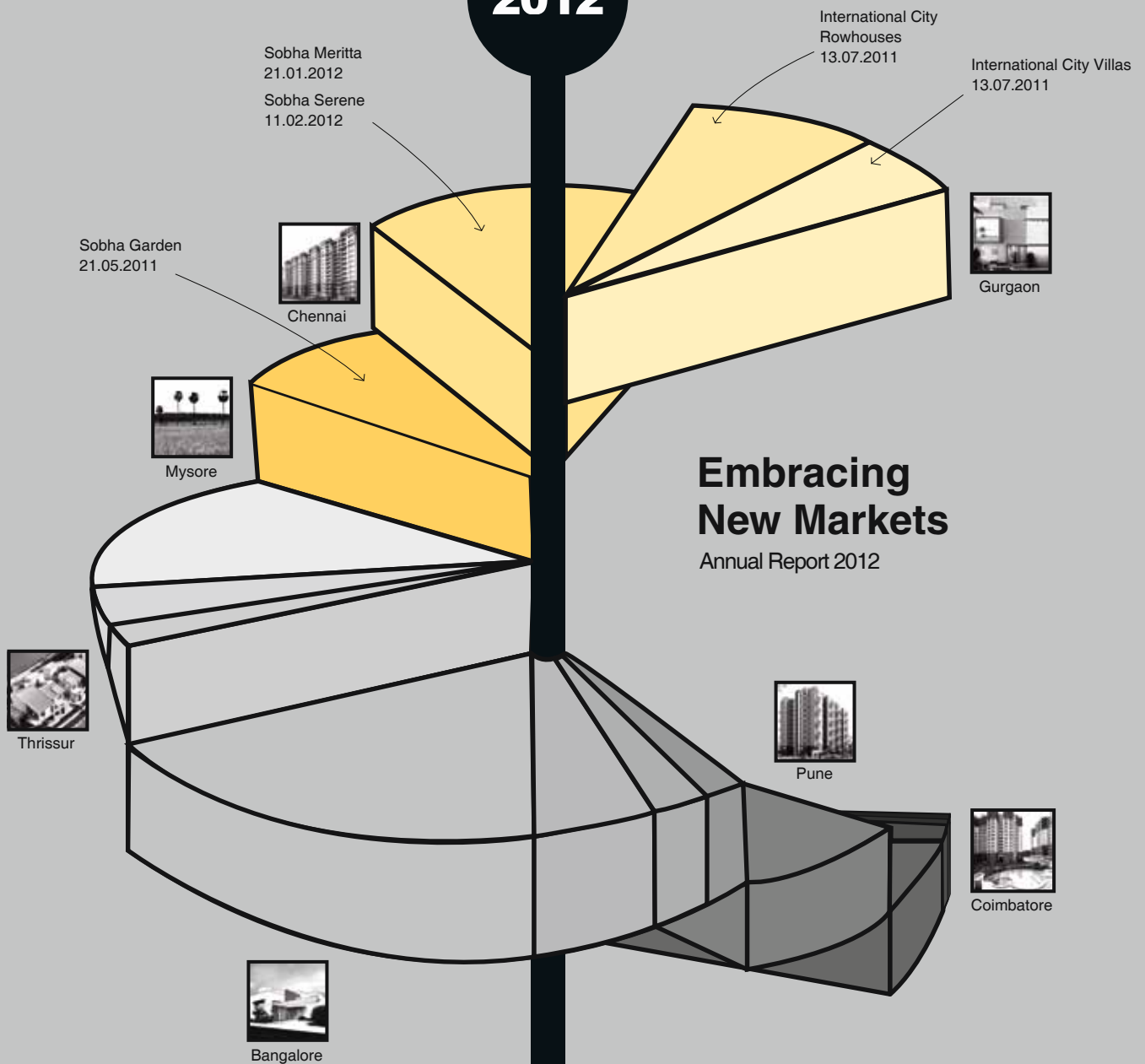




PASSION AT WORK

2012



## Corporate Structure



### Real Estate

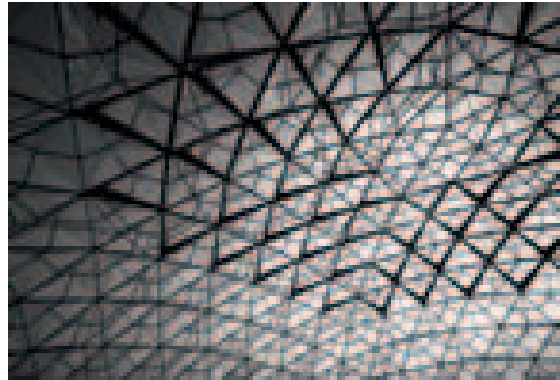
The Company has emerged as one of the most respected and trusted Real Estate brands in India. Sobha's residential projects include presidential apartments, villas, row houses, super luxury apartments, luxury apartments and plotted development. The projects are replete with world-class amenities and have a strong emphasis on environmental management.

