Particulars | 31 March 2023 | 31 March 2022 |
|---|---|---|
| | | Restated |
| Opening balance | 347.11 | 304.62 |
| Amounts written off | (23.09) | (0.54) |
| Net remeasurement of loss allowance | 372.10 | 43.03 |
| **Closing balance** | **696.12** | **347.11** |

**Movement in allowance for credit losses of others**

| Particulars | Other financial assets | |
|---|---|---|
| | 31 March 2023 | 31 March 2022 |
| | | Restated |
| Opening balance | 50.55 | - |
| Amounts written off | - | - |
| Amounts written back | (50.55) | - |
| Net remeasurement of loss allowance | - | 50.55 |
| **Closing balance** | **-** | **50.55** |

**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 2023 and 31 March 2022 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 has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Group also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner

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:

| | On demand | Less than one year | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|---|
| **31 March 2023** | | | | | |
| Borrowings (refer note 20) | 6,321.46 | 5,645.20 | 9,347.82 | 1,433.96 | 22,748.44 |
| Trade payables (refer note 23) | - | 5,986.75 | - | - | 5,986.75 |
| Other financial liabilities (refer note 21) | 1.89 | 8,968.55 | - | - | 8,970.44 |
| Lease liabilities (refer note 38) | - | 49.85 | 113.92 | 734.57 | 898.34 |
| | **6,323.35** | **20,650.35** | **9,461.74** | **2,168.53** | **38,603.97** |
| **31 March 2022** | | | | | |
| Borrowings (refer note 20) | 6,120.61 | 8,672.88 | 11,676.63 | 1,591.09 | 28,061.21 |
| Trade payables (refer note 23) | - | 4,469.65 | - | - | 4,469.65 |
| Other financial liabilities (refer note 21) | 38.03 | 7,419.57 | - | - | 7,457.60 |
| Lease liabilities (refer note 38) | - | 75.54 | 122.39 | 749.08 | 947.01 |
| | **6,158.64** | **20,637.64** | **11,799.02** | **2,340.17** | **40,935.47** |

*This space is intentionally left blank*

(All amounts in ₹ millions, unless otherwise stated)

## 42 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 and interest bearing borrowings.

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Borrowings (long-term and short-term) (Note 20) | 20,035.49 | 25,037.27 |
| Other financial liabilities (interest accrued but not due) (Note 21) | 62.39 | 35.07 |
| **Net debt** | **20,097.88** | **25,072.34** |
| Equity share capital (Note 17) | 948.46 | 948.46 |
| Other equity (Note 18) | 23,998.25 | 23,280.67 |
| **Total capital** | **24,946.71** | **24,229.13** |
| **Capital and net debt** | **45,044.59** | **49,301.47** |
| Gearing ratio | 44.62% | 50.86% |

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 2023 and 31 March 2022.

## 43 Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

| | Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| A. | **Current** | | |
| | **Financial assets** | | |
| | Trade receivables | 2,224.64 | 2,277.38 |
| | Cash and cash equivalents | 82.17 | 76.37 |
| | Bank balance other than cash and cash equivalents | 39.88 | 86.38 |
| | **Non-financial assets** | | |
| | Inventories | 42,332.90 | 37,726.43 |
| | Other assets | 1,529.13 | 3,047.73 |
| | **Total current assets pledged as securities** | **46,208.72** | **43,214.29** |
| B. | **Non-current Assets** | | |
| | **Non-financial assets** | | |
| | Property, plant and equipment | 433.79 | 748.91 |
| | Investment property | 3,427.05 | 3,497.30 |
| | **Financial assets** | | |
| | Other financial assets | | |
| | Fixed deposits with banks with maturity more than 12 months | 64.81 | 75.76 |
| | **Total non-current assets pledged as securities** | **3,925.65** | **4,321.97** |
| | **Total assets pledged as security** | **50,134.37** | **47,536.26** |

## 44 Additional information pursuant to para 2 of general instructions for the preparation of the consolidated financial statements for year ended 31 March 2023 and 31 March 2022

**31 March 2023**

| Name of the entity | Net assets | | Share in profit or loss | | Share in OCI | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | % of consolidated net assets | Amount | % of consolidated profit or loss | Amount | % of consolidated OCI | Amount | % of consolidated total comprehensive income | Amount |
| **Parent** | | | | | | | | |
| Sobha Limited | 79.51% | 23,410.68 | 82.99% | 952.89 | 100.00% | (39.93) | 82.38% | 912.96 |
| **Subsidiaries** | | | | | | | | |
| **Indian** | | | | | | | | |
| Sobha City ['Partnership firm'] | 6.04% | 1,777.73 | 1.64% | 18.79 | 0.00% | - | 1.70% | 18.79 |
| Vayaloor Properties Private Limited | 0.01% | 2.07 | 0.00% | - | 0.00% | - | 0.00% | - |
| Vayaloor Builders Private Limited | 0.01% | 3.44 | 0.00% | - | 0.00% | - | 0.00% | - |
| Vayaloor Developers Private Limited | 0.01% | 3.33 | 0.00% | - | 0.00% | - | 0.00% | - |
| Vayaloor Real Estate Private Limited | 0.01% | 3.91 | 0.04% | 0.47 | 0.00% | - | 0.04% | 0.47 |
| Vayaloor Realtors Private Limited | 0.00% | 0.69 | 0.00% | (0.01) | 0.00% | - | 0.00% | (0.01) |
| Valasai Vettikadu Realtors Private Limited | 0.00% | 1.47 | 0.00% | - | 0.00% | - | 0.00% | - |
| Sobha Developers (Pune) Limited | 7.32% | 2,156.57 | 1.52% | 17.41 | 0.00% | - | 1.57% | 17.41 |
| Sobha Assets Private Limited | 0.00% | 0.89 | 0.03% | 0.32 | 0.00% | - | 0.03% | 0.32 |
| Sobha Highrise Ventures Private Limited | 2.16% | 637.31 | -3.87% | (44.39) | 0.00% | - | -4.01% | (44.39) |
| Sobha Interiors Private Limited | -0.07% | (19.61) | 0.49% | 5.67 | 0.00% | - | 0.51% | 5.67 |
| Sobha Construction Products Private Limited | 0.04% | 10.64 | 0.04% | 0.42 | 0.00% | - | 0.04% | 0.42 |
| Sobha Contracting Private Limited | -0.01% | (1.86) | -0.03% | (0.30) | 0.00% | - | -0.03% | (0.30) |
| Sobha Nandambakkam Developers Limited | 0.18% | 53.53 | 0.77% | 8.82 | 0.00% | - | 0.80% | 8.82 |
| Sobha Tambaram Developers Limited | 0.40% | 117.92 | 1.28% | 14.68 | 0.00% | - | 1.32% | 14.68 |
| Kilai Builders Private Limited | 0.59% | 173.26 | 15.11% | 173.44 | 0.00% | - | 15.65% | 173.44 |
| Kuthavakkam Builders Private Limited | -0.06% | (18.77) | 0.00% | (0.03) | 0.00% | - | 0.00% | (0.03) |
| Kuthavakkam Realtors Private Limited | -0.06% | (17.66) | 0.00% | (0.03) | 0.00% | - | 0.00% | (0.03) |
| **Joint ventures (Investment as per the equity method)** | | | | | | | | |
| Kondhwa Projects LLP | 3.90% | 1,149.33 | 0.00% | - | 0.00% | - | 0.00% | - |
| **Associates** | | | | | | | | |
| C.V.S.Tech Park Private Limited | 0.00% | 0.05 | 0.00% | - | 0.00% | - | 0.00% | - |
| **Sub total** | **100.00%** | **29,444.92** | **100.00%** | **1,148.15** | **100.00%** | **(39.93)** | **100.00%** | **1,108.22** |
| Adjustments arising out of consolidation | | (4,498.21) | | (106.10) | | - | | (106.10) |
| **Total** | | **24,946.71** | | **1,042.05** | | **(39.93)** | | **1,002.12** |

## 44 Additional information pursuant to para 2 of general instructions for the preparation of the consolidated financial statements for year ended 31 March 2023 and 31 March 2022 (continued)

**31 March 2022**

| Name of the entity | Net assets | | Share in profit or loss | | Share in OCI | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | % of consolidated net assets | Amount | % of consolidated profit or loss | Amount | % of consolidated OCI | Amount | % of consolidated total comprehensive income | Amount |
| **Parent** | | | | | | | | |
| Sobha Limited | 79.70% | 22,782.26 | 94.51% | 1,691.48 | 100.00% | (9.01) | 94.48% | 1,682.47 |
| **Subsidiaries** | | | | | | | | |
| **Indian** | | | | | | | | |
| Sobha City ['Partnership firm'] | 5.83% | 1,665.58 | 0.72% | 12.95 | 0.00% | - | 0.73% | 12.95 |
| Vayaloor Properties Private Limited | 0.01% | 2.07 | 0.00% | - | 0.00% | - | 0.00% | - |
| Vayaloor Builders Private Limited | 0.01% | 3.44 | 0.00% | 0.01 | 0.00% | - | 0.00% | 0.01 |
| Vayaloor Developers Private Limited | 0.01% | 3.33 | 0.00% | - | 0.00% | - | 0.00% | - |
| Vayaloor Real Estate Private Limited | 0.01% | 3.44 | 0.00% | - | 0.00% | - | 0.00% | - |
| Vayaloor Realtors Private Limited | 0.00% | 0.69 | 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 | 7.49% | 2,140.06 | 1.22% | 21.86 | 0.00% | - | 1.23% | 21.86 |
| Sobha Assets Private Limited | 0.00% | 0.57 | 0.04% | 0.63 | 0.00% | - | 0.04% | 0.63 |
| Sobha Highrise Ventures Private Limited | 2.38% | 681.66 | 1.51% | 26.99 | 0.00% | - | 1.52% | 26.99 |
| Sobha Interiors Private Limited | 0.11% | 32.61 | 0.26% | 4.66 | 0.00% | - | 0.26% | 4.66 |
| Sobha Construction Products Private Limited | 0.04% | 10.23 | 0.02% | 0.38 | 0.00% | - | 0.02% | 0.38 |
| Sobha Contracting Private Limited | -0.01% | (1.56) | -0.01% | (0.20) | 0.00% | - | -0.01% | (0.20) |
| Sobha Nandambakkam Developers Limited | 0.16% | 44.72 | 0.19% | 3.35 | 0.00% | - | 0.19% | 3.35 |
| Sobha Tambaram Developers Limited | 0.36% | 103.24 | 1.10% | 19.65 | 0.00% | - | 1.10% | 19.65 |
| Kilai Builders Private Limited | 0.00% | (0.18) | -0.01% | (0.21) | 0.00% | - | -0.01% | (0.21) |
| Kuthavakkam Builders Private Limited | -0.07% | (18.74) | 0.00% | (0.03) | 0.00% | - | 0.00% | (0.03) |
| Kuthavakkam Realtors Private Limited | -0.06% | (17.64) | 0.46% | 8.20 | 0.00% | - | 0.46% | 8.20 |
| **Joint ventures (Investment as per the equity method)** | | | | | | | | |
| Kondhwa Projects LLP | 4.02% | 1,149.33 | 0.00% | - | 0.00% | - | 0.00% | - |
| **Associates** | | | | | | | | |
| C.V.S.Tech Park Private Limited | | 0.05 | | - | | - | | |
| **Sub total** | **100.00%** | **28,586.63** | **100.00%** | **1,789.72** | **100.00%** | **(9.01)** | **100.00%** | **1,780.71** |
| Adjustments arising out of consolidation | | (4,357.50) | | (57.82) | | - | | (57.82) |
| **Total** | | **24,229.13** | | **1,731.90** | | **(9.01)** | | **1,722.89** |

## 45 Restatement

The financial statements for the previous reporting years were restated for correction of certain items in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors which are described in more detailed as below:

(i) The Group had accrued for notional interest on advance from customers involving sale of real estate unit and had capitalised such interest to project cost. However, the Group received such consideration in accordance with the terms of the contract in proportion to the completion of such real estate project and accordingly does not involve any significant financing element.

(ii) The Group has restated the accounting for revenue from the development and transfer of constructed area/ revenue sharing arrangement in exchange of such development rights acquired under Joint Development Arrangement (JDAs) [not being jointly controlled operations] on gross basis in accordance with guidance on 'non-cash consideration' under Ind AS 115, Revenue from Contract with Customer.

(iii) The Group has restated the capitalisation of borrowing cost on lands and land advances wherein no significant development activity had commenced and projects wherein substantially all activities necessary for their sale had been completed to capitalise appropriate borrowing cost and other directly attributable project cost to projects under construction in accordance with relevant Ind AS.

(iv) rectification of certain other items pertaining to (a) accounting of construction contracts, other operating income and expense (b) right of use asset (c) discounting of retention money and (d) reclassification of borrowings. Consequential impact of deferred tax has been recorded on these adjustments.

The effect of restatement on financial statement line items for the prior years as follow:

**Balance sheet as at 01 April 2021**

| Particulars | Note | As previously reported | Rectification of error | Restated |
|---|---|---|---|---|
| **Assets** | | | | |
| Property, plant and equipment | (iv) | 4,414.00 | 124.79 | 4,538.79 |
| Investment property | (iv) | 3,529.21 | 427.25 | 3,956.46 |
| Goodwill (Included under Intangible assets) | (iv) | 223.32 | (50.42) | 172.90 |
| Right of use assets | (iv) | 157.42 | 31.85 | 189.27 |
| Trade receivables (non - current) | (iv) | 423.99 | 97.02 | 521.01 |
| Other non-current financial assets | (iv) | 1,418.24 | (150.92) | 1,267.32 |
| Deferred tax asset (net) | (iv) | (322.54) | 475.00 | 152.46 |
| Other non-current assets | (i), (iii) | 5,200.77 | (658.08) | 4,542.69 |
| Inventories | (i), (ii), (iii) | 71,246.35 | 3,737.65 | 74,984.00 |
| Other current financial assets | (iii) | 5,718.07 | 83.87 | 5,801.94 |
| Other current assets | (ii) | 13,822.43 | (853.51) | 12,968.92 |
| **Equity** | | | | |
| Other equity | (i), (ii), (iv) | 23,328.89 | (1,439.15) | 21,889.74 |

| Particulars | Note | As previously reported | Rectification of error | Restated |
|---|---|---|---|---|
| **Liabilities** | | | | |
| Non-current lease liabilities | (iv) | 67.97 | 150.23 | 218.20 |
| Current borrowings | (iv) | 26,396.34 | 420.00 | 26,816.34 |
| Current lease liabilities | (iv) | 61.98 | (1.00) | 60.98 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | (iv) | 7,317.59 | (2,331.05) | 4,986.54 |
| Other current financial liabilities | (iv) | 6,562.97 | 1,016.21 | 7,579.18 |
| Other current liabilities | (iv) | 43,193.17 | 5,449.26 | 48,642.43 |

**Balance sheet as at 31 March 2022**

| Particulars | Note | As previously reported | Rectification of error | Restated |
|---|---|---|---|---|
| **Assets** | | | | |
| Property, plant and equipment | (iv) | 4,079.79 | 81.14 | 4,160.93 |
| Investment property | (iv) | 3,676.61 | 285.41 | 3,962.02 |
| Goodwill (Included under Intangible assets) | (iv) | 222.09 | (50.42) | 171.67 |
| Right of use assets | (iv) | 123.37 | 29.81 | 153.18 |
| Trade receivables (non - current) | (iv) | 564.23 | 90.33 | 654.56 |
| Other non-current financial assets | (iv) | 1,460.92 | (46.87) | 1,414.05 |
| Deferred tax asset (net) | (iv) | (131.35) | 261.72 | 130.37 |
| Other non-current assets | (i), (iii) | 4,341.36 | (639.07) | 3,702.29 |
| Inventories | (i), (ii), (iii) | 74,271.19 | 2,244.60 | 76,515.79 |
| Loans | (iv) | - | 11.19 | 11.19 |
| Other current financial assets | (iii) | 4,884.91 | 8.58 | 4,893.49 |
| Other current assets | (ii) | 13,834.32 | (923.69) | 12,910.63 |
| **Equity** | | | | |
| Other equity | (i), (ii), (iv) | 24,156.75 | (876.08) | 23,280.67 |
| **Liabilities** | | | | |
| Non-current borrowings | (iv) | 7,277.05 | (3,629.13) | 3,647.92 |
| Non-current lease liabilities | (iv) | 40.02 | 162.77 | 202.79 |
| Current borrowings | (iv) | 17,252.46 | 4,136.89 | 21,389.35 |
| Current lease liabilities | (iv) | 60.87 | (10.17) | 50.70 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | (iv) | 6,752.66 | (2,283.01) | 4,469.65 |
| Other current financial liabilities | (iv) | 6,440.74 | 1,137.28 | 7,456.60 |
| Other current liabilities | (iv) | 50,488.55 | 2,714.18 | 53,202.73 |

(All amounts in ₹ millions, unless otherwise stated)

**Statement of consolidated profit and loss for the year ended 31 March 2022**

| Particulars | Note | As previously reported | Rectification of error | Restated |
|---|---|---|---|---|
| Revenue from operations | (i), (ii), (iv) | 27,308.60 | (1,696.00) | 25,612.60 |
| Other income | (iv) | 907.15 | (67.48) | 839.67 |
| Land purchase cost | (ii) | 1,960.18 | 111.89 | 2,072.07 |
| Changes in purchase of project materials, land stock, work in progress and finished goods | (i), (ii), (iii) | (3,152.93) | 1,619.51 | (1,533.42) |
| Employee benefits expense | (iv) | 2,294.47 | 217.49 | 2,511.96 |
| Finance cost | (i), (iii) | 7,498.25 | (4,415.00) | 3,083.25 |
| Depreciation and amortization expense | (iv) | 720.09 | (1.82) | 718.27 |
| Other expenses | (iv) | 3,724.07 | (80.20) | 3,643.87 |
| Profit before tax | | 1,581.60 | 784.65 | 2,366.25 |
| Tax expenses | (i), (ii), (iii), (iv) | 412.77 | 221.58 | 634.35 |
| Total comprehensive income for the year | | 1,159.82 | 563.07 | 1,722.89 |
| Basic and Diluted EPS | | 12.32 | 5.95 | 18.27 |

**Consolidated Statement of cash flows for the year ended 31 March 2022**

| Particulars | Note | As previously reported | Rectification of error | Restated |
|---|---|---|---|---|
| Net cash from operating activities | (iv) | 8,213.88 | 50.68 | 8,264.56 |
| Net cash flows from financing activities | (iv) | (8,842.73) | (50.68) | (8,893.41) |

## 46 Derivative instruments and unhedged foreign currency exposure

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Foreign currency exposure that are not hedged by derivative instruments or otherwise: | | |
| Trade payables | 50.71 | 24.78 |

## 47 Additional regulatory information pursuant to the requirement in Division II of Schedule III to the Companies Act 2013

(i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(ii) The Group does not have any transactions with companies struck off.

(iii) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(iv) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(v) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(vi) The Group has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

(vii) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(viii) The Group has complied with number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

**48** As the Group is engaged in providing infrastructural facilities as specified in Schedule VI of the Act, provisions of section 186 except sub-section (1) of the Act are not applicable to the Group.

**49** No material events have occurred between the Balance Sheet date to the date of issue of these consolidated financial statements that could affect the values stated in the financial statements as at 31 March 2023.

As per our report of even date attached

*For* **Walker Chandiok & Co LLP**
*Chartered Accountants*
Firm registration number: 001076N/N500013

**Manish Agrawal**
*Partner*
Membership No.: 507000

Bengaluru
29 May 2023

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

**Ravi PNC Menon**
*Chairman*
DIN: 02070036

**Jagadish Nangineni**
*Managing Director*
DIN: 01871780

**Yogesh Bansal**
*Chief Financial Officer*

**Vighneshwar G Bhat**
*Company Secretary and Compliance Officer* ACS16651

Bengaluru
29 May 2023

# OTHER FINANCIAL INFORMATION

## Related Party Transactions

For details of the related party transactions, as per the requirements under applicable Indian Accounting Standards, i.e., Ind AS 24 - Related Party Disclosures, entered into by our Company for Fiscal 2024 and Fiscal 2023, see "*Financial Statements – FY 2024 Audited Consolidated Financial Statements – Note 35 – Related Party Transactions*" on page 188 and *Financial Statements – FY 2023 Audited Consolidated Financial Statements – Note 35 – Related Party Transactions*" on page 283, respectively.

## ACCOUNTING RATIOS

### Accounting Ratios

The following tables present certain accounting and other ratios computed on the basis of amounts derived from the Audited Consolidated Financial Statements included in the section entitled "*Financial Statements*" beginning on page 127:

| Particulars | Consolidated | |
|---|---|---|
| | As at and for the year ended March 31, 2024 | As at and for the year ended March 31, 2023 |
| Basic EPS (in ₹) | 5.18 | 10.99 |
| Diluted EPS (in ₹) | 5.18 | 10.99 |
| Return on Net Worth (in %) | 1.95% | 4.18% |
| Net Asset Value per Equity Share (in ₹) | 265.07 | 263.02 |

The formulae used in the computation of the above ratios are as follows:

| | |
|---|---|
| **Basic EPS** | Profit and loss attributable to equity shareholders of Company / Weighted average number of Equity Shares outstanding at the end of the period. |
| **Diluted EPS** | Profit and loss attributable to equity shareholders of Company / Weighted average number of Equity Shares outstanding at the end of the period and for the effects of all dilutive potential equity shares |
| **Net Worth** | Net worth means the aggregate value of paid up equity share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited consolidated financial statements of our Company and also includes other comprehensive income, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation |
| **Return on Net Worth** | Net Profit/ (loss) after tax for the period attributable to equity shareholders of our Company divided by average Net worth as attributable to equity shareholders at the end of the period. |
| **Net Asset Value per Equity Share** | Total equity at the end of the period divided by total number of weighted average equity share outstanding at the end of the period |

**(a) Calculation of Return on Net Worth**:

*(₹ in million)*

| Particulars | Consolidated | |
|---|---|---|
| | As at and for the year ended March 31, 2024 | As at and for the year ended March 31, 2023 |
| Profit attributable to owners of our Company (A) | 491.13 | 1,042.05 |
| Equity Share capital (B) | 948.46 | 948.46 |
| Other equity (C) | 24,192.28 | 23,998.25 |
| Net Worth (D)= [B + C] | 25,140.74 | 24,946.71 |
| **Return on Net Worth [A / D] * 100 (%)** | **1.95%** | **4.18%** |

**(b) Calculation of Net Worth and Net Asset Value per Equity Share**:

*(₹ in million, except per share data)*

| Particulars | Consolidated | |
|---|---|---|
| | As at and for the year ended March 31, 2024 | As at and for the year ended March 31, 2023 |
| Equity Share capital (A) | 948.46 | 948.46 |
| Other equity (B) | 24,192.28 | 23,998.25 |
| **Net Worth (C) [A + B]** | 25,140.74 | 24,946.71 |
| **No. of Equity shares issued, subscribed and fully paid outstanding (D)** | 94,845,853 | 94,845,853 |
| **Net Asset Value per Equity Share [C / (D/10^6)] (₹)** | **265.07** | **263.02** |

**(c) Calculation of EBITDA:**

*(₹ in million)*

| Particulars | Consolidated | |
|---|---|---|
| | As at and for the year ended March 31, 2024 | As at and for the year ended March 31, 2023 |
| Profit for the year (A) | 491.13 | 1,042.05 |
| Add: Income tax expense (B) | 251.14 | 407.70 |
| Finance costs (C) | 2,455.06 | 2,490.24 |
| Depreciation and amortisation expense (D) | 782.21 | 678.37 |
| **EBITDA (E) = [A+B+C+D]** | **3,979.54** | **4,618.36** |
| **Total income (F)** | **32,178.82** | **34,024.33** |
| **EBITDA Margin = (E )/(F)** | **12.37%** | **13.57%** |

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*In this section, unless the context otherwise requires, indicates or implies, references to "we", "us", or "our" are to Sobha Limited and its consolidated Subsidiaries or Joint Venture, while references to the "Company" are to Sobha Limited on a standalone basis.*

*Unless otherwise stated, or unless the context requires otherwise, the financial information for Fiscal 2023 and 2024 used in this section is derived from our audited consolidated financial statements as of and for the year ended March 31, 2023 and as of and for the year ended March 31, 2024, respectively, which are included in "Financial Statements" on page 127. References to a "Fiscal", "Year" and "Fiscal Year" in this section are as of and for the relevant year ended March 31.*

*Industry and market data used in this section is derived from the industry report titled "Assessment of residential real estate industry in selected markets in India" dated May 2024 prepared by CRISIL Market Intelligence & Analytics, a division of CRISIL Limited ("**CRISIL MI&A**" and such report, the "**CRISIL Report**"), which has been prepared exclusively for the purpose of understanding the industry in connection with the Issue and commissioned and paid for by our Company, pursuant to the engagement letter dated January 10, 2024. The CRISIL Report will be available on the website of our Company at www.sobha.com/investor-relations/#rights from the date of this Letter of Offer until the Issue Closing Date. For further details, see "Presentation of Financial Information and Other Information - Market and Industry Data" on page 13.*

## OVERVIEW

We are one of the few vertically integrated real estate companies in India known for providing residential homes in India (*Source: CRISIL Report*) as well as manufacturing construction related products. We have continuously endeavored to diversify and expand our offerings, through our focus on design, construction quality, building materials and technology. We have been awarded 'Real Estate Company of the Year — South' at the 13th Construction Week India Awards 2023 and 'One of India's Top Builders' at the 18th Construction World Architect and Builder Awards 2023.