Sobha's philosophy is to constantly strive towards enhancing customer value by delivering high-quality products at the best prices.

### Contractual

Sobha's Contracts division has developed numerous state-of-the-art facilities for corporates including offices, convention centres, software development blocks, multiplex theatres, hostel facilities, hotels, guest houses, food courts, restaurants, research centres and club houses.

MEP is a strategic business unit of contracts. It has in house capability of Design and Build of Electrical, Plumbing, HVAC, fire fighting and low voltage services of Residential, Commercial, Office and Industrial Projects.



### Manufacturing

The backward integration model of the Company includes an interiors division with one of India's largest woodworking factories, a metal works, and glazing factory and a concrete product factory. All our factories are state-of-the art and have a built-up area of over 600,000 Square Feet.

### Design & Engineering

Architectural design expertise at Sobha revolves around developing structures that are functionally efficient, aesthetically appealing and in line with high engineering standards. It is a thoughtful integration of architecture with electrical, mechanical, and structural functions.

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# Embracing New Markets

The Real Estate sector is at the cusp of a new dawn. An increase in the pace of urbanisation, rising disposable income, and greater customer sensitivity to the quality of products being consumed is spurring the demand for high quality residential housing in India. While the opportunities in the metros and Tier I cities are indisputable, Tier II and III cities have also begin to develop as inviting markets with their changing dynamics. The success of Real Estate players lies in their ability to embrace new markets, showcase qualitative scale, and in turn, cement a strong foundation for the nation's progress.

Sobha's business philosophy is founded on delivering world-class quality Real Estate spaces, and today, over 50 million square feet stands as testament to this commitment across the country. Our ability to reach out and win in new markets can be attributed to some of our key inherent strengths, and business strategies that are well-honed with experience. We believe our success in embracing new markets lies in our impeccable execution focus, financial discipline, strong land bank portfolio, and a trained

and motivated team geared to deliver more value to customers.

This fiscal year we have stepped into three new markets, viz.: Gurgaon, Chennai and Mysore. These cities offer us a long-term potential and provide us with an opportunity to serve a wider base of customers with varied requirements. Our expansion allows us to realise better economies of scale, and reduces risk with diversified markets. It provides our employees with opportunities to grow and expand their career. Organisational learning is enhanced and our brand is further harnessed for better customer reach.

The challenges that the industry and our company face during such a growth phase are manifold, but our approach and commitment to our core values stands resolute. We are confident to further grow and mature in the markets we have entered. And, as the nation building progresses, we shall surely continue to embrace and win more markets.



# The Indian Real Estate sector

FISCAL 2012 **6.9%** GDP GROWTH

Despite the economic hurdles following the global slowdown, the Indian Economy has exhibited some resilience to counter the adverse environment.

**\$1.73<sup>tn</sup>**  
gross domestic product

**\$974<sup>bn</sup>**

SERVICES SECTOR **56.3%** OF GDP

The services sector has been a vital driving force for the Indian economy. This sector has grown at 9.4% during the last fiscal, and has emerged as a front-runner on a cross-country comparison.



## Real Estate sector

The Real Estate housing sector forms an integral part of the services sector and contributes 5% to the overall GDP. It is estimated that ₹0.78 is added to the GDP for every ₹1 that is invested in housing and construction. Hence, the investment in the housing sector is seen as a barometer of growth for the overall economy. In addition, there are an estimated 300 sectors that are linked directly or indirectly to the real estate sector, making it an epicenter of India's growth story.

Key drivers of growth - Real Estate  
Urbanisation; rising disposable income, and upgrading to high-quality homes; growth of IT/ITES industry, financial services, and telecom; favourable demographics

Changing dynamics of Tier II and Tier III cities  
Government initiatives like the Mass Rapid Transport system for cities with 2.0 mn population; freight corridors in railways and construction of airports; development of urban infrastructure

# Our Strengths

Sobha has executed over 51 million square feet of developed area since inception. Our aim is to develop and construct aesthetically designed and functionally efficient residential and commercial developments in several emerging geographies in India. As we step into new markets, we continue to leverage our core strengths which give us the distinctive edge to succeed.