We completed our first project in 1999 located in Bengaluru, Karnataka and have gradually expanded our geographical presence to other cities in India which, amongst others, include Gurugram, Haryana; Chennai, Tamil Nadu; Pune, Maharashtra; and Kochi, Kerala. Further, we have recently expanded our presence by launching projects in Hyderabad, Telangana; and Trivandrum, Kerala. In addition to developing real estate projects under the "*Sobha*" brand, we are also engaged in contractual engineering, procurement and construction capabilities for institutional customers.

As of March 31, 2024, we have completed construction of 136.25 million square feet of developable area across 27 cities in India including contractual projects and currently have 38.36 million square feet of developable area for our projects which are under various stages of construction (including projects developed under the Sobha brand as well as contractual projects undertaken by us). Our Company has received numerous awards as disclosed in "*Our Business - Our Strengths*" on page 107. In the last three Fiscals, we have completed construction of over 7 million square feet every Fiscal across our real estate and contractual projects.
In addition to our 69 Ongoing Projects, as of March 31, 2024, we had 21 Forthcoming Projects, which comprised 18 residential projects with an estimated Saleable Area of 16.85 million square feet and three commercial projects with an estimated Saleable/Leasable Area of 0.82 million square feet.

As a vertically integrated company, we have developed in-house competencies commencing from identification of developable land parcels and the conceptualization of the project to project execution, which involves planning, designing, costing, estimation and overseeing the construction activities at site and delivering units to our customers. We have a centralized marketing team which provides leads to regional sales teams located at respective project sites to promote efficiency and lower cost of sales. In addition, we also have an in-house team which supports maintenance of newly completed projects for a specific period of time as agreed for the respective projects.

We also manufacture a wide range of products required for construction activities such as concrete blocks, aluminum windows, doors and louvers, glass skylights, canopies and partitions, automatic sliding doors, glass, and railings; wooden products ranging from doors, home furniture, furnishing products and other home accessories. As of March 31, 2024, we had six manufacturing units located in Bengaluru, Karnataka; Alwar, Rajasthan; Kancheepuram, Tamil Nadu; and Sonipat, Haryana which cater to our internal construction material requirements as well as external customers.

### Significant Factors Affecting Our Results of Operations

#### *Sales volumes and recognition of revenues and costs*

We derive a significant majority of our revenues from sale of real estate development. In Fiscal 2023 and 2024, our revenue from operations from real estate segment were ₹ 25,372.14 million, and ₹ 24,138.33 million, respectively.

The volume of sales depends on various factors including our ability to design projects that will meet customer preferences and market trends, to timely market our projects, the willingness of customers to pay for the projects or enter into sale agreements well in advance of receiving possession of the projects and general market conditions. We market and pre-sell our projects in phases from the date of launch of the project after receiving requisite approvals, including those required under the RERA, which is typically after acquisition of the land or land development rights, conversion of the use of land to residential and during the process of planning and designing the project, up until the time we complete our project.

Further, our revenue and costs may fluctuate from period to period due to a combination of other factors beyond our control, including completion of the project or receipt of approvals on completion from relevant authorities in a particular period, volatility in expenses such as costs to acquire land or development rights and construction costs. Further, our revenues are also dependent on the nature of projects we undertake.

We cannot predict with certainty when our projects will be completed and sold as our project timetables are occasionally disrupted by and subject to unforeseen circumstances at different stages of planning and execution. This may lead to large fluctuation in financial result for any financial period depending on work completed in that period and possessions given during that period. Therefore, as a result of the factors mentioned above and the nature of our business and operations, we may have certain projects that contribute significantly to our revenue in a particular period on account of completion of the said projects, including obtaining the necessary approvals from relevant authorities for the same.

***Fluctuations in market prices for our projects***

Our total income is affected by the price at which we sell our projects, which are affected by prevailing market conditions and prices in the real estate sector in India generally (including market forces of supply and demand), the nature and location of our projects, and other factors such as our brand and reputation and the design of the projects.

Supply and demand market conditions are affected by various factors outside our control, including:

- prevailing local economic, income and demographic conditions;
- availability of consumer financing (interest rates and eligibility criteria for loans);
- availability of and demand for projects comparable to those we develop;
- changes in governmental policies;
- changes in applicable regulatory schemes; and
- competition from other real estate developers.

***Supply of land and cost of acquisition of development rights***

Our operations and growth are dependent on the availability of land at appropriate locations for our developments, the terms of sharing of revenues, profits or Saleable Areas for our joint development arrangements, and, in some cases, the cost of acquisition of land.

The effective cost of development rights in the case of joint developments and the cost of acquisition of freehold or leasehold land are significant factors for real estate developers, including us. The table below summarizes certain prominent land parcels acquired by us (including on a joint development basis):

| Sr. No. | Name of entity undertaking project | Size of land portion on which project has been developed or is being developed (in million square feet) | Mode of acquisition/ joint development | Financial Year of acquisition/ JDA | Acquisition/ joint development purpose |
|---|---|---|---|---|---|
| 1. | Sobha Limited | 3.80 | Outright acquisition | 2009 - 2015 | Utilised towards "*Sobha Dream Acres*" |
| 2. | Sobha Limited | 0.58 | Outright acquisition | 2023 | Proposed to be utilised towards Forthcoming Project in Bengaluru, Karnataka |
| 3. | Sobha Limited | 1.72 | Joint development | 2017 | Proposed to be utilised towards "*Sobha City Gurgaon*" |
| 4. | Sobha Limited | 0.73 | Co-ownership | 2017 | Proposed to be utilised towards "*Sobha Marina One*" |
| 7. | Sobha Contracting Private | 0.23 | Outright acquisition | 2021 | Proposed to be |

| Sr. No. | Name of entity undertaking project | Size of land portion on which project has been developed or is being developed (in million square feet) | Mode of acquisition/ joint development | Financial Year of acquisition/ JDA | Acquisition/ joint development purpose |
|---|---|---|---|---|---|
| | Limited | | | | utilised towards "*Sobha Whispering Hill*" |
| 8. | Sobha Limited | 1.48 | Joint development | 2024 | Proposed to be utilised towards Forthcoming Project in Pune, Maharashtra |

The following table sets out details of Ongoing Projects and Forthcoming Projects which are being developed under joint development agreements/ collaboration agreements/ development management agreements with such third parties as of March 31, 2024:

| Category | Total number of projects | Total number of projects (joint development/ development management) | As a percentage of total number of Ongoing Projects and Forthcoming Projects (%) | Developable area (in million square feet) | Saleable Area/ Estimated Saleable Area (in million square feet) |
|---|---|---|---|---|---|
| Ongoing Projects | 69 | 39 | 56.52% | 18.44 | 12.48 |
| Forthcoming Projects | 21 | 12 | 57.14% | N.A.* | 8.97 |

** Since these are Forthcoming Projects, the developable area cannot be ascertained.*

Some of the selection criteria that we may consider when evaluating strategic land acquisitions include (a) strategic integration with our existing business; (b) expand our geographical reach into new geographies; (c) strengthen our presence in existing markets; and (d) improved infrastructure.

The typical framework and process followed by us for land acquisitions involves identifying land parcels basis the selection criteria mentioned above, entering into requisite negotiations and agreements and conducting due diligence of the target lands. On conclusion of the diligence exercise, we enter into definitive agreements to acquire the targeted land, based on the approval of our Board and the shareholders, if required.

Additionally, any government regulations, policies or other developments that restrict the acquisition of land or increase competition for land will affect our operations. The cost of acquiring land, which includes the amounts paid for freehold rights, leasehold rights, the cost of registration and stamp duty, represents a substantial part of our project cost, and may sometimes determine whether we acquire certain parcels of land at all. Delays in acquiring clean title, conversion of land for development purposes and other requisite approvals may delay the project development schedule and associated costs and affect our operations. Land used in a specific project is assigned to such project and is included in the cost of construction and development of such project. Such costs of land, together with costs of construction and development, are expensed for projects as and when the project is completed or receipt of approvals on completion from relevant authorities or intimation to the customer of the completion of the project.

***Costs of construction and development***

Our cost of construction includes the cost of raw materials such as steel, cement, wood, flooring and other building materials, labour costs and cost of design and technical assistance which is directly related to the project. Raw material prices, particularly those of steel and cement, may be affected by price volatility caused by various factors that affect the Indian and international commodity markets. If there are significant price increases in construction materials, or shortages in supply, the contractors we hire for construction or development work may increase their contract prices or be unable to fulfil their contractual obligations. Increases in costs for any construction materials may affect our construction costs, and consequently the sales prices for our projects. Further, we are subject to the property tax regime and if the property taxes and stamp duties increase, the cost of buying and selling properties may rise.

***Cost of financing and changes in interest rates***

We fund our property development activities through a combination of medium and long-term debt and internal accruals. Accordingly, our ability to obtain financing, as well as the cost of such financing, affects our business. Though we believe we are able to obtain funding at competitive interest rates, cost of financing is material for us. We have consistently reduced our Net Debt which has reduced from ₹ 16,396.27 million as of March 31, 2023 to ₹ 12,622.47 million, as of March 31, 2024. Our Net Debt/Equity as of March 31, 2023, and March 31, 2024 was 0.66, and 0.50, respectively.

Our total non-current borrowings were ₹ 7,163.49 million and our current borrowings) were ₹ 11,971.60 million as of March 31, 2024, and our finance costs were ₹ 2,490.24 million, and ₹ 2,455.06 million in Fiscal 2023 and Fiscal 2024, respectively.

Reduction in Net Debt reflects our commitment towards sound fiscal practices, strengthening our financial position as well as enhancing the overall financial stability.

***Regulatory framework***

The real estate sector in India is highly regulated. Our operations, the acquisition of land development rights and land, in certain instances, and the implementation of our projects require us to obtain regulatory approvals and licenses and require us to comply with the land acquisition and conversion rules and regulations of a variety of regulatory authorities. We are also subject to local and municipal laws relating to real estate development activities. These require approvals for construction and development of real estate projects including approvals for the ratio of built-up area to land area, plans for road access, community facilities, open spaces, water supply, sewage disposal systems, electricity supply, environmental suitability, zoning regulations and size of the project. Any delay or failure in getting any of these approvals for our Ongoing Projects and Forthcoming Projects may affect our business and result of operations.

The RERA was notified on March 26, 2016 to regulate the real estate industry and ensure, amongst others, imposition of certain responsibilities on real estate developers and accountability towards customers and protection of their interest. RERA requires the mandatory registration of real estate projects and developers are not permitted to issue advertisements or accept advances unless real estate projects are registered. RERA also imposes restrictions on use of funds received from customers prior to project completion and taking customer approval for major changes in sanction plan. In addition, with the introduction of RERA we will have to comply with specific legislations enacted by the State Governments, where our Ongoing Projects, Forthcoming Projects are, or future projects may be located. Our results of operation may, therefore, be impacted on account of the significant resources and management time we expend to ensure compliance with the RERA and other regulatory requirements.

***Competition***

We compete for land, sale of projects, manpower resources and skilled personnel with other private developers. We face competition from regional, and national property developers. Moreover, as we seek to diversify into new geographies, we face the risk that some of our competitors have a pan-India presence while our other competitors have a strong presence in certain regional markets. Our competitors include both large corporate and small real estate developers. We compete with these developers for the sale of our projects as well as entering into joint development and joint venture opportunities.

## MATERIAL ACCOUNTING POLICIES

The consolidated financial statements comprise the financial statements of the Company, its subsidiaries, an associate company and a joint venture (the "**Group**"). The consolidated financial statements of the Group are prepared in accordance with the Indian Accounting Standards (Ind-AS) specified under section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules 2015 and other accounting principles generally accepted in India. The preparation of consolidated financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. The management believes that, although these estimates used in preparation of the consolidated financial statements are prudent and reasonable and are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities. The effect of change in an accounting estimate is recognized prospectively.

### 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.

### Impairment of Goodwill

Goodwill recognized on business combination are tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount of the asset or the cash generating unit to which these pertain is less than the carrying value. The recoverable amount of the asset or the cash generating units is higher of value-in-use and fair value less cost of disposal. The calculation of value in use of an asset or a cash generating unit involves use of significant estimates and assumptions which include turnover, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

**Revenue recognition**

***Revenue from contracts with customers***

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts and other credits, if any, as specified in the contract with the customer. The Group presents revenue from contracts with customers net of indirect taxes in its statement of profit and loss.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

The Group has applied five step model as per Ind AS 115 'Revenue from contracts with customers' to recognise revenue in the consolidated financial statements. The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(i) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or

(ii) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(iii) The Group's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where any of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied. Revenue is recognised either at point of time or over a period of time based on various conditions as included in the contracts with customers.

The billing schedules agreed with customers include periodic performance-based billing and / or milestone-based progress billings. Revenues in excess of billing are classified as unbilled revenue, while billing in excess of revenues is classified as contract liabilities (which we refer to as deferred revenues).

<u>*Recognition of revenue from sale of real estate property*</u>

Revenue from real estate development of residential unit is recognised at the point in time, when the control of the asset is transferred to the customer, which generally coincides with transfer of physical possession of the residential unit to the customer ie., handover/ deemed handover of the residential units. Deemed handover of the residential units is considered upon intimation to the customers about receipt of occupancy certificate and receipt of substantial sale consideration.

Revenue consists of sale of undivided share of land and constructed area to the customer, which have been identified by the Group as a single performance obligation, as they are highly interrelated/ interdependent.

Further, for projects executed through joint development arrangements not being jointly controlled operations, wherein the land owner/ possessor provides land and the Group undertakes to develop properties on such land and in lieu of land owner providing land, the Group has agreed to transfer certain percentage of constructed area or certain percentage of the revenue proceeds, the revenue from the development and transfer of constructed area/revenue sharing arrangement in exchange of such development rights/ land is being accounted on gross basis on launch of the project. Revenue is recognised over time, on the basis of the inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation.

The revenue is measured at the fair value of the land received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the land received cannot be measured reliably, the revenue is measured at the fair value of the estimated construction service rendered to the land owner, adjusted by the amount of any cash or cash equivalents transferred. The fair value so estimated is considered as the cost of land in the computation of percentage of completion for the purpose of revenue recognition.

For contracts involving sale of real estate unit, the Group receives the consideration in accordance with the terms of the contract in proportion of the percentage of completion of such real estate project and represents payments made by customers to secure performance obligation of the Group under the contract enforceable by customers. Such consideration is received and utilised for specific real estate projects in accordance with the requirements of the Real Estate (Regulation and Development) Act, 2016. Consequently, the Group has concluded that such contracts with customers do not involve any financing element since the same arises for reasons explained above, which is other than for provision of finance to/from the customer.

*Recognition of revenue from contractual projects*

Revenue from contractual project is recognised over time, with reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

The Group recognises revenue only when it can reasonably measure its progress in satisfying the performance obligation. Until such time, the Group recognises revenue to the extent of cost incurred, provided the Group expects to recover the costs incurred towards satisfying the performance obligation.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately when such probability is determined.

*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.

*Recognition of revenue from glazing works*

Revenue from glazing projects is recognised over time, with reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of the budgeted cost associated to the units produced/installed for work performed to date relative to the total contractual obligation of production/installation of such units.

The Group recognises revenue only when it can reasonably measure its progress in satisfying the performance obligation. Until such time, the Group recognises revenue to the extent of cost incurred, provided the Group expects to recover the costs incurred towards satisfying the performance obligation.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately when such probability is determined.

*Recognition of revenue from interior works and sale of concrete products and scrap*

Revenue is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. Revenue excludes indirect taxes and is after deduction of any trade discounts.

*Recognition of revenue from maintenance and other services*

Revenue in respect of maintenance services and other services is recognised on an accrual basis, in accordance with the terms of the respective contract as and when the Group satisfies performance obligations by delivering the services as per contractual agreed terms.

*Other operating income*

Interest on delayed receipts, cancellation/forfeiture income, transfer fees, marketing fee from customers are recognised based upon underlying agreements with customers and when reasonable certainty of collection is established.

*Contract balances*

Contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivable represents the Group’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

_Cost to obtain a contract_

The Group recognises as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The Group incurs costs such as sales commission when it enters into a new contract, which are directly related to winning the contract. The asset recognised is amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

***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.

***Interest income***

Interest income, including income arising from other financial instruments, is recognised using the effective interest rate method.

**Borrowing cost**

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred. The Group treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

**Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost is determined based on a weighted average basis. Net realizable 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.

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

Direct expenditure relating to real estate 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 real estate activity. Cost incurred/items purchased specifically for projects are taken as consumed as and when incurred/received.

_Work-in-progress (Real estate)_ - Represents cost incurred in respect of projects where the revenue is yet to be recognized and includes cost of land (including development rights and non-refundable deposits paid, if any under joint development arrangements (‘JDA’), internal development costs, external development charges, construction costs, overheads, borrowing cost etc. Land/development rights received under JDA 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.

_Stock of units/plots in completed real estate projects_ - Represents cost incurred in respect of completed real estate project net cost of revenue.

_Building materials_ - Cost comprises of purchase price and other costs incurred in bringing the inventories to their present location and condition. Building materials are valued at cost computed on weighted average basis.

_Land stock_ - Represents land other than area transferred to work-in progress at the commencement of construction. Cost comprises of purchase price under agreement to purchase, stamp duty, registration charges, brokerage cost and other incidental expenses.

***Related to glazing, interiors and concrete products activity***

_Raw material, components and stores_ - Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Raw material, components and stores are valued at cost computed on weighted average basis.

_Work-in-progress and Finished goods_ - Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

**Advance paid towards land procurement**

Advances paid by the Group to the seller/ intermediary towards outright purchase of land is recognised as land advance under other assets 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. Management is of the view that these advances are given under normal trade practices and are neither in the nature of loans nor advance in the nature of loans.

**Foreign currency transactions and balances**

***Initial recognition***

Foreign currency transactions are recorded in the functional currency, by applying the exchange rate between the functional currency and the foreign currency at the date of the transaction.

***Conversion***

Foreign currency monetary items are retranslated 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. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

***Exchange differences***

The Group accounts for exchange differences arising on translation/settlement of foreign currency monetary items as income or as expense in the period in which they arise.

**Property, plant and equipment**

***Recognition and initial measurement***

Property, plant and equipment at their initial recognition are stated at their cost of acquisition. Cost of an item of property, plant and equipment comprises its purchase price, borrowing costs (if capitalization criteria are met), import duties, non-refundable taxes and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The Group identifies and determines cost of each component/part of the asset separately, if the component/part have a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour, borrowing costs (if capitalization criteria are met) and any other costs directly attributable to bringing the asset to working condition for its intended use.

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.

***Subsequent measurement***

Items of property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses, if any. 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 recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

***Subsequent expenditure***

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are recognized in statement of profit or loss as incurred.

***Derecognition***

An item of Property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the Property, plant and equipment is de-recognized.

**Investment property**

***Recognition and initial measurement***

Investment property is property held either to earn rental income or for capital appreciation or for both. Upon initial recognition, an investment property is measured at cost, including related transaction costs. The cost comprises purchase price, cost of replacing parts, borrowing cost, if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

The cost of a self-constructed item of investment property comprises the cost of materials, direct labour, borrowing costs (if capitalization criteria are met) and any other costs directly attributable to bringing the asset to working condition for its intended use.

***Subsequent measurement***

Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any. 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.

***Subsequent expenditure***

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

***Derecognition***

Investment property is derecognised either when control of the same is transferred to the buyer or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

***Reclassification from /to investment property***

Transfers to (or from) investment property are made only when there is a change in use. Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

***Fair value disclosure***

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 valuation performed by an accredited external independent valuer.

**Depreciation on property, plant and equipment and Investment property**

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

| Particulars | Useful lives estimated by the management (in years) |
|---|---|
| **Property, plant and equipment** | |
| Factory buildings | 30 |
| Buildings - other than factory buildings | 60 |
| Buildings - temporary structure for precast plant | 8 |
| Buildings - temporary structure | 3 |
| Plant and machinery | |
| i. General plant and machinery | 15 |
| ii. Plant and machinery - Civil construction | 12 |
| iii. Plant and machinery - Electrical installations | 10 |
| iv. Plant and machinery - Precast plant | 8 |
| v. Plant and machinery – Others | 3 – 5 |
| Furniture and fixtures | 10 |
| Motor vehicles - Two wheelers | 10 |
| Motor vehicles - Four wheelers | 8 |
| Computers | |
| i. Computer equipment | 3 |
| ii. Servers and network equipment | 6 |
| Office equipment | 5 |
| **Investment property** | |
| Buildings - other than factory buildings | 60 |

| Particulars | Useful lives estimated by the management (in years) |
|---|---|
| Buildings - One Sobha | 46 – 48 |
| Plant and machinery | |
| i. General plant and machinery | 15 |
| ii. Plant and machinery | 12 |
| Office equipment | 5 |
| Furniture and fixtures | 10 |

The Group, based on technical assessment made by technical expert and management estimate, depreciates certain items of building and plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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

Leasehold land is amortized on a straight-line basis over the balance period of lease. Freehold land is not depreciated and is stated at cost less impairment loss, if any.

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.

**Capital work-in-progress and intangible assets under development**

Capital work-in-progress and intangible assets under development represents expenditure incurred in respect of capital projects/intangible assets under development which are not yet ready for their intended use and are carried at cost less accumulated impairment loss, if any. Depreciation/amortisation is not provided on capital work-in-progress and intangible assets under development until construction/installation are complete and the asset is ready for its intended use.

**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.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is derecognised.

**Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

***Group as a lessee***

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

*Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, if any and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of use assets are depreciated on a straight-line basis over the lease term.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

*Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

*Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on short term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

***Group as a lessor***

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Assets subject to operating leases are included under investment property.

Lease income from operating lease is recognized on a straight-line basis over the term of the relevant lease including lease income on fair value of refundable security deposits, unless the lease agreement explicitly states that increase is on account of inflation. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. 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.

**Retirement and other employee benefits**

***Employee Provident Fund and Employee State Insurance***

Retirement benefits in the form of state governed Employee Provident Fund and Employee State Insurance are defined contribution schemes (collectively the "**Schemes**"). The Group has no obligation, other than the contribution payable to the Schemes. The Group recognizes contribution payable to the Schemes as expenditure, when an employee renders the related service. The contribution paid in excess of amount due is recognized as an asset and the contribution due in excess of amount paid is recognized as a liability.

***Gratuity***

Gratuity is a post-employment benefit and is in the nature of a defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit/ obligation at the balance sheet date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit/ obligation is calculated at or near the balance sheet date by an independent actuary using the projected unit credit method. This is based on standard rates of inflation, salary growth rate and mortality. Discount factors are determined close to each year-end by reference to market yields on government bonds that have terms to maturity approximating the terms of the related liability. Service cost and net interest expense on the Group’s defined benefit plan is included in statement of profit and loss. Actuarial gains/ losses resulting from re-measurements of the liability are included in other comprehensive income in the period in which they occur and are not reclassified to profit or loss in subsequent periods.

The Group makes contributions to Sobha Developers Employees Gratuity Trust ("**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.

***Compensated absences***

Accumulated leave, which is expected to be utilized within the next twelve 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 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.

***Other short-term benefits***

Short-term employee benefits comprising employee costs including performance bonus is recognized in the statement of profit and loss on the basis of the amount paid or payable for the period during which services are rendered by the employee.

**Provisions, contingent assets and contingent liabilities**

***Provisions***

Provisions are recognized only when there is a present obligation (legal or constructive), as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of obligation can be made at the reporting date. Provisions are discounted to their present values, where the time value of money is material, 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.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

***Onerous contracts***

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e. the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

***Contingent liabilities***

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within 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 it in the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

***Contingent assets***

Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

**Income taxes**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognized in the statement of profit and loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

***Current income tax***

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for that period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

***Deferred income tax***

Deferred income tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

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.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

**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.

***Initial recognition and measurement of financial assets and liabilities***

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value, trade receivable/trade payable that do not contain a significant financing component are measured at transaction value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

***Financial assets at amortized cost***

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

***Financial assets at fair value through other comprehensive income***

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

***Financial assets at fair value through profit or loss***

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in statement of profit and loss.

***Debt instruments at amortized cost***

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

i. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii. 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.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized 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 amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

***Financial liabilities at fair value through profit or loss***

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments. Gains or losses on liabilities held for trading are recognized in the profit or loss.

***Financial liabilities at amortized cost***

Financial liabilities are subsequently carried at amortized cost using the effective interest ('EIR') method.

Interest-bearing loans and borrowings are subsequently measured at amortized cost using EIR method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

***De-recognition of financial instruments***

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

***Reclassification of financial assets***

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial instruments.

***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

***Fair value of financial instruments***

In determining the fair value of its financial instruments, the Group uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

*Fair value hierarchy:*

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized 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 (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**Impairment**

***Financial assets***

The Group assesses at each date of balance sheet whether a financial asset or a group of financial assets (except financial assets valued through fair value through profit or loss) in impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Group recognizes 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. The presumption under Ind AS 109 with reference to significant increases in credit risk since initial recognition (when financial assets are more than 30 days past due), has been rebutted and is not applicable to the Group, as the Group is able to collect a significant portion of its receivables that exceed the due date.

***Non-financial assets***

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

Impairment losses are recognized in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit and loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**Segment reporting**

***Identification of segments***

In accordance with Ind AS 108 – Operating Segment, the operating segments used to present segment information are identified on the basis of information reviewed by the Group's management to allocate resources to the segments and assess their performance. An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Results of the operating segments are reviewed regularly by the Managing Director who has been identified as the chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance.

***Inter-segment transfers***

The Group generally accounts for intersegment sales and transfers at appropriate margins.

***Unallocated items***

Unallocated items include general corporate asset, liability, income and expense items which are not allocated to any business segment.

***Segment accounting policies***

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Group as a whole.

**Cash dividend to equity holders of the Group or Holding Company**

The Group recognizes a liability to make cash distributions to equity holders of the Group when the distribution is authorized 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.

**Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

**Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

**CHANGES IN ACCOUNTING POLICIES**

There have been no changes to our accounting policies for Fiscal 2023 and Fiscal 2024.

**PRINCIPAL COMPONENTS OF INCOME AND EXPENDITURE**

Set forth below are the principal components of income and expenditure from our continuing operations

**Total Income**

Our total income primarily comprises: (i) revenue from operations; and (ii) other income.

***Revenue from Operations***

Revenue from operations primarily comprises (i) revenue from contracts with customers; and (ii) rental income. Revenue from contracts with customers includes: (i) revenue from sale of products, which includes (a) income from constructed properties, plots and oher development activities, (b) income from sale of land and development rights, (c) income from glazing works, (d) income from interior works, (e) income from concrete blocks, and (f) income from retail sales; (ii) revenue from sale of services, which includes (a) income from contractual activity, and (b) income from maintenance and other services; and (iii) other operating revenue, which includes (a) forfeiture income, (b) interest collected from customer, (c) transfer fees, (d) marketing income, and (e) scrap sales.

Rental income includes income from operating leases from commercial projects.

***Other Income***

Other income primarily includes (i) interest income on (a) bank deposits, (b) unwinding of discount on refundable deposits, and (c) refundable deposits; and (ii) other non-operating income, such as (a) liabilities no longer required written back, (b) facilitation charges, (c) gain on foreign exchange difference (net), (d) profit on sale of property plant and equipment (net), (e) profit on sale of investment property (net), and (f) reversal of impairment of refundable deposit.

**Expenses**

Our expenses comprise (i) land purchase cost; (ii) cost of materials consumed; (iii) purchase of project materials; (iv) sub-contractor cost; (v) employee benefits expense; (vi) finance costs; (vii) depreciation and amortization expense; and (viii) other expenses.

***Land Purchase Cost***

Land purchase cost comprises expense incurred on purchasing land and land banks for our projects and includes cost of registration and stamp duty paid.

***Cost of Materials Consumed***

Cost of materials consumed comprises (i) inventory at the beginning of the year; (ii) purchases during the year; and (iii) inventory at the end of the year.

***Purchase of Project Materials***

Purchase of project materials comprises raw material, stores and spares consumption such as steel, cement, sand, wood and flooring.

***Sub-contractor Cost***

Sub-contractor cost comprises the cost associated with labour charges for civil, electrical and plumber works.

***Employee Benefits Expense***

Employee benefits expense primarily comprises (i) salaries, wages and bonus; (ii) contribution to provident and other funds; (iii) gratuity expenses; (iv) compensated absence; and (v) staff welfare expenses.

***Finance Costs***

Finance costs primarily comprises (i) interest expense on borrowings, unwinding of discount on land cost payable, on leases and on others; and (ii) other borrowing costs, which includes expenses incurred for letter of credit charges, bank guarantee chargeds and bank and other charges.

***Depreciation and Amortization Expense***

Depreciation and amortisation expense comprises (i) depreciation on property, plant and equipment; (ii) depreciation of investment properties; (iii) depreciation of right to use assets; and (iv) amortization of intangible assets.

***Other Expenses***

Other expenses include, amongst others, (i) license fees and plan approval charges; (ii) power and fuel; (iii) freight and forwarding charges; (iv) rent; (v) rates and taxes; (vi) advertising and sales promotion; (vii) brokerage and discounts; (viii) travelling and conveyance; (ix) legal and professional fees; (x) security charges; (xi) insurance; (xii) property maintenance expenses; (xiii) corporate social responsibility expenditure; and (xiv) miscellaneous expenses.

**SEGMENT REPORTING**

We have two reportable segments, as described below, which are our strategic business units. These business units offer different products and services, and are managed separately because they require different marketing strategies. We have identified the following as our reportable segment for the purpose of Ind AS 108:

(i) *Real estate segment* – This segment comprises development, sale, management and operation of all or any part of townships, housing projects, also includes leasing of self-owned commercial premises; and

(ii) *Contractual and manufacturing segment* – This segment comprises development of commercial premises and other related activities, also includes manufacturing activities related to interiors, glazing and metal works and concrete products.

Set forth below are details of our operating segments in the corresponding years:

| Particulars | Fiscal | |
|---|---|---|
| | 2024 | 2023 |
| | (₹ million) | |
| **Segment revenue** | | |
| Real estate | 24,138.33 | 25,372.14 |
| Contractual and manufacturing | 8,216.84 | 9,331.00 |
| Total segment revenue | 32,355.17 | 34,703.14 |
| Inter segment revenues | (1,385.71) | (1,602.00) |
| **Net revenue from operations** | **30,969.46** | **33,101.14** |
| **Segment result** | | |
| Real estate | 4,257.43 | 5,872.01 |
| Contractual and manufacturing | 712.65 | (45.34) |

**NON-GAAP MEASURES**

Certain measures which are Profit After Tax Margin, EBITDA, EBITDA Margin, Net Debt and Net Debt to Equity Ratio (together, "**Non-GAAP Measures**"), presented in this Letter of Offer are a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS, IFRS, US GAAP or any other GAAP. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, IFRS, US GAAP or any other GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, IFRS, US GAAP or any other GAAP. In addition, these Non-GAAP Measures are not standardised terms, hence a direct comparison of these Non-GAAP Measures between companies may not be possible. Other companies may calculate these Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although such Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that they are useful to an investor in evaluating us as they are widely used measures to evaluate a company's operating or financial performance.

*Reconciliation of EBITDA and EBITDA Margin*

The table below provides reconciliation of EBITDA and EBITDA Margin:

| Particulars | Fiscal 2024 | Fiscal 2023 |
|---|---|---|
| Profit for the year (A) | 491.13 | 1,042.05 |
| Add: | | |
| Income tax expense (B) | 251.14 | 407.70 |
| Finance costs (C) | 2,455.06 | 2,490.24 |
| Depreciation and amortisation expense (D) | 782.21 | 678.37 |
| **EBITDA (E) = [A+B+C+D]** | **3,979.54** | **4,618.36** |
| **Total income (F)** | **32,178.82** | **34,024.33** |
| **EBITDA Margin =(E )/(F)** | **12.37%** | **13.57%** |

**RESULTS OF OPERATIONS**

The following table sets forth certain information with respect to our results of operations on a consolidated basis for the years indicated:

| Particulars | Fiscal | | | |
| --- | --- | --- | --- | --- |
| | 2024 | | 2023 | |
| | (₹ million) | Percentage of Total Income | (₹ million) | Percentage of Total Income |
| **Income** | | | | |
| Revenue from operations | 30,969.46 | 96.24% | 33,101.14 | 97.29% |
| Other income | 1,209.36 | 3.76% | 923.19 | 2.71% |
| **Total Income** | **32,178.82** | **100.00%** | **34,024.33** | **100.00%** |
| | | | | |
| **Expenses** | | | | |
| Land purchase and related cost | 2,236.52 | 6.95% | 10,528.43 | 30.94% |
| Cost of materials consumed | 2,890.49 | 8.98% | 3,659.79 | 10.76% |
| Purchase of project materials | 9,907.75 | 30.79% | 9,554.69 | 28.08% |
| Changes in inventories of raw materials, land stock, work in progress and finished goods | (5,216.51) | (16.21)% | (11,013.29) | (32.37)% |
| Sub-contractor cost | 9,230.17 | 28.68% | 8,291.69 | 24.37% |
| Employee benefits expense | 3,526.30 | 10.96% | 2,944.75 | 8.65% |
| Finance costs | 2,455.06 | 7.63% | 2,490.24 | 7.32% |
| Depreciation and amortisation expense | 782.21 | 2.43% | 678.37 | 1.99% |
| Other expenses | 5,624.51 | 17.48% | 5,439.91 | 15.99% |
| **Total expenses** | **31,436.50** | **97.69%** | **32,574.58** | **95.74%** |
| | | | | |
| **Profit before tax and share of (loss) in associate / joint venture** | **742.32** | **2.31%** | **1,449.75** | **4.26%** |
| Share of (loss) in associate / joint venture[(1)] | **(0.05)** | (0.00)% | - | - |
| | | | | |
| **Profit before tax** | **742.27** | **2.31%** | **1,449.75** | **4.26%** |
| Tax Expense | | | | |
| Current tax | 1,245.40 | 3.87% | 360.46 | 1.06% |
| Tax adjustments relating to earlier year | 11.87 | 0.04% | - | - |
| Deferred tax (credit) / charge | (1,006.13) | (3.13)% | 47.24 | 0.14% |
| **Total tax expense** | 251.14 | 0.78% | **407.70** | **1.20%** |
| | | | | |
| **Profit for the period/year** | **491.13** | **1.53%** | **1,042.05** | **3.06%** |
| | | | | |
| **Other comprehensive income** | | | | |
| Items that will not be reclassified to profit or loss | | | | |
| Re-measurement gains (losses) on defined benefit plan | (16.79) | (0.05)% | (53.36) | (0.16) |
| Income tax relating to above | 4.23 | 0.01% | 13.43 | 0.04% |
| **Total other comprehensive income / l(loss), net of tax** | **(12.56)** | (0.04)% | **(39.93)** | **(0.18)%** |
| **Total comprehensive income for the year** | **478.57** | 1.49% | **1,002.12** | **2.95%** |
| **Profit attributable to:** | | | | |
| Owners of the Holding Company | 491.13 | 1.53% | 1,042.05 | 3.06% |
| Non-controlling interests | - | - | - | - |
| **Other comprehensive income / loss attributable to:** | | | | |
| Owners of the Holding Company | (12.56) | (0.04)% | (39.93) | (0.12)% |
| Non-controlling interests | - | - | - | - |
| **Total compressive income attributable to:** | | | | |
| Owners of the Holding Company | 478.57 | 1.49% | 1,002.12 | 2.95% |
| Non-controlling interests | - | - | - | - |

## FISCAL 2024 COMPARED TO FISCAL 2023

### Income

Total Income decreased by 5.42% from ₹ 34,024.33 million for Fiscal 2023 to ₹ 32,178.82 million for Fiscal 2024, on account of an decrease in revenue from operations and other income as set out below:

***Revenue from operations***

Revenue from operations decreased by 6.44% from ₹ 33,101.14 million for Fiscal 2023 to ₹30,969.46 million for Fiscal 2024 on account of an decrease in (a) revenue from contract with customers which comprises (i) sale of products; (ii) sale of services and (iii) other operating revenue; and (b) rental income.

*Revenue from contract with customers*

Revenue from contract with customers decreased by 6.96% from ₹ 32,622.90 million for Fiscal 2023 to ₹ 30,351.19 million for Fiscal 2024.

Sale of products

Income from of constructed properties, plots and other development activities decreased by 6.52% from ₹ 23,937.32 million for Fiscal 2023 to ₹ 22,377.08 million for Fiscal 2024. Income from glazing works decreased by 34.35% from ₹ 2,626.08 million for Fiscal 2023 to ₹ 1,723.91 million for Fiscal 2024 on account of completion of major contracts during Fiscal 2024. Income from interior works increased by 18.32% from ₹ 831.49 million for Fiscal 2023 to ₹ 983.85 million for Fiscal 2024 on account of new orders received during Fiscal 2024. Income from concrete works increased by 29.90% from ₹ 649.08 million for Fiscal 2023 to ₹ 843.15 million for Fiscal 2024 primarily on account of new orders received during Fiscal 2024 and income from retail sales increased by 43.21% from ₹ 133.93 million for Fiscal 2023 to ₹ 191.80 million for Fiscal 2024 on account of marketing and new products introduction to market.

Income from land and development rights increased to ₹ 286.10 million for Fiscal 2024 from ₹ nil for Fiscal 2023 on account of sale of lands which is profitable than development.

Sale of services

Income from contractual activity decreased by 14.74% from ₹ 3,622.51 million for Fiscal 2023 to ₹ 3,088.42 million for Fiscal 2024 on account of completion of major contracts. Income from maintenance and other services increased by 10.39% from ₹ 470.50 million for Fiscal 2023 to ₹ 519.37 million for Fiscal 2024.

Other operating revenue

Forfeiture income decreased by 40.57% from ₹ 140.96 million for Fiscal 2023 to ₹ 83.77 million for Fiscal 2024 on account of an increase in forfeiting of the advance from customers which are non-refundable for more than three years. Interest collected from customer income increased by 12.77% from ₹ 63.01 million for Fiscal 2023 to ₹ 71.05 million for Fiscal 2024. Transfer fees increased by 19.18% from ₹ 67.30 million for Fiscal 2023 to ₹ 80.21 million for Fiscal 2024 on account of increase in resale of units by customers. Scrap sales increased by 35.20% from ₹ 64.21 million for Fiscal 2023 to ₹ 86.81 million for Fiscal 2024.

Marketing income decreased by 5.07% from ₹ 16.51 million for Fiscal 2023 to ₹ 15.67 million for Fiscal 2024.

*Rental Income*

Rental income from operating leased increased by 29.28% from ₹ 478.24 million for Fiscal 2023 to ₹ 618.27 million for Fiscal 2024.

***Other Income***

Other income increased by 31% from ₹ 923.19 million for Fiscal 2023 to ₹ 1,209.36 million for Fiscal 2024.

**Expenses**

Total expenses decreased by 3.49% from ₹ 32,574.58 million for Fiscal 2023 to ₹ 31,436.50 million for Fiscal 2024 primarily on account of reduction in land purchase cost.

*Land purchase cost*

Land purchase cost decreased by 78.76% from ₹ 10,528.43 million for Fiscal 2023 to ₹ 2,236.52 million for Fiscal 2024

*Cost of materials consumed*

Cost of materials consumed decreased by 21.02% from ₹ 3,659.79 million for Fiscal 2023 to ₹ 2,890.49 million for Fiscal 2024. Inventory at the beginning of the year for Fiscal 2024 was ₹ 717.54 million compared to ₹ 636.87 million for Fiscal 2023. Purchases during the year for Fiscal 2024 were ₹ 2,773.65 million compared to ₹ 3,740.46 million for Fiscal 2023. Inventory at the end of the year for Fiscal 2024 were ₹ 600.70 million as compared to ₹ 717.54 million for Fiscal 2023.

*Purchase of project materials*

Purchase of project materials increased by 3.70% from ₹ 9,554.69 million for Fiscal 2023 to ₹ 9,907.75 million for Fiscal 2024 primarily on account of increase in number of projects.

*Changes in inventories of raw materials, land stock, work in progress and finished goods*

Changes in inventories of raw materials, land stock, work in progress and finished goods increased from ₹ (11,013.29) million for Fiscal 2023 to ₹ (5,216.51) million for Fiscal 2024 on account of an increase in inventories at the end of the year for Fiscal 2024 compared to Fiscal 2023.

*Sub-contractor cost*

Sub-contractor cost, i.e., the cost associated with labour charges for civil, electrical and plumber works increased by 11.32% from ₹ 8,291.69 million for Fiscal 2023 to ₹ 9.230.17 million for Fiscal 2024 on account of increase in number of projects.

*Employee benefits expense*

Employee benefits expense increased by 19.75% from ₹ 2,944.75 million for Fiscal 2023 to ₹ 3,526.30 million for Fiscal 2024 primarily on account of an increase in salaries, wages and bonus; contribution to provident and other funds; gratuity expenses; compensated absence; and staff welfare expenses.

*Finance costs*

Finance costs decreased by 1.41% from ₹ 2,490.24 million for Fiscal 2023 to ₹ 2,455.06 million for Fiscal 2024 primarily on account of decrease in interest expense on borrowings by 5.44% from ₹ 2,032.87 million for Fiscal 2023 to ₹ 1,922.21 million for Fiscal 2024 on account of reduction of borrowings.

*Other expenses*

Other expenses increased by 3.39% from ₹ 5,439.91 million for Fiscal 2023 to ₹ 5,624.51 million for Fiscal 2024 on account of an increase in:

- Freight and forwarding charges by 4.32% from ₹ 267.59 million for Fiscal 2023 to ₹ 279.16 million for Fiscal 2024;
- Rates and taxes increase from ₹ 201.13 million for Fiscal 2023 to ₹ 131.78 million for Fiscal 2024;
- Advertising and sales promotion by 24.62% from ₹ 415.48 million for Fiscal 2023 to ₹ 517.77 million for Fiscal 2024;
- Brokerage and discounts by 41.97% from ₹ 326.20 million for Fiscal 2023 to ₹ 463.10 million for Fiscal 2024 on account of an increase in number of units handed over to customers; and
- Miscellaneous expenses by 13.23% from ₹ 379.36 million for Fiscal 2023 to ₹ 429.54 million for Fiscal 2024.

This was offset by a decrease in:

- Changes in inventories by 52.63% from ₹ 11,013.29 million for Fiscal 2023 to ₹ 5,216.51 million for Fiscal 2024;
- License fees and plan approval charges from ₹ 654.01 million for Fiscal 2023 to ₹ 637.43 million for Fiscal 2024;
- Power and fuel by (0.91%) from ₹ 663.35 million for Fiscal 2023 to ₹ 657.33 million for Fiscal 2024;
- Travelling and conveyance by 30.45% from ₹ 305.52 million for Fiscal 2023 ₹ 212.48 million for Fiscal 2024;
- Allowance for credit losses (including amounts written off) by 96.69% from ₹ 372.10 million for Fiscal 2023 to ₹ 12.32 million for Fiscal 2024; and
- Corporate social responsibility expenditure decreased by 24.08% from ₹ 199.62 million for Fiscal 2023 to ₹ 151.55 million for Fiscal 2024.

**Profit before tax and share of profits/(loss) in associate/joint venture**

Profit before tax and share of profits/(loss) in associate/joint venture was ₹ 742.32 million for Fiscal 2024 compared to ₹ 1,449.75 million for Fiscal 2023.

**Profit before tax**

Profit before tax was ₹ 742.27 million for Fiscal 2024 compared to ₹ 1,449.75 million for Fiscal 2023.

**Income tax expense**

Income tax expense decreased to ₹ 251.14 million for Fiscal 2024 compared to ₹ 407.70 million for Fiscal 2023. Current tax expense increased to ₹ 1,257.27 million for Fiscal 2024 compared to ₹ 360.46 million for Fiscal 2023. Deferred tax charge was ₹ (1,006.13) million for Fiscal 2024 compared to ₹ 47.24 million for Fiscal 2023.

**Profit for the year**

For the reasons stated above, our profit for the year decreased to ₹ 491.13 million for Fiscal 2024 compared to ₹ 1,042.05 million for Fiscal 2023.

## LIQUIDITY AND CAPITAL RESOURCES

We have historically financed the expansion of our business and operations through a combination of internal accruals and external borrowings.

### Cash Flows

The following table sets forth certain information relating to our cash flows Fiscal 2023 and Fiscal 2024:

| Particulars | For the year ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| | *(₹ millions)* | |
| Net cash generated from operating activities (A) | 6,474.42 | 11,502.12 |
| Net cash generated (used in)/from investing activities (B) | (4,749.34) | (2,368.42) |
| Net cash flows used in financing activities (C) | (3,381.63) | (7,730.48) |
| Net increase/ (decrease) in cash and cash equivalents (A+B+C) | (1,656.55) | 1,403.21 |
| **Cash and cash equivalents at the end of the year** | **1,137.31** | **2,793.86** |
| **Net cash and cash equivalents at the end of the year** | **709.61** | **1,767.86** |

***Operating Activities***

*Fiscal 2024*

Net cash flows from operating activities for Fiscal 2024 was ₹ 6,474.42 million. Profit before tax for Fiscal 2024 was ₹ 742.27 million. Adjustments to reconcile profit before tax to net cash flows from operating activities primarily included depreciation and amortization of ₹ 782.21 million, gain on sale of property, plant and equipment and investment property of ₹ 2.41 million, finance costs including fair value change in financial instruments) of ₹ 2,455.06 million, finance income (including fair value change in financial instruments) of ₹ 686.84 million, reversal of impairment loss on financial assets of ₹ nil, impairment of property, plant and equipment of ₹ 29.47 million, allowance for credit loss of ₹ 12.32 million, provision for land advances of ₹ 82.63 million, other advances written off of ₹ 50.21 million and liabilities written back of ₹ 198.52 million.

Operating profit before working capital changes were ₹ 3,266.40 million. Working capital adjustments included changes in trade receivables of ₹ 324.32 million, changes in inventories of ₹ 6,361.06 million, changes in other current and non-current financial assets of ₹ 299.05 million, changes in other current and non-current assets of ₹ 1,543.55 million, changes in trade payables of ₹ 377.24 million, changes in provisions of ₹ 20.26 million, changes in other current financial liabilities of ₹ 2,809.42 million and changes in other current liabilities of ₹ 13,672.83 million. Cash generated from operating activities for Fiscal 2023 was ₹ 7,246.07 million. Income tax paid (net of refund) was ₹ 771.65 million.

*Fiscal 2023*

Net cash flows from operating activities for Fiscal 2023 was ₹ 11,502.12 million. Profit before tax for Fiscal 2023 was ₹ 1,449.75 million. Adjustments to reconcile profit before tax to net cash flows from operating activities primarily included depreciation and amortization of ₹ 678.37 million, gain on sale of property, plant and equipment and investment property of ₹ 1.00 million, finance costs including fair value change in financial instruments of ₹ 2,490.24 million, finance income (including fair value change in financial instruments) of ₹ 293.32 million, reversal of impairment loss on financial assets of ₹ 50.55 million, impairment of property, plant and equipment of ₹ 58.71 million, allowance for credit loss of ₹ 372.10 million, provision for land advances of ₹ 168.16 million, other advances written off of ₹ 60.85 million and liabilities written back of ₹ 327.96 million.

Operating profit before working capital changes were ₹ 4,605.35 million. Working capital adjustments included changes in trade receivables of ₹ 1,412.63 million, changes in inventories of ₹ 11,093.95 million, changes in other current and non-current financial assets of ₹ 1,098.10 million, changes in other current and non-current assets of ₹ 766.56 million, changes in trade payables of ₹ 1,844.86 million, changes in provisions of ₹ 102.36 million, changes in other current financial liabilities of ₹ 1,512.52 million and changes in other current liabilities of ₹ 11,932.69 million. Cash generated from operating activities for Fiscal 2023 was ₹ 12,181.12 million. Income tax paid (net of refund) was ₹ 679.00 million.