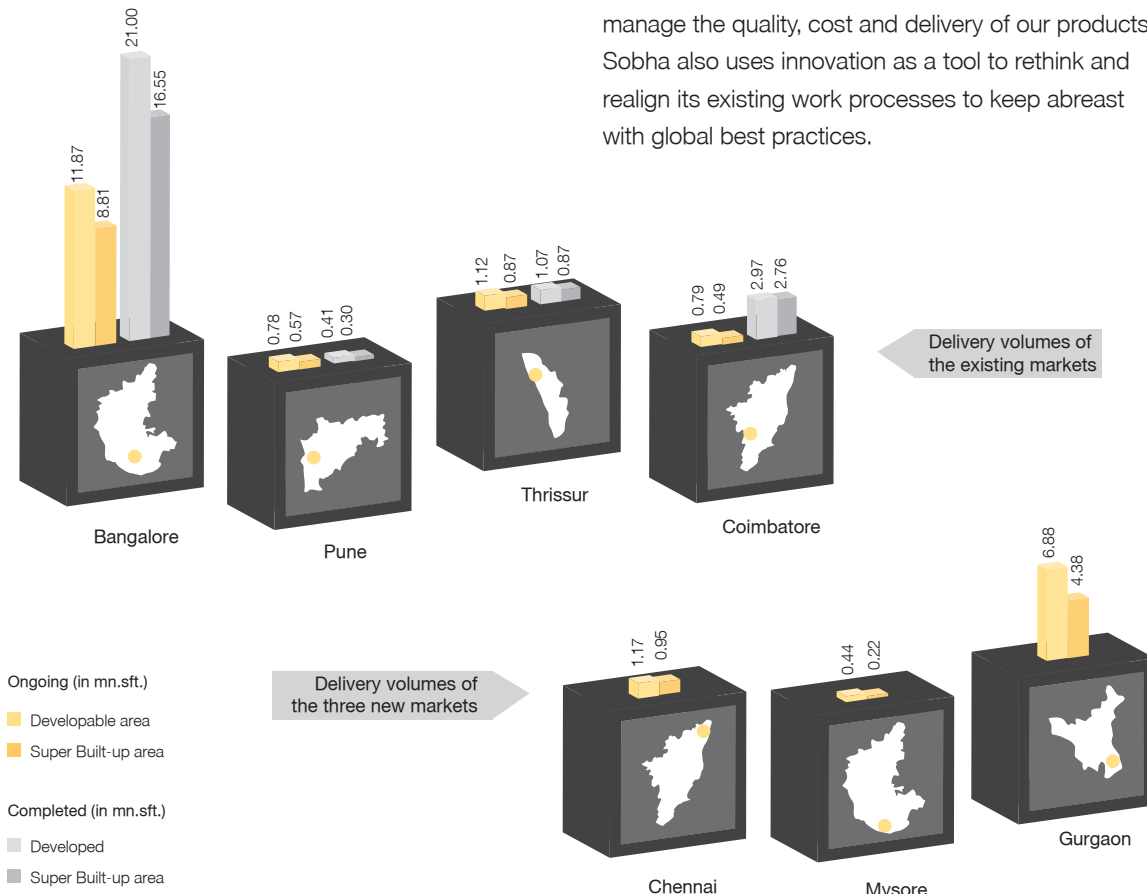
Four key strengths that have enabled us to scale include:

- Execution Capability
- Financial Stability
- Strategic Land Bank
- Empowered Employees

## Execution Capability

Sobha's superior execution capability is its hallmark. We have an annual sustainable run rate of 6 million square feet per annum over the last five completed financial years. We have an in-house expertise in a gamut of work processes - including design (through a design studio for Architectural, Structural and MEP functions), Planning & Estimation, Project Execution (Civil, Mechanical, Electrical, Infrastructure, Metal Works, and Interiors) and Integrated Project Management. These resources aid in delivering efficient and user-friendly functions which are in synergy with the environment.

The backward integration model, which is our key competitive strength, has helped us to proficiently manage the quality, cost and delivery of our products. Sobha also uses innovation as a tool to rethink and realign its existing work processes to keep abreast with global best practices.



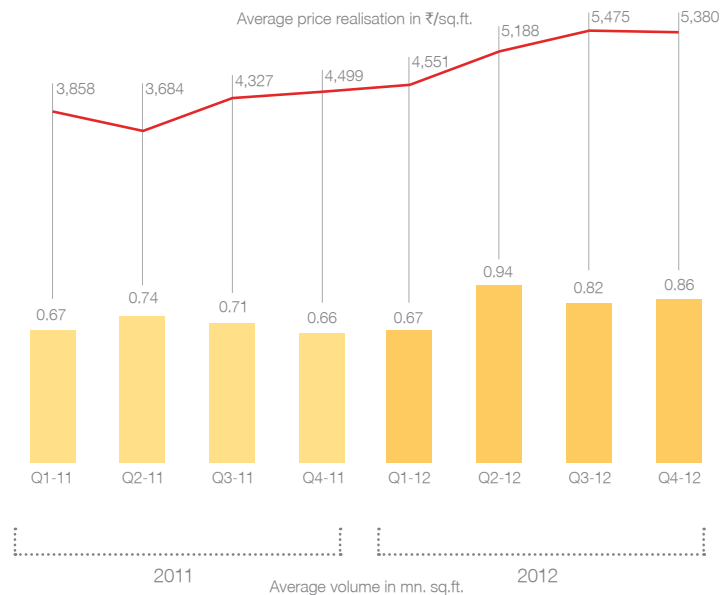
## Financial Stability

Sobha's commitment to delivery, high focus on core operations and strong financial discipline has helped in generating positive operating cash flows over the last few years. We have been successful in bringing down our debt levels consistently, which has laid a strong foundation for capturing growth opportunities. The net D/E ratio has been reduced to 0.53 in FY 2012 from 0.64 in the last financial year.