***Investing Activities***

*Fiscal 2024*

Net cash flows used in investing activities for Fiscal 2024 was ₹ 4,749.34 million on account of purchase of purchase of property, plant and equipment, investment property and intangible assets of ₹ 1,247.17 million, investments in fixed deposits (net) ₹ 3,875.38 million which was offset by the proceeds from sale of property, plant and equipment and investment property of ₹ 10.42 million, and interest income ₹ 362.79 million.

*Fiscal 2023*

Net cash flows used in investing activities for Fiscal 2023 was ₹ 2,368.42 million on account of purchase of purchase of property, plant and equipment, investment property and intangible assets of ₹ 1,234.05 million, investments in fixed deposits (net) ₹ 1,326.76 million which was offset by the proceeds from sale of property, plant and equipment and investment property of ₹ 68.00 million, and interest income ₹ 124.39 million.

***Financing Activities***

*Fiscal 2024*

Net cash flows used in financing activities for Fiscal 2024 was ₹ 3,381.63 million on account of repayments from current borrowings (net) of ₹ 701.79 million, repayment of non-current borrowings of ₹ 6,843.99 million, repayment of principal portion of lease liabilities of ₹ 48.89 million, repayment of interest portion of lease liabilities of ₹ 25.12 million, interest paid of ₹ 2,122.68 million and dividend paid on equity shares of ₹ 284.54 million which was offset by proceeds from non-current borrowings of ₹ 6,645.38 million.

*Fiscal 2023*

Net cash flows used in financing activities for Fiscal 2023 was ₹ 7,730.48 million on account of repayments from current borrowings (net) of ₹ 6,438.83 million, repayment of non-current borrowings of ₹ 1,404.12 million, repayment of principal portion of lease liabilities of ₹ 52.10 million, repayment of interest portion of lease liabilities of ₹ 27.26 million, interest paid of ₹ 2,246.65 million and dividend paid on equity shares of ₹ 285.32 million which was offset by proceeds from non-current borrowings of ₹ 2,723.80 million.

**Financial Indebtedness**

As of March 31, 2024, our total non-current borrowings were ₹ 7,163.49 million and our current borrowings were ₹ 11,971.60 million.

**Off-Balance Sheet Commitments and Arrangements**

Other than as disclosed in this Letter of Offer, as of March 31, 2024, we had no other off-balance sheet commitments and arrangements that materially affect our financial condition or results of operations.

**Capital Expenditures**

In Fiscal 2024, and 2023, our capital expenditure towards additions to fixed assets (property, plant and equipment, investment property, investment property under development, intangible asset under development, and other intangible assets) were ₹ 1,247.05 million, and ₹ 1,235.44 million, respectively. The following table sets forth our fixed assets for the periods indicated:

| Particulars | Fiscal 2024 | Fiscal 2023 |
|---|---|---|
| | (₹ million) | |
| Property, plant and equipment | 1,156.97 | 538.26 |
| Investment property | 52.34 | 676.70 |
| Investment property under development | 0.00 | 2.86 |
| Intangible asset under development | 36.74 | 17.62 |
| Other intangible assets | 1.00 | - |
| **Total** | **1,247.05** | **1,235.44** |

**Credit Ratings**

Our Company's borrowings credit ratings as of the date of this Letter of Offer are set forth below:

| Nature of Instrument | Name of Credit Rating Agency | Credit Rating Assigned |
|---|---|---|
| Term loan | India Ratings & Research | IND AA-/Stable |
| Fund-based working capital limit | | IND AA-/Stable/Ind A1+ |
| Non-fund based working capital limit | | IND AA-/Stable/Ind A1+ |
| Term loan, fund based working capital limit and non-fund based working capital limit | ICRA Limited | [ICRA]A+ |

**Qualitative Disclosure about Market Risk**

We are exposed to certain risks arising in course of our operations, including market rate risk, credit risk and liquidity risk. Our senior management oversees the management of these risks. Our senior management is supported by a risk management committee that advises on financial risks and the appropriate financial risk governance framework. The risk management committee provides assurance to our senior management that our financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with our policies and risk objectives. Our Board of Directors reviews and agrees policies for managing each of these risks.

**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. We do not have a material foreign currency exposure as of March 31, 2024 and hence, this risk is not applicable.

***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. Our exposure to the risk of changes in market interest rates relates primarily to our long-term debt obligations with floating interest rates. We manage our interest rate risk by having a balanced portfolio of fixed and variable rate of borrowings. We do not enter into any interest rate swaps.

***Price risk***

Our exposure to price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit or loss. To manage the price risk arising from investments, we diversify our portfolio of assets. There are no investments held by us which are measured at fair value either through profit and loss or fair value through other comprehensive income, hence we are not exposed to price risk.

**Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. We are exposed to credit risk primarily from trade receivables (net of advances/ payables), refundable joint development deposits, security deposits, loans and other financial assets measured at amortised cost. We continuously monitor defaults of customers and other counterparties and incorporate this information into our credit risk controls. The carrying amounts of financial assets, unbilled revenue and contract assets represent the maximum credit exposure. We assess and manage credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. We assign the following credit ratings to each class of financial contracts/assets based on the assumptions, inputs and factors specific to the class of financial contracts/assets: (i) low credit risk, (ii) medium credit risk, and (iii) high credit risk.

Based on the business environment in which we operate, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

**Liquidity risk**

Liquidity risk is the risk that we will encounter difficulty in meeting the obligations associated with our financial liabilities that are settled by delivering cash or another financial asset. Our approach to managing liquidity is to ensure, as far as possible, that we will have sufficient liquidity to meet our liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to our reputation.

We have an established liquidity risk management framework for managing our short term, medium term and long term funding and liquidity management requirements. Our exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. We manage liquidity risk by maintaining adequate funds in cash and cash equivalents. We also have adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all our normal operating commitments in a timely and cost-effective manner. Our objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

**Auditor's Observations**

There have been no reservations, qualifications, modification or adverse remarks highlighted by our Statutory Auditors in our Financial Statements for Fiscal 2023 and Fiscal 2024. However, certain matter of emphasis have been highlighted by our Statutory Auditors without modifying their audit opinion as indicated below:

***Fiscal 2024***

*"We draw attention to Note 39(5) of the accompanying consolidated financial Statement regarding the search operation carried out by the Income Tax Department ('the department') at various business premises of the Holding Company and certain other group companies during March 2023. During the current year, the Holding Company has received demand orders from the department for AY 2016-17 and AY 2022-23, in respect of disallowances of certain expenses and addition of certain incomes, against which subsequent to the year end, the Holding Company has filed an appeal before the Hon'ble Commissioner of Income Tax (Appeals), Bengaluru. Given the uncertainty and pending outcome of the legal proceedings, the Holding Company, considering all available records and facts known to it including the independent legal review and opinion from external legal counsels obtained by it, has determined that no adjustments are required to the consolidated financial statement in respect of the aforesaid demand orders.*

*Our opinion is not modified in respect of this matter."*

***Fiscal 2023***

*"We draw attention to Note 39(5) to the accompanying Consolidated Financial Statements regarding the search operation carried out by the Income Tax Department at various business premises of the Holding Company and certain other group companies during March 2023. As the Holding Company and certain other group companies have not received any communication on the findings of the investigation by the Income Tax department till date, the impact of this matter on the accompanying consolidated financial statements for the year ended 31 March 2023 and the adjustments, (if any) required to these accompanying consolidated financial Statement, is presently not ascertainable. Our opinion is not modified in respect of this matter."*

**Contingent Liabilities**

As at March 31, 2024, we had contingent liabilities amounting to ₹ 4,113.92 million as follows:

| Particulars | As at March 31, 2024 (₹ million) |
|---|---|
| Income tax matters in dispute | 432.38 |
| Value added tax, service tax and customs matters in dispute | 1,647.99 |
| Customer related cases and complaints | 2.00 |
| Matters before prevention of money laundering adjudicating authority | 2,016.05 |
| Other litigation | 15.50 |

For further information in relation to our contingent liabilities as per Ind AS 37 as at March 31, 2024, see "*Financial Statements*" on page 127.

**Unusual or infrequent Events or Transactions**

Except as described in this Letter of Offer, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

**Known Trends or Uncertainties**

Our business has been subject, and we expect it to continue to be subject to significant economic changes arising from the trends identified above in "*—Significant Factors affecting our Results of Operations*" and the uncertainties described in "*Risk Factors*" on pages 315 and 17, respectively. Except as discussed in this Letter of Offer, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenues or income.

**Significant Economic Changes that Materially Affect or are Likely to Affect Income from Continuing Operation**

Our business has been subject, and we expect it to continue to be subject to significant economic changes that materially affect or are likely to affect income from continuing operations identified above in "*—Significant Factors affecting our Results of Operations*" and the uncertainties described in "*Risk Factors*" on pages 315 and 17, respectively.

**New Products or Business Segments**

Except as described in this Letter of Offer, we have not publicly announced any new products or business segments nor have there been any material increases in our revenues due to increased disbursements and the introduction of new products.

**Future Relationship Between Cost and Income**

Other than as described elsewhere in the sections "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 17, 105 and 315, respectively, there are no known factors that will have a material adverse impact on our operations and financial condition.

**Significant Dependence on a Single or Few Customers or Suppliers**

Given the nature of our business operations, our business is not dependent on any single or a few customers or suppliers.

**Competitive Conditions**

We operate in a competitive environment. See "*Risk Factors*", "*Industry Overview*", "*Our Business*" and on pages 17, 81 and 105, respectively, for further details on competitive conditions that we face across our various business segments.

**Seasonality/Cyclicality of Business**

Given the nature of our business operations, we generally do not believe that our business is seasonal.

**Significant Developments After March 31, 2024 That May Affect our Future Results of Operations**

Except as set out below, no material developments have occurred since March 31, 2024, which materially or adversely affect or are likely to affect: (a) the operations or the profitability of our Company; or (b) the value of its assets; or (c) its ability to pay its liabilities in the next 12 months; or (d) its performance and prospects:

One of the Subsidiaries of our Company, namely, Sobha Developers (Pune) Limited, has entered into a share purchase agreement dated April 2, 2024 with BNB Builders Private Limited ("**BNB**") and Abhinav Gupta, Vishal Sharma, Rajeev Chanda, SJYJ Developers Private Limited, Savitri Devi, Neeraj Yadav, Manish Kumar, Pankaj Yadav, Vinod Yadav, Parmod Kumar and Amit Yadav to acquire 100% of the equity shares of BNB for a consideration of ₹255.00 million with the further option to enable BNB to settle the debt of ₹40.00 million by subscription of such securities by Sobha Developers (Pune) Limited at its sole discretion.

| Acquiring Entity | Target Entity | Consideration Paid | Mode of Finance |
|---|---|---|---|
| Our Company (through its Subsidiary Sobha Developers (Pune) Limited) | BNB Builders Private Limited | Part consideration amounting to ₹ 160.00 million has been paid as on the date of this Letter of Offer. Balance consideration amounting to ₹ 95.00 million to be paid upon closing of the acquisition | Borrowings availed by our Company and onward lent to Sobha Developers (Pune) Limited for making part-payment towards the consideration |

## SECTION VI: LEGAL AND OTHER INFORMATION

## OUTSTANDING LITIGATION AND DEFAULTS

*Our Company and our Subsidiaries are subject to various legal proceedings from time to time, primarily arising in the ordinary course of business. Our Company has, solely for the purpose of this Issue, disclosed in this section, all outstanding matters which involve (i) issues of moral turpitude or criminal liability on the part of our Company and Subsidiaries, including all criminal proceedings filed against our Company or our Subsidiaries; (ii) material violations of statutory regulations by our Company and Subsidiaries; (iii) outstanding matters in relation to material civil or tax litigation; (iv) economic offences where proceedings have been initiated against our Company and Subsidiaries; and (v) any outstanding matter which has been considered material and reported to the Stock Exchanges in accordance with the LODR Materiality Policy (as defined hereafter).*

*All outstanding civil and tax proceedings involving our Company and our Subsidiaries and all outstanding proceedings in relation to violation of statutory regulations by our Company and our Subsidiaries, where the amount involved in such proceedings is equivalent to or in excess of 5% of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of our Company, which is determined to be ₹ 54.42 million, adopted by the Rights Issue Committee through its resolution dated May 28, 2024 ("**Materiality Threshold**"), in conformity with the 'Policy for Determination of Materiality of Events and Information' ("**LODR Materiality Policy**") framed in accordance with Regulation 30 of the SEBI LODR Regulations and adopted by our Board, have been disclosed in this section. Additionally, all outstanding matters involving our Company or Subsidiaries, where the amount involved, either does not meet the Materiality Threshold or is unquantifiable, but which are material in the opinion of our Board or where an adverse outcome may result in material or adverse impact on the operations or financial position of our Company or Subsidiaries, have been disclosed in this section.*

*Pre-litigation notices received by our Company and Subsidiaries from third parties (excluding notices pertaining to any offence involving issues of moral turpitude, criminal liability, material violations of statutory regulations or proceedings related to economic offences) shall not be evaluated for materiality until such time as our Company and our Subsidiaries are impleaded as defendants in litigation proceedings before any judicial forum.*

### Litigation involving our Company

***Litigation against our Company***

*Criminal Proceedings*

1. Srinivasa Rao Talla ("**Complainant**") filed a complaint with the Kothnur Police Station, Bengaluru, Karnataka ("**Police Station**") against our Company on February 15, 2021 in connection with a flat purchased in 'Sobha City', a residential project located at Bengaluru, Karnataka ("**Project**') developed by our Company. A fresh complaint was further submitted to the Additional Commissioner of Police, Bangalore City on February 15, 2021 and to the Deputy Commissioner of Police, Bangalore on February 18 2021. Pursuant to an enquiry, the Police Station issued an endorsement letter dated March 21, 2023 to the Complainant stating that the allegations made against our Company were civil in nature. However, the Complainant subsequently filed a private complaint on September 13, 2021 ("**Private Complaint**") against our Company, Jagadish Chandra Sharma, erstwhile managing director of our Company and others under section 200 of the CrPC before the 4th Additional Chief Metropolitan Magistrate at Bangalore, Karnataka ("**Magistrate**"). The Complainant alleged, *inter alia*, criminal conspiracy, cheating and forgery under sections 34, 120B, 405, 420, 463 of the IPC, that our Company forged fire NOCs and other documents to obtain a revised sanction plan and occupation certificate for the Project and that our Company mortgaged the Project land without the consent of the Complainant. The Magistrate by means of an order dated September 19, 2023 ("**Order**"), took cognizance of the alleged offences and directed the registration of a case in the matter. Subsequently, the Magistrate issued summons to our Company on October 7, 2023. Aggrieved by the Private Complaint and the Order, our Company filed a criminal petition under section 482 of the CrPC before the High Court of Karnataka at Bangalore ("**High Court**") praying for the quashing of the Private Complaint and the Order. The High Court by means of an interim order dated October 11, 2023, stayed the proceedings before the Magistrate. The matter is currently pending.

2. R. S Batth ("**Complainant**"), acting on behalf of the District Town Planner, Gurugram, Haryana ("**DTP Gurugram**") and on receipt of a memo dated December 10, 2018 from the District Town Planner Chandigarh ("**DTP Chandigarh**") filed a First Information Report ("**FIR**") before the Bajghera Police Station, Gurugram, Haryana ("**Police Station**") on December 13, 2018 against our Company, Chintels India Limited ("**Chintels**") and others under section 10 of the Haryana Development and regulation of Urban Areas Act, 1975 ("**HDRUAA**"). The present dispute arose when Chintels, owners of a parcel of land located in Haryana ("**Land Parcel**") applied for a license and entered into a bilateral agreement ("**Bilateral Agreement**") with the Director, Town and Country Planning, Haryana ("**DTCP**") for developing the said Land Parcel. As per the Bilateral Agreement, certain plots were to be sold under stipulated conditions as determined by DTCP. The terms of the Bilateral Agreement were such that 20% of the plots were to be reserved for economically weaker sections at a subsidized rate and 25% of the plots were to be reserved for 'no profit-no loss' allotment ("**NPNL Plots**") at a rate pre-determined by DTP Gurugram. The remaining 55% plots were permitted to be sold in open market. In order to develop the Land Parcel, Chintels entered into a joint development agreement dated March 28, 2008 with our Company. The Complainant alleged that the subsequent development and sale of plots by our

Company on the said Land Parcel violated the provisions of the Bilateral Agreement and the HDRUAA. The Bajghera Police filed a chargesheet on December 13, 2018 against Jagadish Nangineni, current managing director of our Company and others for violation of section 10 of HDRUAA. Subsequently, pursuant to investigations by the Economic Offences Wing, a supplementary charge sheet dated August 20, 2020 ("**Supplementary Charge Sheet**") was filed and our Company was charged under section 420 of the IPC. It was alleged that our Company had caused financial loss to the Government of Haryana due to non-payment of fees towards change in beneficial interest/ joint development rights in connection with the development of the said Land Parcel. Aggrieved by the Supplementary Charge Sheet, Jagadish Nangineni filed a petition under section 482 of the CrPC before the Punjab and Haryana High Court at Chandigarh ("**High Court**") praying, *inter alia*, for the quashing of the Supplementary Charge Sheet. The High Court by means of an order dated May 16, 2022 directed the adjournment of proceedings pending before the trial court in connection with the Supplementary Charge Sheet to a date beyond the date fixed by the High Court. The matter is currently pending.

*Material Civil Proceedings*

1. Anil Jain and Swati Jain ("**Complainants**") filed a complaint ("**Complaint**") before the Haryana State Consumer Disputes Redressal Commission at Panchkula ("**Commission**") under section 47 of the Consumer Protection Act, 2019 against our Company and others in connection with a villa purchased in the project 'International City' located at Gurugram, Haryana developed by our Company ("**Property**"). The Complainants alleged that our Company had, *inter alia*, made false and misleading representations, indulged in unfair trade practices and rendered deficient services by failing to handover the Property on the scheduled date of possession. The Complainants further alleged that our Company revised the payment plan and cost of the Property without prior consent of the Complainant. The Complainants claimed a refund of ₹ 72.46 million paid for the purchase of the Property along with interest at the rate of 18% per annum, compensation of ₹ 1.90 million for delay in handover of possession along with costs of litigation. Our Company filed a reply submitting that the Complaint was barred by the law of limitation, that there was no cause of action for the Complaint and that the Commission did not have pecuniary jurisdiction to hear the matter. The matter is currently pending.

2. Serene Estates Private Limited and Chennai Cyber City Private Limited ("**Claimants**") filed a statement of claim against our Company before an arbitral tribunal ("**Arbitral Tribunal**") at Chennai on September 7, 2020 under section 23(1) of the Arbitration and Conciliation Act, 1996 ("**Act**") in connection with a joint development agreement dated December 7, 2012 and amendment agreement dated October 10, 2017 (collectively "**Agreement**") entered into between the Claimants, our Company and others for developing a residential project at Sholinganallur, Tamil Nadu ("**Property**"). Our Company, by means of a notice dated February 11, 2020 terminated the Agreement and claimed refund of the advance paid to the Claimants along with interest on account of the Claimant's failure to perform their obligations under the Agreement. The Claimants, *inter alia*, alleged that the termination of the Agreement by our Company was invalid and untenable in law and further claimed that it had caused them financial and reputational loss. The Claimants claimed ₹ 4,108.80 million along with interest at the rate of 18% per annum and costs towards damages incurred on account of wrongful termination of the Agreement by our Company. Our Company filed a reply dated November 10, 2020 denying all the allegations and averments of the Claimants. Our Company further submitted that the Claimants were guilty of suppression and misrepresentation of facts and submitted a counterclaim of ₹ 6412.35 million together with applicable interest. The Arbitral Tribunal passed an award dated March 15, 2024 ("**Award**") directing the Claimants to pay our Company ₹ 632.42 million along with interest at the rate of 9% from the date of the Award. The Arbitral Tribunal further directed our Company to hand over the title deeds of the Property to the Claimants. Subsequently, our Company filed an application on April 25, 2024 before the Arbitral Tribunal under section 33 of the Act praying for the correction of certain clerical and typographical errors in the Award. The matter is currently pending.

*Material Tax Proceedings*

1. The Deputy Commissioner of Income Tax, Bengaluru ("**Deputy Commissioner**"), pursuant to a search and seizure ("**Search and Seizure**") conducted at our Company's premises on March 20, 2023, at Bengaluru, Karnataka, carried out a scrutiny of our Company's return of income for the assessment year 2022-2023. Subsequently, the Deputy Commissioner, issued notices under section 142(1) of the Income Tax Act, 1961 and show cause notices under section 143(3) of the Income Tax Act, 1961 ("**Notices**") calling for information and proposing to, *inter alia*, disallow certain expenses claimed by our Company. Further, the Deputy Commissioner proposed the addition of certain receipts and unexplained cash credits for the computation of the taxable income of our Company. Our Company responded to the Notices objecting, *inter alia*, to the validity of the Search and Seizure and the admissibility of the material found during the Search and Seizure. Subsequently, the Deputy Commissioner, by means of an assessment order dated March 30, 2024 ("**Assessment Order**") passed under section 143(3) of the Income Tax Act, 1961 called upon our Company to pay ₹326.83 million and issued a penalty notice to our Company. Aggrieved by the Assessment Order, our Company preferred an appeal before the Hon'ble Commissioner of Income Tax (Appeals), Bengaluru on April 29, 2024. The matter is currently pending.

2. The Assessing Officer ("**AO**"), pursuant to a search and seizure conducted on our Company's premises on October 10, 2013 at Bengaluru, Karnataka sent a notice dated June 11, 2014 ("**Notice 1**") to our Company under section 153A of the Income Tax Act, 1961 ("**Act**") calling for return of income for the assessment year 2011-12. Subsequently, the AO sent a notice dated December 4, 2015 **("Notice 2**") proposing to add to the returned income certain unexplained expenses. Our Company filed its response to the Notice 1 and Notice 2 after which the AO completed an assessment and issued a

notice dated March 31, 2016 to our Company initiating penalty proceedings under section 271(1)(c) of the Act. The AO alleged that our Company failed to disclose income/ concealed particulars of income and claimed certain expenses which were not allowable as deductions ("**Allegations**"). Our Company submitted its replies on September 23, 2016. Subsequently, the Assistant Commissioner of Income Tax, Bengaluru ("**ACIT**") imposed a penalty of ₹ 79.72 million under section 271(1)(c) of the Act and issued a statement of demand by means of an order dated September 29, 2016. Aggrieved by the order of the ACIT, our Company preferred an appeal on October 26, 2016 before the Commissioner of Income Tax (Appeals), Bangalore and denied the Allegations. The matter is currently pending.

3. The Commissioner of Central Excise & Service Tax, Bangalore ("**Commissioner**") issued a show cause notice dated April 18, 2012 to our Company proposing to, *inter alia*, demand service tax under the head 'management, maintenance and repair service' on the notional interest accrued on maintenance deposits collected from our Company's customers under section 73(1) of the Finance Act, 1994. The Commissioner demanded service tax of ₹ 57.94 million along with interest and imposed a penalty on our Company ("**Demand**"). Our Company filed a detailed reply on April 25, 2013 and submitted, *inter alia,* that no service tax was payable as no services were being rendered to customers until the complete construction and handover of residences. Our Company iterated that they were not providers of maintenance service and were merely acting as trustees for the services provided by repair, cleaning and security agencies. Subsequently, the Commissioner by means of an order-in-original dated May 28, 2013 ("**Order**") confirmed the Demand. Aggrieved by the Order, our Company filed an appeal and stay application dated October 17, 2013 before the Customs, Excise & Service Tax Appellate Tribunal, Bangalore praying for the setting aside of the Order. The matter is currently pending.

4. The Commissioner of Central Excise & Service Tax, Bangalore ("**Commissioner**") issued a show cause notice dated April 18, 2012 to our Company proposing to treat certain 'other charges' (including Karnataka Electricity Board charges, Bangalore Water Supply and Sewerage Board charges and advocate fees) collected from our Company's customers as taxable value under the head of 'commercial and industrial construction service'. The Commissioner demanded ₹ 140.04 million as service tax along with interest and imposed a penalty on our Company ("**Demand**"). Our Company filed a reply on April 25, 2013 and submitted, *inter alia*, that the Demand was in relation to post-construction charges which could not be charged under the head 'commercial and industrial construction service'. Subsequently, the Commissioner by means of an order-in-original dated May 20, 2013 ("**Order**") confirmed the Demand. Aggrieved by the Order, our Company filed an appeal and stay application dated October 11, 2013 before the Customs, Excise & Service Tax Appellate Tribunal, Bangalore praying, *inter alia,* for the setting aside of the Order. The matter is currently pending.

5. The Commissioner of Central Excise & Service Tax, Bangalore ("**Commissioner**") issued a show cause notice dated April 13, 2012, to our Company demanding service tax in respect of certain joint development projects of our Company by treating the amount collected towards undivided share of land from buyers as consideration for construction services provided to the respective landowners. The Commissioner demanded ₹ 102.38 million as service tax along with interest and imposed a penalty on our Company ("**Demand**"). Our Company filed a reply on April 25, 2013, and submitted, *inter alia,* that it was not liable to pay service tax since there was no service provider-service recipient relationship between our Company and the landowners. Subsequently, the Commissioner by means of an order-in-original dated May 20, 2013 ("**Order**") confirmed the Demand. Aggrieved by the Order, our Company filed an appeal and stay application dated September 26, 2013 before the Customs, Excise & Service Tax Appellate Tribunal, Bangalore praying, *inter alia*, for the setting aside of the Order. The matter is currently pending.

6. The Deputy Commissioner of Commercial Taxes (Audit), Bangalore ("**Deputy Commissioner**"), pursuant to a verification of our Company's returns for the tax period between April 2007 and November 2007 ("**Returns**") sent a notice to our Company dated February 6, 2012 ("**Notice**") under section 69(1) of the Karnataka Value Added Tax Act, 2003. The Deputy Commissioner proposed to rectify our Company's Returns by adding the cost of construction of landowners' apartments in our Company's joint development projects ("**Projects**") to the total turnover declared by our Company ("**Proposal**"). Our Company objected to the Proposal and submitted, *inter alia*, that the constituents of a sale were absent as our Company was not receiving any consideration from the landowners of the Projects. Disregarding our Company's submissions, the Deputy Commissioner passed a rectification order dated May 31, 2012 ("**Rectification Order**") and issued a demand notice dated May 31, 2012 ("**Demand Notice**") calling upon our Company to pay reassessed tax, interest and penalty amounting to ₹ 110.86 million. Aggrieved by the Rectification Order and Demand Notice, our Company filed a writ petition dated June 13, 2012, under Article 226 of the Constitution before the High Court of Karnataka. Our Company prayed that the Order and Demand Notice was patently illegal and liable to be quashed. The matter is currently pending.

7. The Deputy Commissioner of Commercial Taxes (Audit), VAT Division, Bangalore ("**Deputy Commissioner**"), pursuant to a verification of the books of accounts of our Company for the period between April 2011 and March 2012, sent a notice dated December 24, 2016 ("**Notice**") proposing to, *inter alia*, add the cost of construction of landowners' apartments in our Company's joint development projects to the total turnover declared by our Company. Our Company filed its objections to the Notice on January 23, 2017, submitting, *inter alia*, that as there was no flow of consideration between our Company and the landowners, the ingredients of a sale were absent and that our Company was not liable to pay tax. The Deputy Commissioner subsequently passed a re-assessment order dated February 14, 2017 ("**Reassessment Order**") and issued a demand notice dated February 15, 2017 calling upon our Company to pay reassessed tax, interest and penalty amounting to ₹ 85.01 million which was subsequently rectified to ₹ 58.12 million by means of a rectification order dated February 22, 2017 ("**Rectification Order**") and a subsequent demand notice dated

February 27, 2017 ("**Demand Notice**"). Aggrieved by the Rectification Order, our Company filed a writ petition dated March 15, 2017 under Article 226 of the Constitution before High Court of Karnataka at Bengaluru ("**High Court**"). Our Company prayed, *inter alia*, that the Reassessment Order, Rectification Order and Demand Notice was bad in law and liable to be quashed. Our Company further prayed for an interim stay on the operation of the Demand Notice. The High Court, by means of an order dated March 17, 2017 and a subsequent order dated April 11, 2017 granted a stay on the Rectification Order. The matter is currently pending.

8. The Deputy Commissioner of Commercial Taxes (Audit), VAT Division, Bangalore ("**Deputy Commissioner**") issued a notice dated February 8, 2019 under section 39(1), 36 and 72 of the Karnataka Value Added Tax Act, 2003 proposing to reassess our Company's tax liability for the tax period between April 2014 and March 2015. The Deputy Commissioner opined that our Company was liable to pay tax on the transfer of certain land developed in accordance with a joint development agreement with the owners of land. Further, the Deputy Commissioner proposed that input tax credit claimed by our Company was to be disallowed. Our Company submitted objections on February 11, 2019. While the objections filed by our Company were partially considered, the rest were disregarded. Subsequently, the Deputy Commissioner passed a reassessment order dated February 20, 2019 ("**Order**") and issued a demand notice dated February 20, 2019 ("**Demand Notice**") calling upon our Company to pay reassessed tax, interest and penalty amounting to ₹ 48.52 million in addition to ₹10.00 million paid by our Company under protest (together with ₹48.52 million, the "**Demand**"). Aggrieved by the Demand, our Company filed a writ petition dated March 19, 2019 under Article 226 of the Constitution before High Court of Karnataka at Bengaluru. Our Company prayed that the Order and Demand Notice was bad in law and liable to be quashed. Our Company further prayed for an interim stay on the operation of the Demand Notice. The High Court, by means of an order dated March 28, 2019 granted a stay on the Demand. The matter is currently pending.

9. The Deputy Commissioner of Commercial Taxes, VAT Division, Bangalore ("**Deputy Commissioner**") issued a notice dated September 3, 2016 under section 39(1), 36 and 72 of the Karnataka Value Added Tax Act, 2003 proposing to reassess our Company's tax liability for the tax period between April 2010 and March 2011. The Deputy Commissioner opined that our Company was liable to pay tax on the transfer of certain land developed in accordance with a joint development agreement with the owners of land. Further, the Deputy Commissioner proposed that input tax credit claimed by our Company was to be disallowed. Our Company submitted objections on September 15, 2016. Disregarding our Company's objections, the Deputy Commissioner passed a reassessment order dated September 28, 2016 ("**Order**") and issued a demand notice dated September 28, 2016 ("**Demand Notice**") calling upon our Company to pay reassessed tax, interest and penalty amounting to ₹ 87.95 million. Aggrieved by the Order and Demand Notice, our Company filed a writ petition dated October 14, 2016 under Article 226 of the Constitution before High Court of Karnataka at Bengaluru. Our Company prayed that the Order and Demand Notice was patently illegal and liable to be quashed. The matter is currently pending.

10. The Deputy Commissioner of Commercial Taxes, VAT Division, Bangalore ("**Deputy Commissioner**") issued a notice dated February 11, 2019 under section 39(1), 36 and 72 of the Karnataka Value Added Tax Act, 2003 proposing to reassess our Company's tax liability for the tax period between April 2013 and March 2014. The Deputy Commissioner opined that our Company was liable to pay tax on the transfer of certain land developed in accordance with a joint development agreement with the owners of land. Our Company submitted objections on February 14, 2019. Disregarding our Company's objections, the Deputy Commissioner passed a reassessment order dated February 20, 2019 ("**Order**") and issued a demand notice dated February 20, 2019 ("**Demand Notice**") calling upon our Company to pay reassessed tax, interest and penalty amounting to ₹69.63 million in addition to ₹20.00 million paid by our Company under protest towards advance tax collected by the Deputy Commissioner (together with ₹69.63 million, the "**Demand**"). Aggrieved by the Demand, our Company filed a writ petition dated March 19, 2019 under Article 226 of the Constitution before High Court of Karnataka at Bengaluru. Our Company prayed that the Order and Demand Notice was patently illegal and liable to be quashed. Our Company further prayed for an interim stay on the operation of the Demand Notice. The matter is currently pending.

11. The Deputy Commissioner of Commercial Taxes, VAT Division, Bangalore ("**Deputy Commissioner**") issued a notice dated March 20, 2020 under section 52(1) of the Karnataka Value Added Tax Act, 2003 calling upon our Company to submit books of accounts for verification. On verification, the Deputy Commissioner opined that for the period between April 2017 and June 2017, our Company was liable to pay tax on the transfer of certain land developed in accordance with a joint development agreement with the owners of land. Further, the Deputy Commissioner proposed that input tax credit claimed by our Company was to be disallowed. Accordingly, the Deputy Commissioner passed a reassessment order dated July 1, 2021 ("**Order**") under section 39(1) of the Karnataka Value Added Tax Act, 2003 read with section 72(2) and 36(1) of the Karnataka Value Added Tax Act, 2003 and issued a demand notice dated July 1, 2021 ("**Demand Notice**") calling upon our Company to pay reassessed tax, interest and penalty amounting to ₹ 81.03 million. Aggrieved by the Order and Demand Notice, our Company filed a writ petition dated August 6, 2021 under Article 226 of the Constitution before High Court of Karnataka at Bengaluru ("**High Court**"). Our Company prayed that the Order and Demand Notice was patently illegal and liable to be quashed. Our Company further prayed for an interim stay on the operation of the Demand Notice. The High Court by means of an interim order dated August 11, 2021 granted a stay on the Order. The matter is currently pending.

12. The Deputy Commissioner of Commercial Taxes, Commercial Taxes Department, Bangalore ("**Deputy**

**Commissioner**") issued a notice dated December 14, 2011 ("**Notice**") under section 39(1) of the Karnataka Value Added Tax Act, 2003 proposing to add the cost of construction of landowners' apartments in joint development projects to the total turnover declared by our Company in monthly returns for the tax period between December 2007 and March 2008. Our Company filed its objections to the Notice on December 27, 2011, submitting, *inter alia*, that as there was no flow of consideration between our Company and the landowners, the ingredients of a sale were absent and that our Company was not liable to pay tax. Subsequently, the Deputy Commissioner after providing our Company a personal hearing passed a reassessment order dated December 31, 2011 ("**Reassessment Order**") rejecting our Company's submissions and issued a demand notice dated December 31, 2011, calling upon our Company to pay tax, interest and penalty amounting to ₹66.16 million. Aggrieved by the Reassessment Order, our Company preferred a writ petition under Article 226 of the Constitution before the High Court of Karnataka at Bangalore ("**High Court**") on January 23, 2012. Our Company prayed, *inter alia*, for a stay on the proceedings and for the quashing of the Reassessment Order and Demand Notice. The High Court, by means of an order dated January 25, 2012 stayed the Reassessment Order and Demand Notice. The matter is currently pending.

*Proceedings before regulatory authorities involving material violations of statutory regulations*

In connection with the FIR filed by the Bajghera Police Station, Gurugram, Haryana on December 13, 2018 disclosed in " – *Litigation involving our Company –Litigation against our Company – Criminal Proceedings – 2* " on page 340, the Directorate of Enforcement ("**ED**") recorded an Enforcement Case Information Report ("**ECIR**") on January 25, 2019. The ED alleged that our Company and others committed the offence of cheating under section 420 of the IPC and were in possession of proceeds of crime under section 3 of the Prevention of Money Laundering Act, 2002 ("**PMLA**"). The allegations included, (a) our Company not being authorized to develop a part of the Land Parcel as per the terms and conditions of the licenses issued to the landowner i.e., Chintels, (b) NPNL Plots not being allotted to the general public on a no profit no loss basis by overriding the stipulated terms under the Bilateral Agreement, which involved setting up of 59 limited liability partnerships ("**LLPs**") by our Company for allotment of the NPNL Plots, and such LLPs subsequently selling the NPNL Plots to Eunomia Developers LLP, where Eunomia Developers LLP entered into a joint development agreement with our Company to develop the NNPL Plots for subsequent selling of the NPNL Plots to the general public, and (c) NPNL Plots being sold by adopting an illegal route and without execution of proper sale deeds causing a revenue loss to the government exchequer. Pursuant to an investigation conducted by the ED, it was alleged that our Company was in possession of proceeds of crimes to the tune of ₹ 2,016.05 million in contravention of section 3 of the PMLA. Accordingly, the ED issued a provisional attachment order dated December 5, 2022 ("**PAO**") attaching certain land parcels held by Technobuild Developers Private Limited ("**TDPL**"), an entity with whom our Company has entered into a memorandum of understanding ("**MoU**") for acquiring land parcels using advances extended by of our Company. As part of the inquiry process, our Company and its officers have been asked to provide contracts, documents and justification in respect of this transaction by the concerned authorities. Our Company and its officers have been responding to the queries raised/documents sought from time to time. Pursuant to the PAO, a complaint ("**Complaint**") was filed by the ED before the Adjudicating Authority, New Delhi ("**AA**") on January 3, 2023. Further, the AA, by means of a show cause notice dated January 10, 2023 ("**SCN**") asked our Company to show cause why the PAO should not be confirmed. Our Company filed a detailed reply expressly denying the allegations made in the OC, PAO and SCN. However, the AA, by way of an order dated May 30, 2023 confirmed the PAO ("**Order**"). Aggrieved by the Order, our Company preferred an appeal on July 18, 2023 before the Hon'ble Appellate Tribunal, New Delhi under section 26 of the PMLA praying for the setting aside of the Order. The matter is currently pending.

*Matters involving economic offences where proceedings have been initiated against our Company*

*Nil*

*Other pending matters, which if they result in an adverse outcome, would materially and adversely affect the operations or financial position of our Company*

*Nil*

***Litigation by our Company***

*Material Civil Proceedings*

1. Our Company filed a recovery suit before the High Court of Delhi at New Delhi ("**High Court**") against Niho Construction Limited ("**Defendant**") in connection with a memorandum of understanding ("**MoU**") entered into with the Defendant dated October 19, 2012 for developing a residential group housing project at Ghaziabad, Uttar Pradesh ("**Project**"). Our Company claimed refund of ₹ 50 million paid to the Defendant along with interest on account of the Defendant's failure to produce relevant title documents for the Project land, a covenant stipulated in the MoU. The High Court, by way of a decree dated November 1, 2018 ("**Decree**") allowed a recovery of ₹ 50 million along with interest at the rate of 8% per annum and attached properties of the Defendant. Further, our Company filed an execution application under Order XXI read with section 151 of the CPC for directions for sale of the attached properties. The matter is currently pending.

2. Sobha Assets Private Limited, a Subsidiary of our Company ("**SAPL**") had entered into a Project Development & Implementation Agreement ("**PDIA**") dated April 17, 2012 with the Special Agricultural Produce Market Committee

for Fruits, Flowers and Vegetables ("**APMC**") and had provided a performance guarantee of ₹ 227.32 million ("**Performance Guarantee**") for the development of a modern agricultural market complex at Bangalore. SAPL was incorporated as a special purpose vehicle by our Company to perform the obligations under the PDIA. In addition to the Performance Guarantee, SAPL also paid ₹ 11.41 million towards bid processing charges. APMC, by way of a letter dated November 25, 2022 ("**Termination Letter**") and relying on an order passed by the Government of Karnataka on November 23, 2022, alleged delay in performance of the PDIA by SAPL and unilaterally terminated the PDIA. On receipt of the Termination Letter, SAPL and our Company filed an arbitration application ("**Application**") under section 9 of the Arbitration and Conciliation Act, 1996 before the commercial court seeking an interim protection against APMC from invoking the Performance Guarantee. During the pendency of the Application, APMC allegedly forfeited the first quarterly payment of ₹ 26.00 million and invoked the Performance Guarantee in violation of the PDIA ("**Dispute**"). Subsequently, SAPL sent a notice to APMC under section 11(6) of the Arbitration and Conciliation Act, 1996 and filed a civil miscellaneous petition before the High Court of Karnataka at Bengaluru ("**High Court**") praying for the appointment of an arbitrator for adjudication of the Dispute. The High Court, by means of an order dated March 21, 2023 appointed Justice Raghavendra S Chauhan, former Chief Justice of High Court of Uttarakhand & High Court of Telangana to adjudicate the dispute ("**Sole Arbitrator**"). Our Company and SAPL filed a claim petition against APMC before the Hon'ble Arbitral Tribunal, Bangalore presided by the Sole Arbitrator. Our Company and SAPL, *inter alia*, claimed ₹ 9,640.48 million together with interest at 12% per annum for the loss suffered by SAPL and our Company on account of the illegal termination of the PDIA by APMC. APMC filed its statement of objections and a counter claim of ₹ 10,300.00 million together with interest at 18% per annum on November 29, 2023 ("**Counter Claim**"). Our Company filed objections to APMC's Counter Claim and a subsequent rejoinder to the objections on April 12, 2024, praying for the dismissal of the Counter Claim. The matter is currently pending.

3. Our Company had entered into an MoU dated February 25, 2010, a subsequent joint development agreement ("**JDA**") dated May 13, 2010 and supplemental agreements ("**Transaction Documents**") with C. Ravishankar and Suganya Devi ("**Respondents**") in connection with the development of certain parcels of land located at Thiruvallur, Tamil Nadu. ("**Disputed Property**"). The Respondents also deposited the title deeds of the Disputed Property with our Company on May 13, 2010 and executed an unconditional and irrevocable power of attorney dated May 13, 2010 ("**POA**") in favour of our Company. Subsequently, the Respondents, by way of a notice dated April 24, 2012, unilaterally terminated the Transaction Documents and the POA alleging that the Transaction Documents were one-sided and against their interests. Our Company filed an original application under section 9 of the Arbitration and Conciliation Act, 1996 before the High Court of Madras ("**High Court**") and prayed for interim measures pursuant to which the High Court passed an order of injunction dated May 4, 2012 restraining the Respondents from alienating, transferring and otherwise dealing with the Disputed Property. The High Court also passed an order dated February 25, 2013 and permitted our Company to proceed with the execution of the JDA without any impediment from the Respondents. However, due to non-compliance with the High Court order by the Respondents, our Company initiated arbitration proceedings before an arbitral tribunal consisting of a sole arbitrator ("**Arbitral Tribunal**") and submitted a claim of ₹ 177.50 million along with interest on account of monetary loss and reputational harm suffered due to the illegal termination of the Transaction Documents. The Respondents, in turn, filed a counter claim on November 8, 2013 for ₹ 428.04 million along with interest. The Arbitral Tribunal awarded our Company an amount of ₹ 82.19 million along with costs by way of an award dated June 11, 2020 which was subsequently amended by an award dated November 5, 2020 ("**Arbitral Awards**"). Subsequently, our Company filed an execution petition dated August 10, 2022 ("**Execution Petition**") under Order 21 of the CPC praying for the realization of ₹ 85.09 million along with future interest at the rate of 12% per annum and costs, by attaching the properties of the Respondents. The Respondents filed a counter to the execution petition on October 17, 2023 alleging that the Arbitral Award was barred by the law of limitation. The matter is currently pending.

**Litigation involving our Subsidiaries**

**Litigation against our Subsidiaries**

*Criminal Proceedings*

*Nil*

*Material Civil Proceedings*

*Nil*

**Sobha City**

*Material Tax Proceedings*

1. The Commissioner of Central Excise, Customs and Service Tax ("**Commissioner**") issued a show cause notice dated October 17, 2012 ("**SCN-1**") to Sobha City, a Subsidiary of our Company proposing to levy differential service tax to the tune of ₹ 79.95 million for the period between April 2007 and March 2012, along with interest and penalty. The Commissioner opined that the services provided by Sobha City in relation to the development of a township namely 'Sobha City' was a taxable service classifiable under the head 'works contract service' under the erstwhile section 65

(105) (zzzza) of the Finance Act, 1994 ("**Act**"). Sobha City filed its reply to SCN-1 on November 21, 2012 and denied undertaking any construction activity so as to merit classification as 'works contract service' under the Act. Subsequently, the Commissioner issued a show cause notice dated May 8, 2014 ("**SCN-2**") to Sobha City proposing to levy service tax to the tune of ₹ 14.10 million along with interest and penalty on account of short payment during the period between April 2012 and March 2013. Sobha City filed its reply to SCN-2 on July 9, 2014 reiterating that there was no short payment of service tax. Subsequently, after allowing Sobha City a personal hearing, the Commissioner confirmed the total tax demand of ₹ 94.05 million along with interest and penalty under SCN-1 and SCN-2 by means of an order-in-original (**"Order"**) dated January 16, 2015. Aggrieved by the Order of the Commissioner, Sobha City preferred an appeal on April 30, 2015 before the Customs, Excise and Service Tax Appellate Tribunal, Bangalore. The matter is currently pending.

2. The Commercial Tax Officer (Works Contract), Thrissur ("**Tax Officer**") carried out an assessment of the accounts of Sobha City for the year 2008-2009 ("**Assessment Period**") and issued a notice dated December 12, 2009 ("**Notice-1**') alleging that Sobha City had not maintained true and complete accounts of the business. The Tax Officer opined that an amount of ₹ 42.63 million was due ("**Tax Due**") and sought to impose a penalty of ₹ 85.26 million ("**Penalty**") along with interest of ₹ 3.41 million. Sobha City filed its reply to Notice-1 on January 20, 2010 and submitted, *inter alia*, that the tax liability was on the sub-contractor as the works sought to be taxed were entirely executed by the sub-contractor. Subsequently, the Tax Officer issued another notice dated June 24, 2015 ("**Notice-2**") proposing the Penalty on Tax Due for the Assessment Period. Sobha City submitted its reply to Notice-2 on July 10, 2015 contending that the Notices were issued without jurisdiction. Disregarding the submissions, the Tax Officer confirmed the Penalty by means of an order dated July 20, 2015 ("**Order**"). Aggrieved by the Order, Sobha City filed a writ petition on August 17, 2015 before the High Court of Kerala at Ernakulam under Article 226 of the Constitution of India. Sobha City prayed, *inter alia*, that the Order was liable to be quashed as it was arbitrary, unreasonable and passed without jurisdiction. The Tax Officer filed a statement on September 9, 2015. The matter is currently pending.

3. The Commercial Tax Officer (Works Contract), Thrissur ("**Tax Officer**") issued a pre-assessment notice dated May 14, 2014 ("**Pre-Assessment Notice**") under section 25 (1) of the Kerala Value Added Tax, 2003 ("**Act**") for the year 2008-2009 ("**Assessment Period**") proposing to reopen the assessment completed under section 21of the Act. The Tax officer proposed to levy ₹ 43.06 million along with interest amounting to ₹ 27.12 million on account of undisclosed value of ongoing works contract during the Assessment Period. Sobha City filed its reply on June 20, 2014 objecting to the Pre-Assessment Notice on the ground that the works sought to be taxed by the Tax Officer were not taxable in the hands of Sobha City under the Kerala Value Added Tax Act, 2003. Without considering the submissions or a request for personal hearing, the Tax officer passed an assessment order dated June 20, 2014 ("**Order**") confirming the total demand of ₹ 70.18 million. ("**Total Demand**") Subsequently, the Inspecting Assistant Commissioner, Department of Commercial Taxes, Thrissur issued a recovery noticed dated July 16, 2014 ("**Recovery Notice**") seeking to recover the amounts assessed in the Order along with collection charges at the rate of 7.5% on the Total Demand and interest at the rate of 12 % per annum. Aggrieved by the Order and the Recovery Notice, Sobha City filed a writ petition dated July 17, 2014 before the High Court of Kerala at Ernakulam under Article 226 of the Constitution of India. Sobha City prayed, *inter alia*, that the Order and Recovery Notice be quashed as they were arbitrary, unreasonable and passed without jurisdiction. The Tax officer filed a counter affidavit on August 21, 2014. The matter is currently pending.

*Proceedings before regulatory authorities involving material violations of statutory regulations*

*Nil*

*Matters involving economic offences where proceedings have been initiated against Subsidiaries*

*Nil*

*Other pending matters, which if they result in an adverse outcome, would materially and adversely affect the operations or financial position of Subsidiaries*

*Nil*

***Litigation by our Subsidiaries***

*Material Civil Proceedings*

Please refer to "- *Litigation involving our Company – Litigation by our Company – Material Civil Proceedings – 2.*" on page 344.

## GOVERNMENT AND OTHER APPROVALS

We are not required to obtain any licenses or approvals from any government or regulatory authority for the objects of this Issue. For further details, refer to the chapter titled "*Objects of the Issue*" beginning at page 61.

## MATERIAL DEVELOPMENTS

Except as set out below, no material developments have occurred since March 31, 2024, which materially or adversely affect or are likely to affect: (a) the operations or the profitability of our Company; or (b) the value of its assets; or (c) its ability to pay its liabilities in the next 12 months; or (d) its performance and prospects:

One of the Subsidiaries of our Company, namely, Sobha Developers (Pune) Limited, has entered into a share purchase agreement dated April 2, 2024 with BNB Builders Private Limited ("**BNB**") and Abhinav Gupta, Vishal Sharma, Rajeev Chanda, SJYJ Developers Private Limited, Savitri Devi, Neeraj Yadav, Manish Kumar, Pankaj Yadav, Vinod Yadav, Parmod Kumar and Amit Yadav to acquire 100% of the equity shares of BNB for a consideration of ₹255.00 million with the further option to enable BNB to settle the debt of ₹40.00 million by subscription of such securities by Sobha Developers (Pune) Limited at its sole discretion.

| Acquiring Entity | Target Entity | Consideration Paid | Mode of Finance |
|---|---|---|---|
| Our Company (through its Subsidiary Sobha Developers (Pune) Limited) | BNB Builders Private Limited | Part consideration amounting to ₹ 160.00 million has been paid as on the date of this Letter of Offer. Balance consideration amounting to ₹ 95.00 million to be paid upon closing of the acquisition | Borrowings availed by our Company and onward lent to Sobha Developers (Pune) Limited for making part-payment towards the consideration |

# OTHER REGULATORY AND STATUTORY DISCLOSURES

## Authority for the Issue

The Issue has been authorised by a resolution of our Board of Directors passed at its meeting held on January 22, 2024, pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act.