Also, we expect to generate an operating cash surplus of ₹36 billion for all our ongoing Real Estate

projects, measuring 16.28 million square feet of sold and unsold space, after meeting the construction costs.

Our foray into the three markets - Gurgaon, Chennai and Mysore - has further strengthened our growth momentum, despite a challenging environment. These cities contributed 0.5 million square feet of new sales this fiscal year. Going forward, we would continue to focus on generating high cash flows and tap new investment opportunities, which are in line with our growth philosophy.

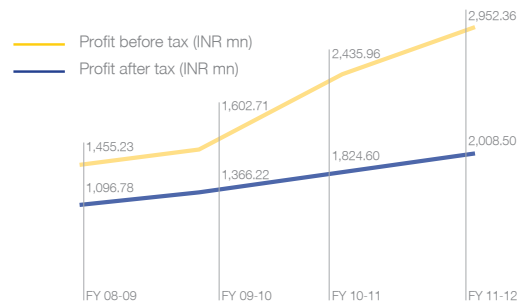
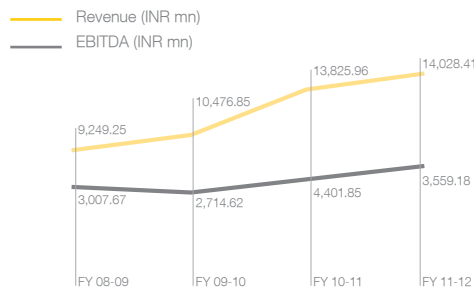