This Letter of Offer has been approved by our Board pursuant to its resolution dated June 12, 2024. The terms and conditions of the Issue including the Rights Entitlement, Issue Price, Record Date, timing of the Issue and other related matters, have been approved by a resolution passed by our Board at its meeting held on June 12, 2024.

The Board, in its meeting held on June 12, 2024, has resolved to issue the Rights Equity Shares to the Eligible Equity Shareholders, at ₹1,651 per Rights Equity Share (including a premium of ₹1,641 per Rights Equity Share) aggregating up to ₹19,990.28 million* and the Rights Entitlement as 6 Rights Equity Share for every 47 fully paid-up Equity Share, held as on the Record Date. The Issue Price has been arrived at by our Company in consultation with the Lead Managers prior to determination of the Record Date. On Application, Investors will have to pay ₹825.50 (50% of the Issue Price) per Rights Equity Share. The balance amount (after payment of the Application Money), ₹825.50 (50% of the Issue Price) per Rights Equity Share, will be payable by the Rights Equity Shareholders in not more than two subsequent Calls, with terms and conditions such as the number of Calls and the timing and quantum of each Call as may be decided by our Board/ Rights Issue Committee from time to time, to be completed on or prior to December 31, 2025, pursuant to the Payment Schedule.

**Assuming full subscription in the Issue, Allotment and receipt of all Call Monies with respect to the Rights Equity Shares.*

Our Company has received in-principle approvals from BSE and NSE in accordance with Regulation 28(1) of the SEBI LODR Regulations for listing of the Rights Equity Shares to be Allotted in this Issue pursuant to their letters dated June 3, 2024 and May 31, 2024, respectively. Our Company will also make applications to BSE and NSE to obtain their trading approvals for the Rights Entitlements as required under the SEBI ICDR Master Circular.

Our Company has been allotted the ISIN: INE671H20015 for the Rights Entitlements to be credited to the respective demat accounts of Allottees. For details, see "*Terms of the Issue*" beginning on page 356.

## Prohibition by SEBI or Other Governmental Authorities

Our Company, our Promoters, the members of our Promoter Group and our Directors have not been and are not prohibited or debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Further, our Promoters and our Directors are not promoter(s) or director(s) of any other company which is debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

None of our Directors are associated with the securities market in any manner.

Neither our Promoters nor any of our Directors are declared as fugitive economic offenders under Section 12 of the Fugitive Economic Offenders Act, 2018.

## Prohibition by RBI

Neither our Company nor our Promoters or any of our Directors have been or are identified as Wilful Defaulters or Fraudulent Borrowers.

## Eligibility for the Issue

Our Company is a listed company and has been incorporated under the Companies Act, 1956. Our Equity Shares are presently listed on the Stock Exchanges. Our Company is eligible to offer Rights Equity Shares pursuant to this Issue in terms of Chapter III and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is undertaking this Issue in compliance with Part B of Schedule VI of the SEBI ICDR Regulations.

## Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company has made applications to the Stock Exchanges and has received their in-principle approvals from BSE and NSE through their letters dated June 3, 2024 and May 31, 2024, respectively, for listing of the Rights Equity Shares to be issued pursuant to this Issue. BSE is the Designated Stock Exchange for the Issue.

## Compliance with conditions of Fast Track Issue

Our Company satisfies the following conditions specified in Regulation 99 of the SEBI ICDR Regulations, and accordingly, our Company is eligible to make this Issue by way of a 'fast track issue':

1. Our Equity Shares have been listed on BSE and NSE, each being a recognized stock exchange having nationwide trading terminals, for a period of at least three years immediately preceding the date of filing of this Letter of Offer;

2. The entire shareholding of the members of our Promoter Group in our Company is held in dematerialized form as at the date of filing of this Letter of Offer;

3. The average market capitalization of the public shareholding (as defined in the SEBI ICDR Regulations) of our Company is at least ₹2,500 million, in at least one of the recognized stock exchanges with nationwide trading terminals, where our securities are listed, calculated as per explanation (i) of Regulation 99 of SEBI ICDR Regulations;

4. The annualized trading turnover of our Equity Shares during the six calendar months immediately preceding the month of filing of this Letter of Offer has been at least 2% of the weighted average number of Equity Shares listed during such six-months period on each of the Stock Exchanges;

5. The annualized delivery-based trading turnover of our Equity Shares during the six calendar months immediately preceding the month of filing of this Letter of Offer has been at least 10% of the annualized trading turnover of our Equity Shares during such six-month period on each of the Stock Exchanges;

6. Our Company has been in compliance with the equity listing agreement entered into with the Stock Exchanges and the SEBI LODR Regulations, for a period of at least three years immediately preceding the date of filing of this Letter of Offer;

7. Our Company has redressed at least 95% of the complaints received from the investors until the end of the quarter immediately preceding the month of filing of this Letter of Offer;

8. As on the date of filing of this Letter of Offer, no show-cause notices, excluding proceedings for imposition of penalty, have been issued by SEBI and are pending against our Company, our Promoters or Whole-time Directors. Further, no show cause notices have been issued by the SEBI or an Adjudicating Officer in a proceeding for imposition of penalty and/or no prosecution proceedings have been initiated by SEBI, against our Company, our Promoters or Whole-time Directors, except as stated below:

   A show cause notice dated September 24, 2021 ("**SCN**") was served upon our Company, three of its executive directors and its chief financial officer, (together, the "**Noticees**") under Section 15HA of SEBI Act for alleged violation of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 ("**PFUTP Regulations**"), the SEBI Act, 1992 and the SEBI LODR Regulations. The SCN alleged that certain transactions undertaken by our Company during Fiscals 2017, 2018 and 2019 (together, the "**Investigation Period**") were not in the interest of the minority shareholders of our Company. It was further alleged that our Company fraudulently misrepresented receivables with respect to construction of an individual's residence during the Investigation Period which resulted in manipulated financial results and misrepresentation of tax dues and advances paid. Subsequently, the Noticees by means of an application dated November 26, 2021 ("**Settlement Application**") proposed a settlement under the SEBI (Settlement Proceedings) Regulations, 2018. The Noticees proposed to settle the matter by paying a settlement amount of ₹29.25 million ("**Settlement Amount**"), which was recommended for settlement by a High Powered Advisory Committee ("**HPAC**") subject to payment of the Settlement Amount by all Noticees except our Company on a joint and several liability basis. The recommendation of HPAC was approved by a panel of whole-time members of SEBI on June 29, 2022 and a notice of demand was issued to the Noticees. The Noticees remitted the Settlement Amount as per the settlement terms. Accordingly, the Adjudicating Officer passed a settlement order dated August 22, 2022 and disposed off the SCN.

9. Except as disclosed in (8) above, our Company, our Promoters, the members of our Promoter Group or our Directors have not settled any alleged violations of securities laws through the settlement mechanism with SEBI during the three years immediately preceding the date of filing of this Letter of Offer;

10. Our Equity Shares have not been suspended from trading as a disciplinary measure during the three years immediately preceding the date of filing of this Letter of Offer;

11. There is no conflict of interest between the Lead Managers and our Company or our Group Companies in accordance with applicable regulations;

12. Our Promoters and Promoter Group have confirmed (i) that they shall subscribe to the full extent of their Rights Entitlement in the Issue and have also confirmed that they shall not renounce their Rights Entitlements; (ii) that they shall subscribe to Rights Equity Shares for the additional Rights Entitlements (over and above their Rights Entitlements), if any, which are renounced in their favour or purchased by them using the secondary market platform of the Stock Exchanges or through an off-market transaction in compliance with the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended; (iii) their intention to subscribe to additional Rights Equity Shares, if any, which may remain unsubscribed in the Issue or to ensure subscription to the extent of at least Minimum Subscription, each as may be applicable, subject to the subscription to additional Rights Equity Shares under (ii) and (iii) above, being made to the extent that: (a) it does not result in any obligation on our Promoters and other members of our Promoter Group to make an "open offer" in accordance with the SEBI Takeover Regulations; and (b) the aggregate shareholding of our Promoters and Promoter Group being compliant with the minimum public shareholding requirements under the SCRR and the SEBI LODR Regulations. For details, see "*Capital Structure – Subscription to the Issue by our Promoters and the Promoter Group*" on page 60; and

13. There are no audit qualifications (as defined under the SEBI ICDR Regulations) on the audited accounts of our Company, in respect of the Financial Years for which such accounts are disclosed in this Letter of Offer.

**Compliance with Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations**

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information in compliance with the SEBI LODR Regulations, as applicable for the last one year immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange;

2. The reports, statements and information referred to above are available on the websites of BSE and NSE; and

3. Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

**Non-applicability of conditions precedent under Clause (3) of Part B of schedule VI of the SEBI ICDR Regulations**

1. Our Company's management has not undergone any change pursuant to acquisition of control in accordance with the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 or the SEBI Takeover Regulations, as applicable; and

2. Our Company has not been listed consequent to the relaxation granted by SEBI under sub-rule (7) of Rule 19 of the SCRR for listing of its specified securities pursuant to a scheme sanctioned by a High Court under Sections 391 to 394 of the Companies Act, 1956 or approved by a tribunal under Sections 230 to 234 of the Companies Act, as applicable.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations, and given that the conditions prescribed in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations are not applicable to our Company, the disclosures in this Letter of Offer are in terms of Clause (4) of Part B of Schedule VI of the SEBI ICDR Regulations.

**DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS LETTER OF OFFER. THE LEAD MANAGERS, NAMELY, JM FINANCIAL LIMITED AND BOB CAPITAL MARKETS LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE LEAD MANAGERS BEING NAMELY, JM FINANCIAL LIMITED AND BOB CAPITAL MARKETS LIMITED ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT OUR COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JUNE 12, 2024, WHICH READS AS FOLLOWS:**

**(1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION, INCLUDING COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL WHILE FINALISING THIS LETTER OF OFFER OF THE SUBJECT ISSUE.**

**(2) ON THE BASIS OF SUCH EXAMINATION AND DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION, CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**

- **(a) THE LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS WHICH ARE MATERIAL TO THE ISSUE;**

- **(b) ALL MATERIAL LEGAL REQUIREMENTS RELATING TO THE ISSUE AS SPECIFIED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

(c) THE MATERIAL DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, THE SEBI ICDR REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.

(3) BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT UNTIL DATE SUCH REGISTRATION IS VALID. COMPLIED WITH

(4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. NOT APPLICABLE

(5) WRITTEN CONSENT FROM THE PROMOTERS HAVE BEEN OBTAINED FOR INCLUSION OF HIS SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE LETTER OF OFFER WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER. NOT APPLICABLE

(6) ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAVE BEEN AND SHALL BE DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION(S) HAVE BEEN MADE IN THE LETTER OF OFFER. NOT APPLICABLE

(7) ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO RECEIPT OF PROMOTER'S CONTRIBUTION PRIOR TO OPENING OF THE ISSUE, SHALL BE COMPLIED WITH. ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE AND THE STATUTORY AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE. NOT APPLICABLE

(8) NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE CREDITED OR TRANSFERRED TO A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES, AND THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION. COMPLIED WITH AND NOTED FOR COMPLIANCE

(9) THE EXISTING BUSINESS AS WELL AS ANY NEW BUSINESS OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED FALL WITHIN THE 'MAIN OBJECTS' IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED IN LAST TEN YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. COMPLIED WITH TO THE EXTENT APPLICABLE

(10) FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE LETTER OF OFFER:

(a) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY, EXCLUDING SUPERIOR EQUITY SHARES, WHERE THE COMPANY HAS OUTSTANDING EQUITY SHARES WITH SUPERIOR RIGHTS. COMPLIED WITH (THE COMPANY HAS NOT ISSUED ANY EQUITY SHARES WITH SUPERIOR RIGHTS); AND

(b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH ALL DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI. COMPLIED WITH

(11) WE SHALL COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENTS IN TERMS OF THE SEBI ICDR REGULATIONS. NOTED FOR COMPLIANCE

(12) IF APPLICABLE, THE COMPANY IS ELIGIBLE TO LIST ON THE INNOVATORS GROWTH PLATFORM IN TERMS OF THE PROVISIONS CHAPTER X OF THE SEBI ICDR REGULATIONS. NOT APPLICABLE

(13) NONE OF THE INTERMEDIARIES NAMED IN THIS LETTER OF OFFER HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY. COMPLIED WITH

(14) THE COMPANY IS ELIGIBLE TO MAKE A FAST TRACK ISSUE IN TERMS OF REGULATION 99 OF THE SEBI ICDR REGULATIONS. THE FULFILMENT OF THE ELIGIBILITY CRITERIA AS SPECIFIED

**IN THAT REGULATION BY THE COMPANY HAS ALSO BEEN DISCLOSED IN THIS LETTER OF OFFER. <u>COMPLIED WITH</u>**

**(15) THE ABRIDGED LETTER OF OFFER CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SEBI ICDR REGULATIONS. <u>COMPLIED WITH</u>**

**(16) ALL MATERIAL DISCLOSURES IN RESPECT OF THE COMPANY HAVE BEEN MADE IN THIS LETTER OF OFFER AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE COMPANY OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN. <u>COMPLIED WITH AND NOTED FOR COMPLIANCE</u>**

**(17) AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE COMPANY. <u>COMPLIED WITH</u>**

**THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGERS ANY IRREGULARITIES OR LAPSES IN THE LETTER OF OFFER.**

**Disclaimer clauses from our Company and the Lead Managers**

Our Company and the Lead Managers accept no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or other material issued by or at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his own risk.

Investors who invest in the Issue will be deemed to have represented to our Company, the Lead Managers and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Rights Equity Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in the Issue.

**CAUTION**

Our Company and the Lead Managers shall make all information available to the Eligible Equity Shareholders in accordance with the SEBI ICDR Regulations and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Letter of Offer.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorized information or representations. This Letter of Offer is an offer to sell only the Rights Equity Shares and rights to purchase the Rights Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Letter of Offer is current only as of its date.

Our Company, the Lead Managers and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any Applicant on whether such Applicant is eligible to acquire any Rights Equity Shares.

The Lead Managers and their affiliates may engage in transactions with and perform services for our Company or our affiliates in the ordinary course of business and have engaged, or may in the future engage, in transactions with our Company or our affiliates, for which they have received and may in the future receive, compensation.

**Disclaimer with respect to jurisdiction**

This Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Bangalore, India only.

**Designated Stock Exchange**

The Designated Stock Exchange for the purpose of the Issue is BSE.

**Disclaimer Clause of the BSE**

As required, a copy of this Letter of Offer has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Letter of Offer is as under:

**"***BSE Limited ("the Exchange") has given, vide its letter dated June 03, 2024 permission to this Company to use the Exchange's name in this Letter of Offer as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:*

- *Warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; or*
- *Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or*
- *Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;*

*and it should not for any reason be deemed or construed that this Letter of Offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.*"

**Disclaimer Clause of NSE**

As required, a copy of this Letter of Offer has been submitted to NSE. The disclaimer clause as intimated by the NSE to us, post scrutiny of this Letter of Offer is as under:

"*As required, a copy of this letter of offer has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref. No. NSE/LIST/41912 dated May 31, 2024 permission to the Issuer to use the Exchange's name in this letter of offer as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer.*

*It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the letter of offer has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.*

*Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.*"

**NO OFFER IN THE UNITED STATES**

**THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S SECURITIES ACT") AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE RIGHTS EQUITY SHARES ARE ONLY BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES IN "OFFSHORE TRANSACTIONS" AS DEFINED IN AND IN RELIANCE ON REGULATION S UNDER THE U.S. SECURITIES ACT TO ELIGIBLE EQUITY SHAREHOLDERS LOCATED IN JURISDICTIONS WHERE SUCH OFFER AND SALE IS PERMITTED UNDER THE LAWS OF SUCH JURISDICTIONS. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, YOU SHOULD NOT FORWARD OR TRANSMIT THIS LETTER OF OFFER INTO THE UNITED STATES AT ANY TIME.**

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. No Application Form should be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under this Letter of Offer or where any action would be required to be taken to permit the Issue. Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch this Letter of Offer or the Abridged Letter of Offer and Application Form only to Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who purchases or sells Rights Entitlements or makes an application for Rights Equity Shares will be deemed to have represented, warranted and agreed, by accepting the delivery of this Letter of Offer, that it is not and that at the time of subscribing for the Rights Equity Shares or the purchase or sale of Rights Entitlements, it will not be, in the United States and is authorized to purchase or sell the Rights Entitlement and subscribe to the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company, in consultation with the Lead Managers, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or any other jurisdiction where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is outside the United States and such person is eligible to subscribe for the Rights Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; or (iii) where either a registered Indian address is not provided; or (iv) where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

**Filing**

This Letter of Offer is being filed with the Stock Exchanges and SEBI as per the provisions of the SEBI ICDR Regulations. Further, our Company will simultaneously while filing this Letter of Offer with the Designated Stock Exchange, do an online filing with SEBI through the SEBI intermediary portal at www.siportal.sebi.gov.in, in terms of the SEBI ICDR Master Circular.

**Mechanism for Redressal of Investor Grievances**

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements in compliance with the Listing Agreements and the SEBI LODR Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI circular no. CIR/OIAE/2/2011 dated June 3, 2011 and shall comply with the SEBI circular bearing reference number SEBI/HO/OIAE/CIR/P/2023/156 dated September 20, 2023 and any other circulars issued in this regard. Consequently, investor grievances are also tracked online by our Company through the SCORES mechanism.

Our Company has a Stakeholders' Relationship Committee which meets at least once every year and as and when required. Its terms of reference include considering and resolving grievances of shareholders in relation to transfer of shares and effective exercise of voting rights. Link Intime India Private Limited is our Registrar. All investor grievances received by us have been handled by the Registrar in consultation with our Company Secretary and Compliance Officer.

The investor complaints received by our Company are generally disposed of within 30 days from the date of receipt of the complaint.

**Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs, giving full details such as name, address of the Applicant, contact number(s), e-mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, please see *"Terms of the Issue"* beginning on page 356.**

**The contact details of Registrar to the Issue and our Company Secretary and Compliance Officer are as follows:**

**Registrar to the Issue**

**Link Intime India Private Limited**
C-101, 1st Floor, 247 Park
L.B.S. Marg, Vikhroli West
Mumbai 400 083
Maharashtra, India
**Tel:** +91 810 811 4949
**E-mail:** sobha.rights2024@linkintime.co.in
**Investor grievance email:** sobha.rights2024@linkintime.co.in
**Website:** www.linkintime.co.in
**Contact Person:** Shanti Gopalkrishnan
**SEBI Registration No.:** INR000004058

**Company Secretary and Compliance Officer**

Bijan Kumar Dash is the Company Secretary and Compliance Officer of our Company. His details are as follows:

SOBHA, Sarjapur-Marathahalli, Outer Ring Road (ORR)
Devarabisanahalli, Bellandur Post
Bangalore 560 103
Karnataka, India
**Tel:** +91 80 4932 0000
**E-mail:** rights.issue@sobha.com

## SECTION VII: ISSUE INFORMATION

## TERMS OF THE ISSUE

*This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company and the Lead Managers are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and this Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI ICDR Master Circular, Investors proposing to apply in this Issue can apply only through ASBA or any other mode which may be notified by SEBI.*

This Issue is proposed to be undertaken on a rights basis and is subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, the FEMA, the FEMA Rules, the SEBI ICDR Regulations, the SEBI LODR Regulations, the SEBI ICDR Master Circular and the guidelines, notifications, circulars and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with Stock Exchanges and the terms and conditions as stipulated in the Allotment Advice.

**Please note that our Company has opened a separate demat suspense escrow account (namely, "LIIPL SOBHA LTD RIGHTS ESCROW DEMAT ACCOUNT") ("Demat Suspense Account") and would credit Rights Entitlements on the basis of the Equity Shares: (a) held by Eligible Equity Shareholders which are held in physical form as on Record Date; or (b) which are held in the account of the Investor Education and Protection Fund ("IEPF") authority; or (c) where the Equity Shares are lying in the unclaimed suspense account / demat suspense account (including those pursuant to Regulation 39 of the SEBI LODR Regulations); or (d) where credit of the Rights Entitlements have returned/reversed/failed for any reason. Please also note that our Company has credited Rights Entitlements to the Demat Suspense Account on the basis of information available with our Company and to serve the interest of relevant Eligible Equity Shareholders to provide them with a reasonable opportunity to participate in the Issue. The credit of the Rights Entitlements to the Demat Suspense Account by our Company does not create any right in favour of the relevant Eligible Equity Shareholders for transfer of Rights Entitlement to their demat account or to receive any Equity Shares in the Issue.**

**With respect to the Rights Entitlements credited to the Demat Suspense Account, the Eligible Equity Shareholders are requested to provide relevant details (such as applicable regulatory approvals, self-attested PAN and client master sheet of demat account, details/ records confirming the legal and beneficial ownership of their respective Equity Shares, etc.) to our Company or the Registrar no later than two Working Days prior to the Issue Closing Date, i.e., by Tuesday, July 2, 2024, to enable credit of their Rights Entitlements by way of transfer from the Demat Suspense Account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar account is active to facilitate the aforementioned transfer. In the event that the Eligible Equity Shareholders are not able to provide relevant details to our Company or the Registrar by the end of two Working Days prior to the Issue Closing Date, Rights Entitlements credited to the Demat Suspense Account shall lapse and extinguish in due course and such Eligible Equity Shareholder shall not have any claim against our Company and our Company shall not be liable to any such Eligible Equity Shareholder in any form or manner.**

**Further, with respect to Equity Shares for which Rights Entitlements are being credited to the Demat Suspense Account, the Application Form along with the Rights Entitlement Letter shall not be dispatched till the resolution of the relevant issue/concern and transfer of the Rights Entitlements from the Demat Suspense Account to the respective demat account other than in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date who will receive the Application Form along with the Rights Entitlement Letter. Upon submission of such documents /records no later than two Working Days prior to the Issue Closing Date, to the satisfaction of our Company, our Company shall make available the Rights Entitlement on such Equity Shares to the identified Eligible Equity Shareholder. The identified Eligible Equity Shareholder shall be entitled to subscribe to Equity Shares pursuant to the Issue during the Issue Period with respect to these Rights Entitlement and subject to the same terms and conditions as the Eligible Equity Shareholder.**

## I. DISPATCH AND AVAILABILITY OF ISSUE MATERIALS

Pursuant to the requirements of the SEBI ICDR Regulations and other applicable laws, the Rights Entitlements will be credited to the demat account of the Eligible Equity Shareholders (being the Equity Shareholders as on the Record Date), however, the Issue Materials will be sent/ dispatched only to such Eligible Equity Shareholders who have provided an Indian address to our Company. Only such Eligible Equity Shareholders who have provided an Indian address to our Company are permitted to participate in the Issue. The credit of Rights Entitlement does not constitute an offer, invitation to offer or solicitation for participation in the Issue, whether directly or indirectly, and only dispatch of the Issue Material shall constitute an offer, invitation or solicitation for participation in the Issue in accordance with the terms of the Issue Material. Further, receipt of the Issue Materials (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in (i) the United States or (ii) any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer and any other Issue Materials must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed, in part or full. Accordingly, persons receiving a copy of the Issue Materials should not distribute or send the Issue Materials in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations, or would subject our Company or its affiliates or the Lead Managers or their affiliates to any filing or registration requirement (other than in India). If Issue Material is received by any person in any such jurisdiction or the United States, they must not seek to subscribe to the Rights Equity Shares. For more details, see "*Restrictions on Purchases and Resales*" beginning on page 382.

The Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided an Indian address to our Company. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their valid e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, this Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided their Indian address and who have made a request in this regard.

Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe to the Rights Equity Shares under applicable laws) on the websites of:

(i) our Company at www.sobha.com;

(ii) the Registrar at www.linkintime.co.in;

(iii) the Lead Managers, at www.jmfl.com and www.bobcaps.in; and

(iv) the Stock Exchanges at www.bseindia.com and www.nseindia.com.