**₹5,181/sft**  
Avg price  
realisation  
2012

**₹4,082/sft**  
Avg price  
realisation  
2011

**0.82 mn.sft**  
Avg volume  
2012

**0.69 mn.sft**  
Avg volume  
2011



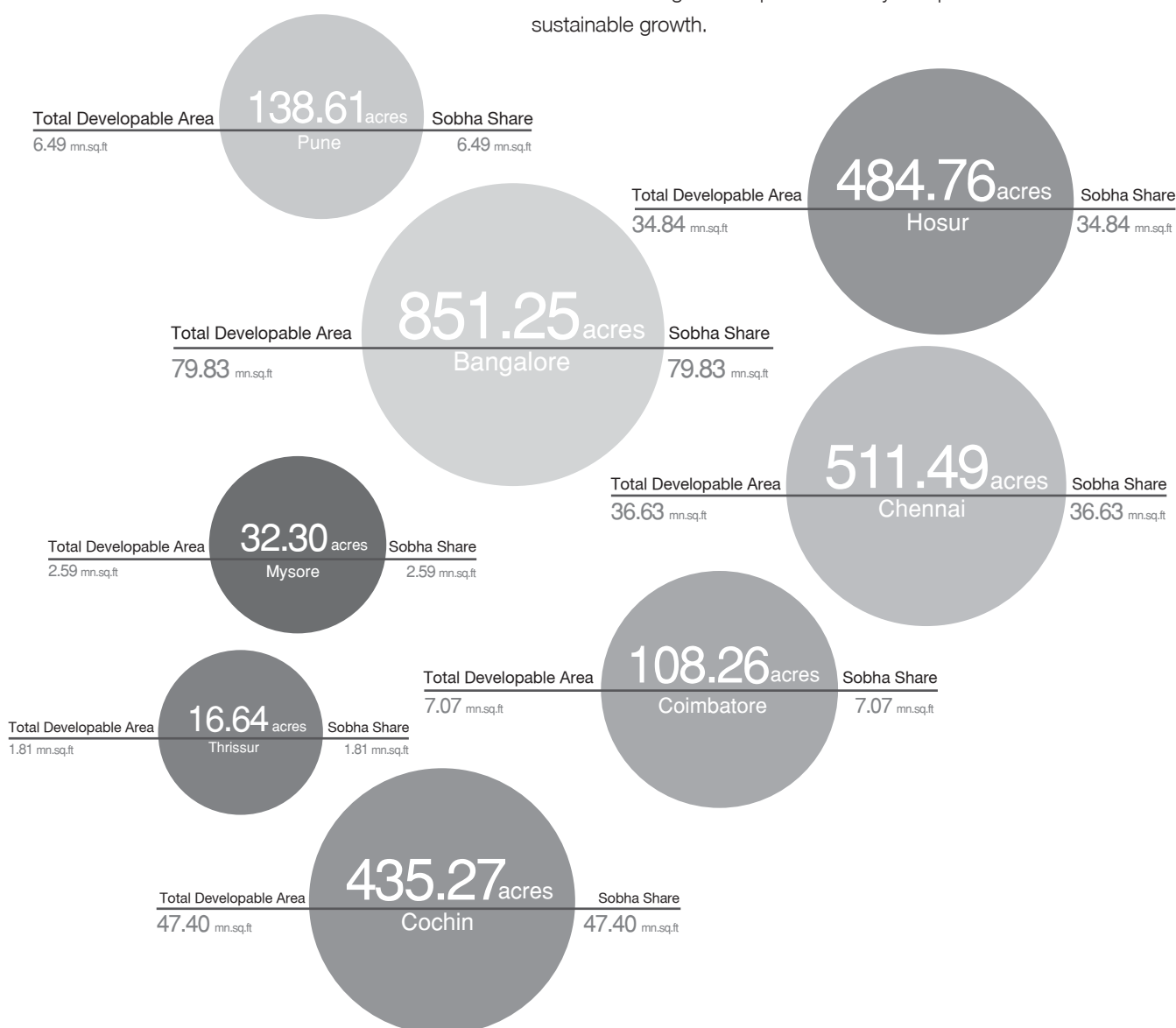


## Strategic Land Bank

Over the years, we have carefully developed a land bank of over 2,500 acres across multiple cities that promise a long-term growth potential. Some of these strategic locations include Bangalore, Chennai, Pune, Kochi, and Coimbatore.

The future development of this land bank will facilitate in operationalising our strategy of maturing in these markets. The average cost of acquisition of this land is probably industry lowest at ₹173 per square feet. And, our land bank's development potential is 216.66 million square feet.

We plan on sustaining our focus on investments which have a high development visibility and pursue sustainable growth.

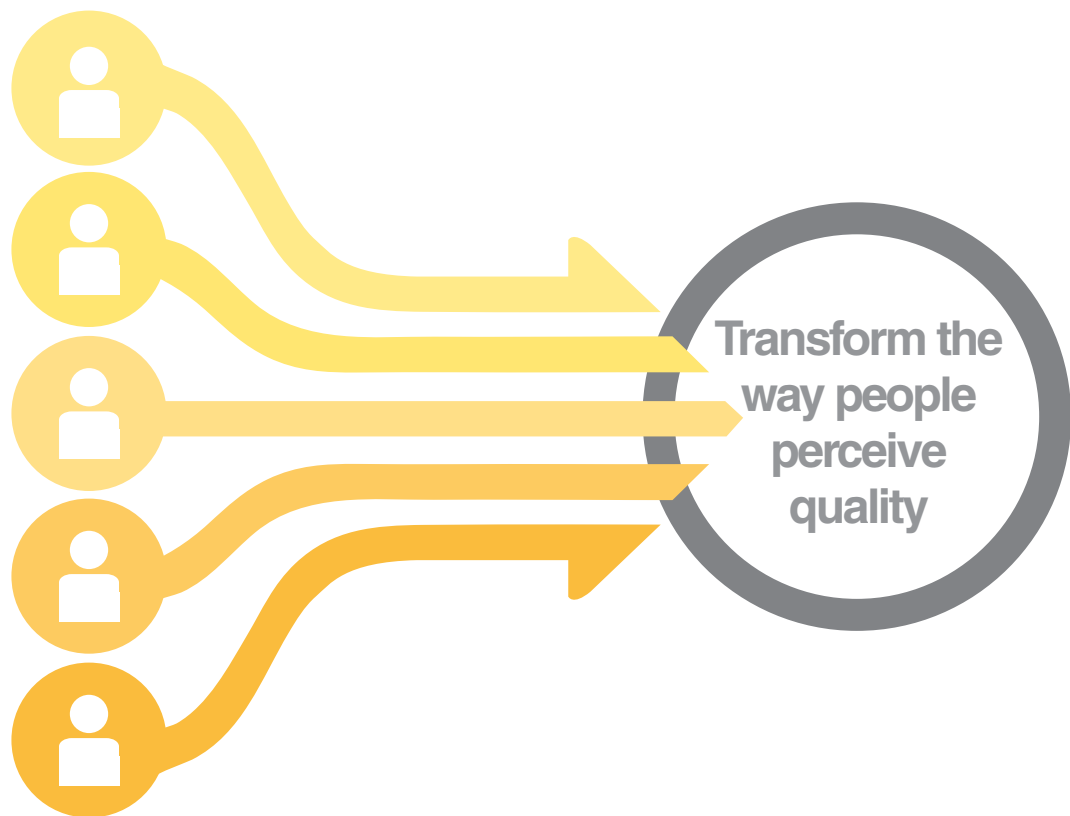


### Empowered Employees

Our employees are pillars of the organisation, and are the key drivers of Sobha's success. Their goals are aligned with the vision and philosophy of the Company, which is to deliver world-class quality products. The principles of integrity, meritocracy, transparency, fairness, leadership by example, and commitment to excellence form an integral part of our Company's culture. Our team follows stringent processes that stem from an outside-in approach

to ensure we offer the highest value proposition continually to our customers.

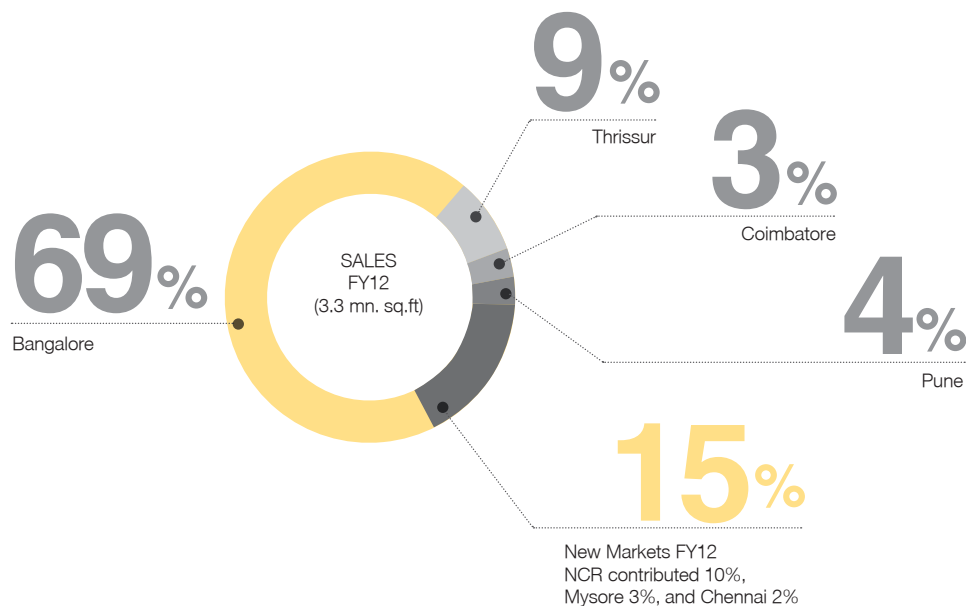
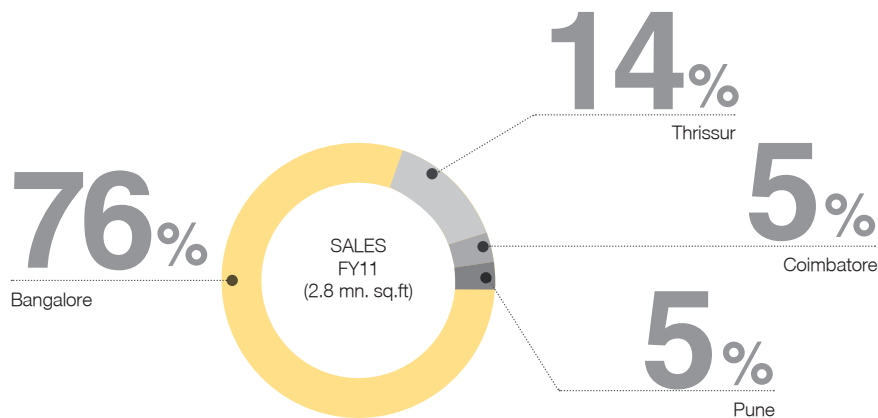
The success of establishing a strong presence in a new market depends highly on the ability of our team to scale up, assume additional responsibilities, and expand their knowledge base. In Sobha, employees are nurtured and empowered to grow as strong leaders in the industry, enabling us to win markets.



# Our Markets

At the beginning of the financial year, the Company had its residential presence in four key markets - Bangalore, Pune, Coimbatore and Thrissur. During the fiscal year 2011-12, Sobha set foot in three fast-growing territories - Gurgaon, Chennai and Mysore.

Sobha's vision towards modernising urban India by bringing it to foremost international standards will embody itself in the form of state-of-the-art projects in all our markets.



## Sobha's New Markets in Fiscal 2012



### Gurgaon:

Spread over 150 acres, International City is a township with complete social infrastructure - schools, healthcare and shopping centres. The planned development is located along the Dwarka Expressway and the International Airport area, which has turned

into a Real Estate hotspot.

The project promotes upscale community living and consists of super luxury villas of 600 sq. yd to 400 sq. yd. and row houses of 270 sq. yd. In the FY 2011-12, the Company sold 0.32 Million Square Feet in Gurgaon.

Decadal growth rate

**73.93%**

NCR currently has higher number of units compared to the other five metropolitan cities put together, and Gurgaon is the greatest demand generator in NCR.

Gurgaon's Real Estate market also has a very high level of investor interest with higher holding capacity.

Area (sq.km)

**1,215**

The completion of the phase 2 of the Delhi metro project acted as a catalyst for residential demand due to enhanced connectivity.

Population in 2011

**1.514mn**

The city has emerged as a commercial IT/ITeS market and as a key satellite node in the National Capital Region (NCR).