To update the respective Indian addresses/e-mail addresses/phone or mobile numbers in the records maintained by the Registrar or by our Company, Eligible Equity Shareholders should visit www.linkintime.co.in.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.,* www.linkintime.co.in) by entering their DP ID and Client ID or folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company at www.sobha.com.

**Please note that neither our Company nor the Registrar nor the Lead Managers shall be responsible for not sending the physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.**

The distribution of this Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer is being filed with SEBI and the Stock Exchanges. Accordingly, Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates or the Lead Managers or their respective affiliates to any filing or registration requirement (other than in India). If this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates or the Lead Managers or their respective affiliates to make any filing or registration (other than in India).

**Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send this Letter of Offer, Abridged Letter of Offer, the Application Form and other applicable Issue materials primarily to email addresses of Eligible Equity Shareholders who have provided an Indian address to our Company along with a valid e-mail addresses.**

## II. PROCESS OF MAKING AN APPLICATION IN THE ISSUE

- **In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI ICDR Master Circular and the ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.**

  The Application Form can be used by the Eligible Equity Shareholders as well as the Renouncees to make Applications in this Issue basis the Rights Entitlement credited in their respective demat accounts.

  Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account. Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

  Investors may apply for the Rights Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

  Investors are also advised to ensure that the Application Form is correctly filled up stating therein that the ASBA Account in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB.

  **Applicants should carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that incorrect depository account details or PAN or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details, see** "- ***Grounds for Technical Rejection*" on page 364.** **Our Company, the Lead Managers, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.**

  Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application and that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see "- *Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process"* on page 360.

- ***Options available to the Eligible Equity Shareholders***

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to in the Issue.

If the Eligible Equity Shareholder applies in this Issue, then such Eligible Equity Shareholder can:

(i) apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or

(ii) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or

(iii) apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or

(iv) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for Additional Rights Equity Shares; or

(v) renounce its Rights Entitlements in full.

- ***Making of an Application through the ASBA process***

An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with SCSBs, prior to making the Application. Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form in physical mode to the Designated Branches of the SCSB or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form and have provided an authorisation to the SCSB, *via* the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34.

Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

The Lead Managers, our Company, their directors, their employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process.

*Do's for Investors applying through ASBA:*

(a) Ensure that the necessary details are filled in the Application Form including the details of the ASBA Account.

(b) Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialized form only.

(c) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.

(d) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including Additional Rights Equity Shares) applied for} X {Application Money of Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.

(e) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application Form and have signed the same.

(f) Ensure that you have a bank account with SCSBs providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.

(g) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.

(h) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

(i) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated Feb 13, 2020 read with press release dated June 25, 2021, September 17, 2021, March 30, 2022 and March 28, 2023.

*Don’ts for Investors applying through ASBA:*

(a) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

(b) Do not apply if you have not provided an Indian address.

(c) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or *vice versa*.

(d) Do not send your physical Application to the Lead Managers, the Registrar, the Banker to the Issue (assuming that such Banker to the Issue are not SCSB’s), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.

(e) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.

(f) Do not submit Application Form using third party ASBA account.

(g) Avoiding applying on the Issue Closing Date due to risk of delay/restriction in making any physical Application.

(h) Do not submit Multiple Application Forms.

- ***Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process***

An Eligible Equity Shareholder who has provided an Indian address who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper in terms of Regulation 78 of SEBI ICDR Regulations in case of non-receipt of Application Form as detailed above. In such cases of non-receipt of the Application Form through physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to this Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar, Stock Exchanges or the Lead Managers. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address.

Please note that in terms of Regulation 78 of SEBI ICDR Regulations, the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

The Application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his/her bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being Sobha Limited;

2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);

3. Folio number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP and Client ID;

4. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to this Issue;

5. Number of Equity Shares held as on Record Date;

6. Allotment option – only dematerialised form;

7. Number of Rights Equity Shares entitled to;

8. Number of Rights Equity Shares applied for within the Rights Entitlements;

9. Number of Additional Rights Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);

10. Total number of Rights Equity Shares applied for;

11. Total Application amount paid at the rate of ₹825.50 per Rights Equity Share;

12. Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;

13. In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE / FCNR/ NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;

14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;

15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB); and

16. All such Eligible Equity Shareholders shall be deemed to have made the representations, warranties and agreements set forth in "*Restrictions on Purchases and Resales - Representations, Warranties and Agreements by Purchasers*" on page 382, and shall include the following:

    *"I/ We understand that neither the Rights Entitlements nor the Rights Equity Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "**United States**"), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. I/ we understand the Rights Equity Shares referred to in this application are being offered and sold in offshore transactions outside the United States in compliance with Regulation S under the U.S. Securities Act ("**Regulation S**") to Eligible Equity Shareholders located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlements in the United States. I/ we confirm that I am/ we are (a) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws, (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither the Company, nor the Registrar, the Lead Managers or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Managers or any other person acting on behalf of the Company have reason to believe is in the United States or is outside of India and ineligible to participate in this Issue under the securities laws of their jurisdiction.*

    *I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation. I/ We satisfy, and each* *account for which I/ we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.*

*I/we hereby make the representations, warranties, acknowledgments and agreements set forth in the section of the Letter of Offer titled "Restrictions on Purchases and Resales" on page 382.*

*I/ We understand and agree that the Rights Entitlements and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.*

*I/ We acknowledge that we, the Lead Managers, our affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."*

In cases where Multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, the Lead Managers and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at www.linkintime.co.in.

Our Company, the Lead Managers and the Registrar shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

- ***Making of an Application by Eligible Equity Shareholders holding Equity Shares in physical form***

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI ICDR Master Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and/or whose demat account details are not available with our Company or the Registrar, shall be credited in the Demat Suspense Account.

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

(a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by e-mail, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two Working Days prior to the Issue Closing Date;

(b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;

(c) The remaining procedure for Application shall be same as set out in the section entitled "- *Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*" on page 360.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date will not be allowed to renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the Demat Suspense Account to the respective demat accounts within prescribed timelines, can apply for Additional Rights Equity Shares while submitting the Application through ASBA process.

*Application for Additional Rights Equity Shares*

Investors are eligible to apply for Additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of Additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for Additional Rights Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in the section entitled "- *Basis of Allotment*" on page 375.

**Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for Additional Rights Equity Shares. Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for Additional Rights Equity Shares unless regulatory approvals are submitted.**

*Additional general instructions for Investors in relation to making of an Application*

(a) Please read this Letter of Offer carefully to understand the Application process and applicable settlement process.

(b) Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.

(c) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section entitled "*Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process"* on page 360.

(d) Applications should be submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

(e) Applications should not be submitted to the Banker to the Issue, our Company or the Registrar or the Lead Managers.

(f) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no Allotment and credit of Rights Equity Shares pursuant to this Issue shall be made into the accounts of such Investors.

(g) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation ("**Demographic Details**") are updated, true and correct, in all respects. Investors applying under this Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Investors applying under this Issue should carefully fill in their Depository Account details in the Application. These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. **The Allotment Advice and the intimation on unblocking of ASBA Account or refund (if any) would be mailed to the address of the Investor as per the Indian address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Managers shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match three**

**parameters, (a) names of the Investors (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.**

(h) By signing the Application Forms, Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

(i) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.

(j) Investors should provide correct DP ID and Client ID/ folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) while submitting the Application. Such DP ID and Client ID/ folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Managers, SCSBs or the Registrar will not be liable for any such rejections.

(k) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.

(l) All communication in connection with Application for the Rights Equity Shares, including any change in contact details of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.

(m) Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

(n) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.

(o) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

(p) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.

(q) Do not pay the Application Money in cash, by money order, pay order or postal order.

(r) Do not submit Multiple Applications.

(s) An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply in this Issue as an incorporated non-resident must do so in accordance with the FDI Policy and the FEMA Rules, as amended.

(t) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated Feb 13, 2020 and press release dated June 25, 2021, September 17, 2021, March 30, 2022 and March 28, 2023.

- ***Grounds for Technical Rejection***

Applications made in this Issue are liable to be rejected on the following grounds:

(a) DP ID and Client ID mentioned in Application does not match with the DP ID and Client ID records available with the Registrar.

(b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.

(c) Sending an Application to our Company, the Lead Managers, Registrar, Banker to the Issue, to a branch of a SCSB which is not a Designated Branch of the SCSB.

(d) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.

(e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.

(f) Account holder not signing the Application or declaration mentioned therein.

(g) Submission of more than one Application Form for Rights Entitlements available in a particular demat account.

(h) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.

(i) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).

(j) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the Demographic Details provided by the Depositories.

(k) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.

(l) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Letter of Offer.

(m) Physical Application Forms not duly signed by the sole or joint Investors, as applicable.

(n) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.

(o) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.

(p) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or other jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is outside the United States, and is eligible to subscribe for the Rights Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

(q) Applications which have evidence of being executed or made in contravention of applicable securities laws.

(r) Application from Investors that are residing in U.S. address as per the depository records.

(s) Applicants not having the requisite approvals to make Application in the Issue.

- ***Multiple Applications***

In case where multiple Applications are made using same demat account in respect of the same Rights Entitlement, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. Further supplementary Applications in relation to further Rights Equity Shares with/without using additional Rights Entitlement will not be treated as multiple application. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see "- *Procedure for Applications by Mutual Funds*" on page 367.

In cases where Multiple Application Forms are submitted, including cases where (a) an Investor submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications (c) or multiple applications through ASBA, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by any of our Promoters or members of our Promoter Group to meet the minimum subscription requirements applicable to this Issue as described in the section entitled "*Capital Structure – Subscription to the Issue by our Promoters and Promoter Group*" on page 60.

- ***Procedure for Applications by certain categories of Investors***

*Procedure for Applications by FPIs*

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, *i.e.*, the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Issue Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and RBI in this regard. Further, the aggregate limit of all FPIs investments is up to the sectoral cap applicable to the sector in which our Company operates.

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. FPIs who wish to participate in the Issue are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions:

(a) such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and

(b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

*Procedure for Applications by AIFs, FVCIs, VCFs and FDI route*

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Further, venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

*Procedure for Applications by NRIs*

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India ("**OCI**") may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, *inter alia*, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid- up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been amended to state that all investments by entities incorporated in a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country ("**Restricted Investors**"), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

*Procedure for Applications by Mutual Funds*

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or exchange traded funded or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

*Procedure for Applications by Systemically Important Non-Banking Financial Companies ("**NBFC-SI**")*

In case of an application made by NBFC-SI registered with RBI, (a) the certificate of registration issued by RBI under Section 45IA of RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

*Last date for Application*

The last date for submission of the duly filled in the Application Form or a plain paper Application is Thursday, July 4, 2024, *i.e.*, Issue Closing Date.

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in this Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as set out in the section entitled "- *Basis of Allotment*" on page 375.

Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

*Withdrawal of Application*

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Investor applying through ASBA facility may withdraw their Application post the Issue Closing Date.

*Disposal of Application and Application Money*

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form.

Our Board or a committee thereof reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 4 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

## III. CREDIT OF RIGHTS ENTITLEMENTS IN DEMAT ACCOUNTS OF ELIGIBLE EQUITY SHAREHOLDERS

- ***Rights Entitlements***

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., www.linkintime.co.in) by entering their DP ID and Client ID or folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, www.sobha.com).

In this regard, our Company has made necessary arrangements with NSDL and CDSL for crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is ISIN: INE671H20015. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the Demat Suspense Account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. Further, if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall lapse and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Rights Equity Shares offered under the Issue for subscribing to the Rights Equity Shares offered under the Issue.

If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar no later than two Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the Demat Suspense Account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (i.e., www.linkintime.co.in). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI ICDR Master Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form.

## IV. RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT

- ***Renouncees***

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

- ***Renunciation of Rights Entitlements***

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and *vice versa* shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchanges or through an off-market transfer.

- ***Procedure for Renunciation of Rights Entitlements***

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges (the "**On Market Renunciation**"); or (b) through an off-market transfer (the "**Off Market Renunciation**"), during the Renunciation Period. The Investors should have the demat Rights Entitlements credited / lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock-broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements.

**Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date**.

**Payment Schedule of Rights Equity Shares**

₹1,651 per Rights Equity Share (including premium of ₹1,641 per Rights Equity Share) shall be payable on Application.

| Due Date | Face Value (₹) | Premium(₹) | Total (₹) |
|---|---|---|---|
| On Application | 5.00 | 820.50 | 825.50(1) |
| Not more than two subsequent Calls, with terms and conditions such as the number of Calls and the timing and quantum of each Call as may be decided by our Board/ Rights Issue Committee from time to time, to be completed on or prior to December 31, 2025 | 5.00 | 820.50 | 825.50(2) |
| **Total (₹)** | **10.00** | **1,641.00** | **1,651.00** |

(1) *Constitutes 50% of the Issue Price.*
(2) *Constitutes 50% of the Issue Price.*

**The Lead Managers and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.**

*(a) On Market Renunciation*

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock-broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI ICDR Master Circular, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN: INE671H20015 subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, *i.e.*, from Friday, June 28, 2024 to Monday, July 1, 2024 (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock-brokers by quoting the ISIN: INE671H20015 and indicating the details of the Rights Entitlements they intend to trade. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE and NSE under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock-broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

*(b)* *Off Market Renunciation*

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date to enable Renouncees to subscribe to the Rights Equity Shares in the Issue.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN: INE671H20015, the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

## V. MODE OF PAYMENT

All payments against the Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility.

Under the ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in this Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account(s) which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

*Mode of payment for Resident Investors*

All payments on the Application Forms shall be made only through ASBA facility. Applicants are requested to strictly adhere to these instructions.

*Mode of payment for Non-Resident Investors*

As regards the Application by non-resident Investors, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI and subject to the following:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-Tax Act. However, please note that conditions applicable at the time of original investment in our Company by the Eligible Equity Shareholder including repatriation shall not change and remain the same for subscription in the Issue or subscription pursuant to renunciation in the Issue.

2. Subject to the above, in case Rights Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.

3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.

5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.

6. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for Additional Rights Equity Shares.

## VI. BASIS FOR THIS ISSUE AND TERMS OF THIS ISSUE

The Rights Equity Shares are being offered for subscription to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

For principal terms of Issue such as face value, Issue Price, Rights Entitlement, see "*The Issue*" beginning on page 53.

- ***Fractional Entitlements***

  The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of 6 Equity Share for every 47 Equity Shares held on the Record Date. For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 47 Equity Shares or not in the multiple of 47, the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the allotment of one additional Equity Share each if they apply for additional Equity Shares over and above their Rights Entitlement, if any.

  Further, the Eligible Equity Shareholders holding less than 8 Equity Shares shall have 'zero' entitlement in the Issue. Such Eligible Equity Shareholders are entitled to apply for additional Equity Shares and will be given preference in the allotment of one additional Equity Share if, such Eligible Equity Shareholders apply for the additional Equity Shares. However, they cannot renounce the same in favour of third parties and the application forms shall be non-negotiable.

- ***Ranking***

  The Rights Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI LODR Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice. The Rights Equity Shares to be issued and Allotted under this Issue, upon being fully paid up, shall rank *pari passu* with the existing Equity Shares, in all respects including dividends.

- ***Listing and trading of the Rights Equity Shares to be issued pursuant to this Issue***

Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE through letter bearing reference number LOD/Rights/AM/FIP/365/2024-25 dated June 3, 2024 and from the NSE through letter bearing reference number NSE/LIST/41912 dated May 31, 2024. Our Company will apply to the Stock Exchanges for final approvals for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under this Issue will trade after the listing thereof.

For an applicable period, from the Call Record Date, the trading of the Rights Equity Shares would be suspended under the applicable law. The process of corporate action for crediting the fully paid-up Rights Equity Shares to the Investors' demat accounts may take such time as is customary or as prescribed under applicable law from the last date of payment of the amount under the Call notice for the final Call.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 532784) and NSE (Symbol: SOBHA) under the ISIN: INE671H01015. The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Rights Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Rights Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchanges, our Company shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within fifteen days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/ unblocked within fifteen days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the fourth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

- ***Subscription to this Issue by our Promoters and members of our Promoter Group***

For details of the intent and extent of subscription by our Promoters and members of our Promoter Group, see "*Capital Structure – Subscription to the Issue by our Promoters and Promoter Group*" on page 60.

- ***Rights of Holders of Equity Shares of our Company***

Subject to applicable laws, Equity Shareholders who have been Allotted Rights Equity Shares pursuant to the Issue shall have the following rights:

(a) The right to receive dividend, if declared;

(b) The right to receive surplus on liquidation;

(c) The right to receive offers for rights shares and be allotted bonus shares, if announced;

(d) The right to free transferability of Rights Equity Shares;

(e) The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed in this Letter of Offer; and

(f) Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

## VII. GENERAL TERMS OF THE ISSUE

- ***Market Lot***

The Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is one Equity Share.

- ***Joint Holders***

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Equity Shares offered in this Issue.

- ***Nomination***

Nomination facility is available in respect of the Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be Allotted in this Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

- ***Arrangements for Disposal of Odd Lots***

The Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Equity Share and hence, no arrangements for disposal of odd lots are required.

- ***Restrictions on transfer and transmission of shares and on their consolidation/splitting***

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant this Issue. However, the Investors should note that pursuant to the provisions of the SEBI LODR Regulations, with effect from April 1, 2019, except in case of transmission or transposition of securities, the request for transfer of securities shall not be affected unless the securities are held in the dematerialized form with a depository.

- ***Notices***

Our Company will send through email and speed post, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, this Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided their Indian address and who have made a request in this regard.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation and one Kannada language daily newspaper with wide circulation (Kannada being the regional language of Bangalore, where our Registered Office is situated).

This Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchanges for making the same available on their websites.

- ***Offer to Non-Resident Eligible Equity Shareholders/Investors***

As per Rule 7 of the FEMA Rules, RBI has given general permission to Indian companies to issue rights equity shares to non-resident equity shareholders including additional rights equity shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their rights entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI or any other governmental authority, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at C-101, 247 Park, L.B.S. Marg, Vikhroli West, Mumbai 400 083, Maharashtra, India. It will be the sole responsibility of the Investors to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and the Lead Managers and our Company will not be responsible for any such allotments made by relying on such approvals.

The Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent only to the Indian addresses of the non-resident Eligible Equity Shareholders on a reasonable efforts basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Rights Equity Shares may be permitted under laws of such jurisdictions. Eligible Equity Shareholders can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company, the Lead Managers and the Stock Exchanges. Further, Application Forms will be made available at Registered and Corporate Office of our Company for the non-resident Indian Applicants. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis.

In case of change of status of holders, *i.e.*, from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Managers.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar to the Issue and our Company by submitting their respective copies of self-attested proof of address, passport, etc. at sobha.rights2024@linkintime.co.in / rights.issue@sobha.com.

**ALLOTMENT OF THE RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM**

**PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, SEE "- ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS" ON PAGE 375.**

## VIII. ISSUE SCHEDULE

| | |
|---|---|
| **LAST DATE FOR CREDIT OF RIGHTS ENTITLEMENTS** | **THURSDAY, JULY 27, 2024** |
| **ISSUE OPENING DATE** | **FRIDAY, JUNE 28, 2024** |
| **LAST DATE FOR ON MARKET RENUNCIATION OF RIGHTS ENTITLEMENTS #** | **MONDAY, JULY 1, 2024** |
| **ISSUE CLOSING DATE*** | **THURSDAY, JULY 4, 2024** |
| **FINALISATION OF BASIS OF ALLOTMENT (ON OR ABOUT)** | **THURSDAY, JULY 11, 2024** |
| **DATE OF ALLOTMENT (ON OR ABOUT)** | **FRIDAY, JULY 12, 2024** |
| **DATE OF CREDIT (ON OR ABOUT)** | **MONDAY, JULY 15, 2024** |
| **DATE OF LISTING (ON OR ABOUT)** | **TUESDAY, JULY 16, 2024** |

\# *Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

* *Our Board or the Rights Issue Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar no later than two Working Days prior to the Issue Closing Date, *i.e.*, Tuesday, July 2, 2024, to enable the credit of the Rights Entitlements by way of transfer from the Demat Suspense Account to their respective demat accounts, at least one day before the Issue Closing Date, *i.e.*, Wednesday, July 3, 2024. If demat account details are not provided by the Eligible Equity Shareholders holding Equity Shares in physical form to the Registrar or our Company by the date mentioned above, such Shareholders will not be allotted any Rights Equity Shares, nor such Rights Equity Shares be kept in suspense account on behalf of such shareholder in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar, is active to facilitate the aforementioned transfer. Eligible Equity

Shareholders holding Equity Shares in physical form can update the details of their demat accounts on the website of the Registrar (i.e., www.linkintime.co.in). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts. Eligible Equity Shareholders can obtain the details of their Rights Entitlements from the website of the Registrar (i.e., www.linkintime.co.in) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company.

## IX. BASIS OF ALLOTMENT

Subject to the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Rights Equity Shares in the following order of priority:

(a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part.

(b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one Additional Rights Equity Share each if they apply for Additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.

(c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of this Issue, have also applied for Additional Rights Equity Shares. The Allotment of such Additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

(d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for Additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

(e) Allotment to any other person, subject to applicable laws, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in this Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for this Issue, for each successful Application;

2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and

3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Banker to the Issue to refund such Applicants.

## X. ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS

Our Company will send/ dispatch Allotment advice, refund intimations, if applicable, or demat credit of securities and/or letters of regret, only to the Eligible Equity Shareholders who have provided Indian address; along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company and our Directors who are "officers in default" shall pay interest at such other rate as specified under applicable law from the expiry of such 15 days' period.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through a mail, to the Indian mail address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, unblocking refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for Additional Rights Equity Shares in the Issue and is Allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The unblocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

**Payment Terms**

₹1,651 per Rights Equity Share (including premium of ₹1,641 per Rights Equity Share) shall be payable as follows:

| Due Date | Face Value (₹) | Premium (₹) | Total (₹) |
|---|---|---|---|
| On Application | 5.00 | 820.50 | 825.50 [1] |
| Not more than two subsequent Calls, with terms and conditions such as the number of Calls and the timing and quantum of each Call as may be decided by our Board/ Rights Issue Committee from time to time, to be completed on or prior to December 31, 2025 | 5.00 | 820.50 | 825.50 [2] |
| **Total (₹)** | **10.00** | **1,641.00** | **1,651.00** |

[1] *Constitutes 50% of the Issue Price.*
[2] *Constitutes 50% of the Issue Price.*

Rights Equity Shares in respect of which the Calls payable remains unpaid may be forfeited, after the due date for payment of the balance amount due in accordance with the Companies Act, 2013 and our Articles of Association.

**Record date for Calls and suspension of trading**

Our Company would fix a Call Record Date giving notice, in advance of such period as may be prescribed under applicable law, to the Stock Exchanges for the purpose of determining the list of Rights Equity Shareholders to whom the notice for the Calls would be sent. Once the Call Record Date has been fixed, trading in the Rights Equity Shares for which the Call has been made may be suspended prior to the Call Record Date.

**Procedure for Calls for Rights Equity Shares**

Our Board or the Rights Issue Committee will pass the required resolutions for making the Calls and suitable intimation would be given by our Company to the Stock Exchanges. Further, advertisements for the same will be published in (i) one English national daily newspaper; (ii) one Hindi language national daily newspaper; and (iii) one Kannada language daily newspaper wide circulation (Kannada being the regional language of Bangalore, where our Registered Office is situated), all with wide circulation.

Our Board or Rights Issue Committee may determine the date on which the Calls shall be made and if no such date is determined then the Calls shall be deemed to have been made at the time when the resolution authorising such Calls are passed at the meeting of our Board or Rights Issue Committee, as the case may be. The Calls may be revoked or postponed at the discretion of our Board or Rights Issue Committee. Our Board or Rights Issue Committee may make not more than two subsequent Calls, with terms and conditions such as the number of Calls and the timing and quantum of each Call as may be decided by our Board/ Rights Issue Committee from time to time to be completed on or prior to December 31, 2025. While our Company intends to complete the Calls on or prior to December 31, 2025, our Board or Rights Issue Committee, may at its sole discretion extend such timeline post December 31, 2025, pursuant to market and other applicable considerations. Pursuant to the provisions of the Articles of Association, the Investors would be given at least 14 days’ notice for the payment of the Calls. Our Board or Rights Issue Committee may, from time to time at its discretion, extend the time fixed for the payments of the Calls. Our Company, at its sole discretion and as it may deem fit, may send one or more reminders for the Calls, and if it does not receive the Call Money as per the timelines stipulated unless extended by our Board or Rights Issue Committee, the defaulting Rights Equity Shareholders will be liable to pay interest as may be fixed by our Board unless waived or our Company may forfeit such Rights Equity Shares in respect of which the Calls payable remains unpaid in accordance with the Companies Act, 2013 and our Articles of Association. Pursuant to the provisions of the Articles of Association, our Company will give at least 14 days’ notice to the Rights Equity Shareholders to make the payment of the unpaid Call Monies (including interest accrued and expenses incurred due to such non-payment) before forfeiting such Rights Equity Shares.