### Chennai:

Sobha has launched two projects in Chennai - 'Sobha Meritta' at Kelambakkam, Old Mahabalipuram Road (OMR) and 'Sobha Serene' at Senneerkuppam, near Porur. Sobha Meritta, a gated community sprawling over 6 acres of pristine environs, comprises five elegantly crafted blocks with a total of 556 luxury apartments with a super built-up area ranging from

553 Square Feet to 2,163 Square Feet.

Aptly situated in the industrial corridor of Chennai, Sobha Serene is spread across 3.15 acres. The project comprises 176 luxury apartments with a built-up area ranging from 595 Square Feet to 1,735 Square Feet across eight blocks.

In the FY 2011-12, the Company sold 0.09 million square feet in Chennai.

Decadal growth rate

**7.77%**

Chennai is also known as the 'Automotive Capital of India' as it is among the three largest automotive clusters of India.

It is the fourth largest metropolitan city in India.

Area (sq.km)

**426**

Industrial growth coupled with the presence of the IT industry is the key propeller of Chennai residential market's growth and demand.

Population in 2011

**4.68mn**

Thriving industries have facilitated an increase in both domestic and international travel in the city.

Mysore:

Sobha Garden, spread over 10 acres, is a gated plot community on the Bangalore-Mysore Road, Mysore. The project's strategic location renders great connectivity to both Bangalore and Mysore, while

being at a convenient distance from the Central Business District (CBD) of Mysore. In the FY 2011-12, Sobha sold 0.09 Million Square Feet in Mysore.



Decadal growth rate

**13.39 %**

Mysore is primarily a tourist destination. It is also known as the cultural capital of Karnataka as it traditionally has been a centre for education, commerce, literature and arts.

Owing to its proximity and good road and rail connectivity to Bangalore (about 140 kms), Mysore has witnessed increased Real Estate activity.

Area (sq.km)

**128.42**

With Bangalore growing faster than one ever fathomed, Mysore has become the next favoured destination for IT companies.

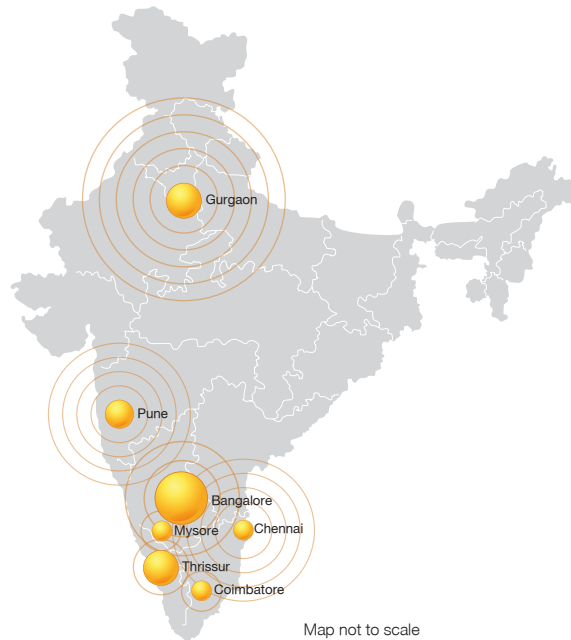
Population in 2011

**0.88 mn**

The much-awaited Bangalore-Mysore expressway will also play a key role in prompting realty growth in the city.

### Maturing in all our markets

With a presence in 7 cities, Sobha will continue to influence and add tremendous value to the Real Estate landscape in India. We intend to tap the potential and further mature in all our markets by expanding our product portfolio to cater to the demand. Our pan-India presence has further harnessed our brand and by leveraging our strengths we shall continue to deliver our customers with high-quality products that we are so passionate about.



Map not to scale

# Letter to the shareholder



*Dear Shareholder,*

Having started my entrepreneurial journey in the Middle East with projects of the stature of royal palaces, luxury hotels and mosques, I wanted to draw on my experience, and knowledge to establish a Company in India, which, over time, would become a yardstick in the Real Estate and construction industry. Today, I am proud that Sobha, with its unparalleled execution capabilities and impeccable quality standards is one of the most respected and trusted companies in the realty arena in India.

As the Indian economy is moving closer to the US\$2 trillion mark, we are nurturing the needs of the discerning citizens of our country with our high quality products, timeless value and customer-centric approach.

For us, perhaps, the most significant part of fiscal 2012 was when we ventured into three new territories, namely, Gurgaon, Chennai and Mysore. By leveraging our core strengths, we wish to tap the market potential of these geographies. Our determined dedication to push ourselves constantly to perform better than the best drives us towards our mission to lead the future of the Real Estate market in India.

In spite of a volatile market environment, Sobha has done credibly well in FY 2011-12. The Company has outperformed its guidance for the year. Against a target of 3 million square feet of fresh sales with an expected sales value of ₹15 billion, Sobha sold 3.28 million square feet of new space valued at ₹17.01 billion.

Moreover, with cumulative delivered real estate space surpassing an unprecedented 50 million square feet mark during this financial year, Sobha has further cemented its standing in the sector.