**Payment of Call Money**

In accordance with the SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/238/2020 dated December 8, 2020 regarding additional payment mechanism (i.e. ASBA, etc.) for payment of balance money in calls for partly paid specified securities issued by the listed entity, the Investor may make payment of the Call Money using ASBA Mechanism through the Designated Branch of the SCSB or through online/electronic through the website of the SCSBs (if made available by such SCSB) by authorizing the SCSB to block an amount, equivalent to the amount payable on Call Money, in the Investor's ASBA Account. The Investor may also use the facility of linked online trading, demat and bank account (3-in-1 type account), if provided by their broker, for making payment of the Call Money.

**Separate ISIN for Rights Equity Shares**

In addition to the present ISIN for the existing Equity Shares, our Company would obtain a separate ISIN for the Rights Equity Shares for each Call, until fully paid-up. The Rights Equity Shares offered under this Issue will be traded under a separate ISIN after each Call for the period as may be applicable under the rules and regulations prior to the record date for the final Call Notice. The ISIN representing the Rights Equity Shares will be terminated after the Call Record Date for the final Call. On payment of the final Call Money in respect of the Rights Equity Shares, such Rights Equity Shares would be fully paid-up and merged with the existing ISIN of our Equity Shares.

## XI. PAYMENT OF REFUND

- **Mode of making refunds**

  The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes.

  (a) Unblocking amounts blocked using ASBA facility.

  (b) **NACH** – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by RBI, where such facility has been made available. This would be subject to availability of complete bank account details including a Magnetic Ink Character Recognition ("**MICR**") code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

  (c) **National Electronic Fund Transfer** ("**NEFT**") – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code ("**IFSC Code**"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

  (d) **Direct Credit** – Investors having bank accounts with the Banker to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.

  (e) **RTGS** – If the refund amount exceeds ₹200,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

  (f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.

  (g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

  **Refund payment to non-residents**

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

## XII. ALLOTMENT ADVICE OR DEMAT CREDIT OF SECURITIES

The demat credit of securities to the respective beneficiary accounts will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

- **Receipt of the Rights Equity Shares in Dematerialized Form**

**PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE.**

Investors shall be Allotted the Rights Equity Shares in dematerialized (electronic) form. Our Company has signed two agreements with the respective Depositories and the Registrar to the Issue, which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates:

a) Tripartite agreement dated July 6, 2006, amongst our Company, NSDL and the Registrar to the Issue; and

b) Tripartite agreement dated September 8, 2006, amongst our Company, CDSL and the Registrar to the Issue.

**INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.**

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the dematerialised form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.

2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.

3. The responsibility for correctness of information filled in the Application Form *vis-a-vis* such information with the Investor’s depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor’s depository participant.

4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.

5. The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or Demat Suspense Escrow Account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with Investor Education and Protection Fund (IEPF) authority/ in suspense, etc.). Allotment advice, refund order (if any) would be sent through physical dispatch, by the Registrar but the Applicant’s depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant’s depository account.

6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, on their registered email address or through physical dispatch.

7. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

8. Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

9. Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, and who have not provided the details of their demat accounts to our Company or to the Registrar at least two Working Days prior to the Issue Closing Date, shall not be able to apply in this Issue.

## XIII. IMPERSONATION

Attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"*Any person who –*

*a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*

*b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*

c) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447*."

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹1 million or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹1 million or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹5 million or with both.

## XIV. UTILISATION OF GROSS PROCEEDS

Our Board declares that:

A. All monies received out of this Issue shall be transferred to a separate bank account;

B. Details of all monies utilized out of this Issue referred to under (A) above shall be disclosed, and continue to be disclosed till the time any part of the Gross Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and

C. Details of all unutilized monies out of this Issue referred to under (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

## XV. UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

1) The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.

2) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken by our Board within the time limit specified by SEBI.

3) The funds required for making refunds / unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.

4) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.

5) In case of refund / unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.

6) No further issue of securities shall be made till the securities offered through this Letter of Offer are listed or till the application monies are refunded on account of non-listing, under subscription, etc., other than as disclosed in accordance with Regulation 97 of SEBI ICDR Regulations.

7) Adequate arrangements shall be made to collect all ASBA Applications.

8) As on date, our Company does not have any convertible debt instruments.

9) Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

## XVI. INVESTOR GRIEVANCES, COMMUNICATION AND IMPORTANT LINKS

1. Please read this Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.

2. All enquiries in connection with this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the registered folio number in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and superscribed "Sobha Limited – Rights Issue" on the envelope and postmarked in India) to the Registrar at the following address:

   **Link Intime India Private Limited**
   C-101, 247 Park
   L.B.S. Marg, Vikhroli West
   Mumbai 400 083
   Maharashtra, India
   **Tel:** +91 810 811 4949
   **E-mail:** sobha.rights2024@linkintime.co.in
   **Investor grievance email:** sobha.rights2024@linkintime.co.in
   **Website:** www.linkintime.co.in
   **Contact Person**: Shanti Gopalkrishnan
   **SEBI Registration No.:** INR000004058

3. In accordance with SEBI ICDR Master Circular, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (www.linkintime.co.in). Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is +91 810 811 4949.

4. The Investors can visit following links for the below-mentioned purposes:

   a) Updation of Indian address/ e-mail address/ phone or mobile number in the records maintained by the Registrar or our Company: web.linkintime.co.in

   b) Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: web.linkintime.co.in

   c) Submission of self-attested PAN, client master sheet and demat account details by non-resident Eligible Equity Shareholders: sobha.rights2024@linkintime.co.in

   The Issue will remain open for a minimum period of seven days. However, our Board or the Rights Issue Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/ departments are responsible for granting approval for foreign investment. Accordingly, the process for foreign direct investment ("**FDI**") and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) ("**DPIIT**"), Ministry of Finance, Department of Economic Affairs through the FDI Policy (defined below).

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The FDI Policy consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Policy will be valid until the DPIIT issues an updated circular. Further, the sectoral cap applicable to the sector in which our Company operates is 100% which is permitted under the automatic route.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict, the relevant notification under Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 will prevail. The payment of inward remittance and reporting requirements are stipulated under the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 issued by RBI.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non- resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country ("**Restricted Investors**"), will require prior approval of the Government, as prescribed in the FDI Policy and the FEMA Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government. Furthermore, on April 22, 2020, the Ministry of Finance, Government of India has also made a similar amendment to the FEMA Rules. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2020, a multilateral bank or fund, of which India is a member, shall not be treated as an entity of a particular country nor shall any country be treated as the beneficial owner of the investments of such bank of fund in India.

Please also note that pursuant to Circular no. 14 dated September 16, 2003, issued by RBI, Overseas Corporate Bodies ("**OCBs**") have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for the issue as an incorporated non-resident must do so in accordance with the FDI Policy and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019. Further, while investing in the Issue, the Investors are deemed to have obtained the necessary approvals, as required, under applicable laws and the obligation to obtain such approvals shall be upon the Investors. Our Company shall not be under an obligation to obtain any approval under any of the applicable laws on behalf of the Investors and shall not be liable in case of failure on part of the Investors to obtain such approvals.

The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations. Investors are cautioned to consider any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer.

## RESTRICTIONS ON PURCHASES AND RESALES

### Eligibility and Restrictions

#### *General*

No action has been taken or will be taken to permit an offering of the Rights Entitlements or the Rights Equity Shares to occur in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer or any other Issue Material in any jurisdiction where action for such purpose is required, except that this Letter of Offer will be filed with SEBI and the Stock Exchanges.

Pursuant to the requirements of the SEBI ICDR Regulations and other applicable laws, the Rights Entitlements will be credited to the demat account of the Eligible Equity Shareholders who are Equity Shareholders as on the Record Date, however, the Issue Materials will be sent/ dispatched only to such Eligible Equity Shareholders who have provided an Indian address to our Company and only such Eligible Equity Shareholders are permitted to participate in the Issue. The credit of Rights Entitlement does not constitute an offer, invitation to offer or solicitation for participation in the Issue, whether directly or indirectly, and only dispatch of the Issue Material shall constitute an offer, invitation or solicitation for participation in the Issue in accordance with the terms of the Issue Material. Further, receipt of the Issue Materials (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in (i) the United States or (ii) any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer and any other Issue Materials must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed, in part or full. Accordingly, persons receiving a copy of the Issue Materials should not distribute or send the Issue Materials in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations, or would subject our Company or its affiliates or the Lead Managers or their affiliates to any filing or registration requirement (other than in India). If Issue Material is received by any person in any such jurisdiction or the United States, they must not seek to subscribe to the Rights Equity Shares.

The Rights Entitlement and the Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer and any other Issue Materials may not be distributed, in whole or in part, in or into in (i) the United States or (ii) or any jurisdiction other than India except in accordance with legal requirements applicable in such jurisdiction.

Investors are advised to consult their legal counsel prior to accepting any provisional allotment of Rights Equity Shares, applying for excess Rights Equity Shares or making any offer, renunciation, sale, resale, pledge or other transfer of the Rights Entitlements or the Rights Equity Shares.

This Letter of Offer and its accompanying documents are supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Each person who exercises the Rights Entitlements and subscribes for the Rights Equity Shares, or who purchases the Rights Entitlements or the Rights Equity Shares shall do so in accordance with the restrictions set out above and below.

### No offer in the United States

The Rights Entitlements and the Rights Equity Shares have not been, and will not be, registered under the U.S Securities Act and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Rights Equity Shares are only being offered and sold outside the United States in "offshore transactions" as defined in and in reliance on Regulation S under the U.S. Securities Act to Eligible Equity Shareholders located in jurisdictions where such offer and sale is permitted under the laws of such jurisdictions. The offering to which this Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Entitlements or Rights Equity Shares for sale in the United States or as a solicitation therein of an offer to buy any of the said securities. Accordingly, you should not forward or transmit this letter of offer into the United States at any time.

### Representations, Warranties and Agreements by Purchasers

The Rights Entitlements and the Rights Equity Shares offered outside the United States are being offered in offshore transactions in reliance on Regulation S.

In addition to the applicable representations, warranties and agreements set forth above, each purchaser outside the United States by accepting the delivery of this Letter of Offer and its accompanying documents, submitting an Application Form for the exercise of any Rights Entitlements and subscription for any Rights Equity Shares and accepting delivery of any Rights Entitlements or any Rights Equity Shares, will be deemed to have represented, warranted and agreed as follows on behalf of itself and, if it is acquiring the Rights Entitlements or the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, on behalf of each owner of such account (such person being the "**purchaser**", which term shall include the owners of the investor accounts on whose behalf the person acts as fiduciary or agent):

1. The purchaser (i) is aware that the Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the U.S. Securities Act and are being distributed and offered outside the United States in reliance on Regulation S, (ii) is, and the persons, if any, for whose account it is acquiring such Rights Entitlements and/or the Rights Equity Shares are, outside the United States and eligible to subscribe for Rights Entitlements and Rights Equity Shares in compliance with applicable securities laws, and (iii) is acquiring the Rights Entitlements and/or the Rights Equity Shares in an offshore transaction meeting the requirements of Regulation S.

2. No offer or sale of the Rights Entitlements or the Rights Equity Shares to the purchaser is the result of any "directed selling efforts" in the United States (as such term is defined in Regulation S under the U.S. Securities Act).

3. The purchaser is, and the persons, if any, for whose account it is acquiring the Rights Entitlements and the Rights Equity Shares are, entitled to subscribe for the Rights Equity Shares, and the sale of the Rights Equity Shares to it will not require any filing or registration by, or qualification of, our Company with any court or administrative, governmental or regulatory agency or body, under the laws of any jurisdiction which apply to the purchaser or such persons.

4. The purchaser, and each account for which it is acting, satisfies (i) all suitability standards for investors in investments in the Rights Entitlements and the Rights Equity Shares imposed by the jurisdiction of its residence, and (ii) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.

5. The purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, and, if the purchaser is exercising the Rights Entitlements and acquiring the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, the purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares on behalf of each owner of such account.

6. If any Rights Entitlements were bought by the purchaser or otherwise transferred to the purchaser by a third party (other than our Company), the purchaser was in India at the time of such purchase or transfer.

7. The purchaser is aware and understands (and each account for which it is acting has been advised and understands) that an investment in the Rights Entitlements and the Rights Equity Shares involves a considerable degree of risk and that the Rights Entitlements and the Rights Equity Shares are a speculative investment.

8. The purchaser understands (and each account for which it is acting has been advised and understands) that no action has been or will be taken to permit an offering of the Rights Entitlements or the Rights Equity Shares in any jurisdiction (other than the filing of this Letter of Offer with SEBI and the Stock Exchanges); and it will not offer, resell, pledge or otherwise transfer any of the Rights Entitlements except in India or the Rights Equity Shares which it may acquire, or any beneficial interests therein, in any jurisdiction or in any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale, solicitation or invitation except under circumstances that will result in compliance with any applicable laws and/or regulations.

9. The purchaser (or any account for which it is acting) is an Eligible Equity Shareholder and has received an invitation from our Company, addressed to it and inviting it to participate in this Issue.

10. None of the purchaser, any of its affiliates or any person acting on its or their behalf has taken or will take, directly or indirectly, any action designed to, or which might be expected to, cause or result in the stabilization or manipulation of the price of any security of our Company to facilitate the sale or resale of the Rights Entitlements or the Rights Equity Shares pursuant to the Issue.

11. Prior to making any investment decision to exercise the Rights Entitlements and renounce and/ or subscribe for the Rights Equity Shares, the Investor (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary; (ii) will have carefully read and reviewed a copy of this Letter of Offer and its accompanying documents; (iii) will have possessed and carefully read and reviewed all information relating to our Company and our Group and the Rights Entitlements and the Rights Equity Shares which it believes is necessary or appropriate for the purpose of making its investment decision, including, without limitation, the Exchange Information (as defined below); (iv) will have conducted its own due diligence on our Company and this Issue, and will have made its own investment decisions based upon its own judgement, due diligence and advice from such advisers as it has deemed necessary and will not have relied upon any recommendation, promise, representation or warranty of or view expressed by or on behalf of our Company, the Lead Managers or their affiliates (including any research reports) (other than, with respect to our Company and any information contained in this Letter of Offer); and (vi) will have made its own determination that

any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares is suitable and appropriate, both in the nature and number of Rights Equity Shares being subscribed.

12. Without limiting the generality of the foregoing, (i) the purchaser acknowledges that the Equity Shares are listed on BSE Limited and National Stock Exchange of India Limited and our Company is therefore required to publish certain business, financial and other information in accordance with the rules and practices of BSE Limited and National Stock Exchange of India Limited (which includes, but is not limited to, a description of the nature of our Company's business and our Company's most recent balance sheet and profit and loss account, and similar statements for preceding years together with the information on its website and its press releases, announcements, investor education presentations, annual reports, collectively constitutes "**Exchange Information**"), and that it has had access to such information without undue difficulty and has reviewed such Exchange Information as it has deemed necessary; and (ii) none of our Company, any of its affiliates, the Lead Managers or any of their affiliates has made any representations or recommendations to it, express or implied, with respect to our Company, the Rights Entitlements, the Rights Equity Shares or the accuracy, completeness or adequacy of the Exchange Information.

13. The purchaser acknowledges that (i) any information that it has received or will receive relating to or in connection with this Issue, and the Rights Entitlements or the Rights Equity Shares, including this Letter of Offer and the Exchange Information (collectively, the "**Information**"), has been prepared solely by our Company; and (ii) neither the Lead Managers nor any of their affiliates has verified such Information, and no recommendation, promise, representation or warranty (express or implied) is or has been made or given by the Lead Managers or their affiliates as to the accuracy, completeness or sufficiency of the Information, and nothing contained in the Information is, or shall be relied upon as, a promise, representation or warranty by the Lead Managers or any of their affiliates.

14. The purchaser will not hold our Company, the Lead Managers or their affiliates responsible for any misstatements in or omissions to the Information or in any other written or oral information provided by our Company to it. It acknowledges that no written or oral information relating to this Issue, and the Rights Entitlements or the Rights Equity Shares has been or will be provided by the Lead Managers or their affiliates to it.

15. The purchaser understands and acknowledges that the Lead Managers are assisting our Company in respect of this Issue and that the Lead Managers are acting solely for our Company and no one else in connection with this Issue and, in particular, are not providing any service to it, making any recommendations to it, advising it regarding the suitability of any transactions it may enter into to subscribe or purchase any Rights Entitlements or Rights Equity Shares nor providing advice to it in relation to our Company, this Issue or the Rights Entitlements or the Rights Equity Shares. Further, to the extent permitted by law, it waives any and all claims, actions, liabilities, damages or demands it may have against the Lead Managers arising from their engagement with our Company and in connection with this Issue.

16. The purchaser understands that its receipt of the Rights Entitlements and any subscription it may make for the Rights Equity Shares will be subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained in this Letter of Offer and the Application Form. The purchaser understands that none of our Company, the Registrar, the Lead Managers or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Managers or any other person acting on behalf of us have reason to believe is in the United States, or is ineligible to participate in this Issue under applicable securities laws.

17. The purchaser subscribed to the Rights Equity Shares for investment purposes and not with a view to the distribution or resale thereof. If in the future the purchaser decides to offer, sell, pledge or otherwise transfer any of the Rights Equity Shares, the purchaser shall only offer, sell, pledge or otherwise transfer such Rights Equity Shares (i) outside the United States in a transaction complying with Rule 903 or Rule 904 of Regulation S and in accordance with all applicable laws of any other jurisdiction, including India or (ii) in the United States pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws.

18. The purchaser is, and the persons, if any, for whose account it is acquiring the Rights Entitlements and the Rights Equity Shares are, entitled to subscribe for the Rights Equity Shares.

19. If the purchaser is outside India, the sale of the Rights Equity Shares to it will not require any filing or registration by, or qualification of, our Company or the Lead Managers with any court or administrative, governmental or regulatory agency or body, under the laws of any jurisdiction which apply to the purchaser or such persons.

20. If the purchaser is outside India, the purchaser, and each account for which it is acting, satisfies (i) all suitability standards for investors in investments in the Rights Entitlements and the Rights Equity Shares imposed by all jurisdictions applicable to it, and (ii) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of all jurisdictions of residence.

21. The purchaser is authorized to consummate the purchase of the Rights Equity Shares sold pursuant to this Issue in compliance with all applicable laws and regulations.

22. Except for the sale of Rights Equity Shares on one or more of the Stock Exchanges, the purchaser agrees, upon a proposed transfer of the Rights Equity Shares, to notify any purchaser of such Equity Shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the Rights Equity Shares being sold.

23. The purchaser shall hold our Company and the Lead Managers harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of its representations, warranties or agreements set forth above and elsewhere in this Letter of Offer. The indemnity set forth in this paragraph shall survive the resale of the Rights Equity Shares.

24. The purchaser acknowledges that our Company, the Lead Managers, their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

## SECTION VIII: OTHER INFORMATION

## MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Letter of Offer) which are or may be deemed material, and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all working days and will also be available on the website of our Company at www.sobha.com/investor-relations/#rights from the date of this Letter of Offer until the Issue Closing Date.

**A. Material Contracts for the Issue**

1. Issue Agreement dated June 12, 2024, between our Company and the Lead Managers.
2. Registrar Agreement dated June 12, 2024, between our Company and the Registrar to the Issue.
3. Banker to the Issue Agreement dated June 12, 2024, between our Company, the Lead Managers, Registrar and the Banker to the Issue.
4. Monitoring Agency Agreement dated June 12, 2024, between our Company and the Monitoring Agency.

**B. Material Documents**

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company as amended.
2. Certificate of incorporation dated August 7, 1995, of our Company and fresh certificates of incorporation consequent to change of name dated June 2, 2006 and August 18, 2014.
3. Consents of our Directors, Company Secretary and Compliance Officer, Lead Managers, Banker to the Issue, legal counsel to our Company as to Indian law and the Registrar to the Issue for inclusion of their names in the Letter of Offer to act in their respective capacities and such consents have not been withdrawn up to the time of delivery of this Letter of Offer.
4. Consent letter dated June 12, 2024, from our Statutory Auditors, M/s Walker Chandiok & Co. LLP, to include its name in this Letter of Offer, as an "expert" as defined under Section 2(38) of the Companies Act, 2013, in respect of and inclusion of FY 2024 Audited Consolidated Financial Statements and FY 2023 Audited Consolidated Financial Statement and the audit reports dated May 17, 2024 and May 29, 2023, respectively, issued thereon, and such consent has not been withdrawn as of the date of this Letter of Offer.
5. Consent letter dated June 12, 2024, from an independent chartered accountant, namely Manian and Rao, Chartered Accountants, to include its name in this Letter of Offer, as an "expert" as defined under Section 2(38) of the Companies Act, 2013, in respect of and inclusion of (a) certificates issued by them in their capacity as the independent chartered accountant; and (b) the statement of possible special tax benefits available to our Company and its shareholders dated June 12, 2024, and such consent has not been withdrawn as on the date of this Letter of Offer.
6. Statement of possible special tax benefits available to our Company and its shareholders dated June 12, 2024, from an independent chartered accountant, namely Manian and Rao, included in this Letter of Offer.
7. FY 2024 Audited Consolidated Financial Statements and FY 2023 Audited Consolidated Financial Statement and the audit reports dated May 17, 2024 and May 29, 2023, respectively, issued thereon;
8. Consents dated May 28, 2024 from an independent chartered engineer, namely, S.V. Manohar to include its name in this Letter of Offer, as an "expert" as defined under section 2(38) of the Companies Act, 2013.
9. Consent dated May 28, 2024 from an independent architect, namely, M/s. SVAR INFRA to include its name in this Letter of Offer, as an "expert" as defined under section 2(38) of the Companies Act, 2013.
10. Resolution of our Board of Directors dated January 22, 2024, in relation to this Issue and other related matters.
11. Resolution of our Board dated June 12, 2024, in relation to the terms of the Issue including the Record Date, Issue Price and Rights Entitlement ratio.
12. Resolution of the Board of Directors dated June 12, 2024, approving and adopting the Letter of Offer.
13. Annual Reports of our Company for the Financial Years 2023, 2022, 2021, 2020 and 2019.
14. Report titled "*Assessment of residential real estate industry in selected markets in India*" dated May 2024 prepared by CRISIL MI&A and consent letter dated May 14, 2024, issued by it in respect of such report.

15. Engagement letter dated January 10, 2024, entered into between our Company and CRISIL MI&A for appointment of CRISIL MI&A.

16. Due diligence Certificate dated June 12, 2024, addressed to SEBI from the Lead Managers.

17. In-principle listing approvals dated June 3, 2024 and May 31, 2024 issued by BSE and NSE, respectively.

18. Tripartite agreement dated July 6, 2006, amongst our Company, NSDL and the Registrar to the Issue.

19. Tripartite agreement dated September 8, 2006, amongst our Company, CDSL and the Registrar to the Issue.

20. Red herring prospectus of our Company dated November 6, 2006, filed with the RoC in relation to the initial public offering of Equity Shares of our Company.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Eligible Equity Shareholders, subject to compliance with applicable law.

## DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**

__________________________________

**Ravi PNC Menon**

*Chairman and Non-Executive Non-Independent Director*

**Date:** June 12, 2024

**Place:** Dubai

## DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**

__________________________________

**Jagadish Nangineni**

*Managing Director and Executive Director*

**Date:** June 12, 2024

**Place:** Bengaluru

## DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**

__________________________________

**Ramachandra Venkatasubba Rao**

*Non-Executive Independent Director*

**Date:** June 12, 2024

**Place:** Bengaluru

## DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**

___________________________________

**Anup Sanmukh Shah**

*Non-Executive Independent Director*

**Date:** June 12, 2024

**Place:** Bengaluru

## DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**

___________________________________

**Srivathsala Kanchi Nandagopal**

*Non-Executive Independent Director*

**Date:** June 12, 2024

**Place:** Bengaluru

## DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**

___________________________________

**Raman Mangalorkar**

*Non-Executive Independent Director*

**Date:** June 12, 2024

**Place:** Bengaluru

## DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

**SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY**

__________________________________

**Yogesh Bansal**

*Chief Financial Officer*

**Date:** June 12, 2024

**Place:** Bengaluru