We have recorded a top line of ₹14.14 billion with a highest-ever Profit before Tax (PBT) of ₹3.17 billion and a Profit after Tax (PAT) of ₹2.1 billion. The net worth of Sobha stands at ₹20 billion as on March 31, 2012.

Presently, Sobha has an organisational strength of over 2,500 employees and has a 10,000 strong customer base living in homes built by us.

During the fiscal year, we also moved to our new corporate and registered office, 'Sobha' at Sarjarpur-Marthahalli Outer Ring Road in Bangalore. It is one of

the finest offices in the Real Estate domain in India. Through this new milestone of ours, we wish to serve you and all our other stakeholders better.

I have built Sobha Developers on two pillars - world class products, and a high quality team. My belief has always been to focus our entire attention to the quality of delivery of the product. The entire backward integration model of the Company is developed to control the quality of every link in the entire chain of construction activity.

Our architectural and engineering design studio, Sobha Academy, state-of-the-art manufacturing units comprising interiors, glazing and metal works, and concrete products have enabled us to enhance our product quality.

The quality of our team is also crucial in the development of our products and it has been carefully built over the last 17 years. Today, with proficient manpower, streamlined processes and a pioneering approach, Sobha has well-defined and well-governed structures in place which contribute to the smooth and efficient functioning of the organisation. This is reflected in the increased confidence of our

customers through our delivery, and investors through our continued consistent operational and financial performance.

Continuous training for employees to enhance the delivery capabilities of the Company is one of the key reasons for our success. Numerous systematic training programs are designed and coordinated for employees at all levels in order to equip them with the latest knowledge and skill sets to master their job so that they deliver the best products and services to our customers. Special monitoring modules are devised on a regular basis to ensure quality, safety, and timely deliveries of all our work processes.

Having an investor base of over 62,000, transparency and governance become more important in the management of the Company. We at Sobha, have inculcated a strong value system which permeates seamlessly throughout the organisation. We are not only proud of our principles of equity, honesty, and integrity, but we also continually try and adopt good governance practices and measures in line with global standards.



It is my strong belief that a Company cannot be appraised solely on its business achievements. While numbers are important, it is its involvement and dedication to the betterment of the society which makes a Company truly successful. With initiatives such as Sobha Hermitage, Sobha Academy, Sobha Health Care, and Social Wedding Programmes, the Company has always endeavoured to discharge its Corporate Social Responsibility earnestly and honourably and strives to be a worthy corporate citizen.

As I look back at Sobha's journey and its progress, I feel content that the goal I had set out to achieve all those years ago has borne fruit. If today the Company commands the respect in the business and investment community, a large portion of the credit goes to our management team which comprises visionaries and leaders like Ravi and Jagadish.

Assisting the Company in this endeavour is our eminent panel of independent directors. Experts in their respective fields, they bring with them a fresh and unbiased perspective and contribute towards the creation and sustenance of a robust governance mechanism.

Backed by strong leadership and ably supported by a skilled and efficient team, I am positive that the Company will be able to harness the growth opportunities, and continue to maintain our growth momentum and scale further heights in the future.

In the end, I would like to express my deep appreciation to our employees for their contribution to the growth of the Company, our customers, who have put their faith in us for the delivery of our products, business associates, vendors as well as the central and state governments for their support.

I would also like to convey my sincere gratitude to all of you for your continued support. I hope to see you all at our annual shareholders' meeting on June 30, 2012.



Yours sincerely,  
P.N.C. Menon

# Awards



The 'Inspirational Leadership Award' conferred on Mr. P.N.C. Menon

Financial Year 2011-12 was a year of recognition and glory for Sobha Developers. The Company was honoured with 31 awards - the highest in its history - in this fiscal. They not only reflect on our growth over the years, but are also a clear endorsement of our sustained commitment to excellence.

Following is a round-up of the accolades and laurels that Sobha has received during this financial year.

## Quality that resonates

Quality is not an act; it is a habit at Sobha. The Company was conferred with 'India's Top 10 Builders Award' for the year 2011 as well by Construction World. Sobha was also awarded with the 'Realty Mogul' title under the 'Lords of the Land' category at the Star Realty Awards 2012.

At another distinguished platform, Realty Plus Excellence Awards 2012, Sobha was recognised with the 'Employer of the Year Award' in Real Estate category.

## Leading the way

Multiple laurels were showered on our leadership team. A special recognition was conferred on our Chairman, Mr. P.N.C. Menon for his 'Dedicated Service to Civil Engineering and the Construction Industry' by the Civil-Aid Techno Clinic Pvt. Ltd. This was followed by the 'Star Realty Extraordinaire' award to Mr. P.N.C. Menon for his extraordinary contribution to the Real Estate sector by Planman Media. Mr. Menon was also honoured with the 'Inspirational Leadership Award in Construction and Infrastructure Industry' by EPC World.

Our Co-Chairman, Mr. Ravi Menon, was bestowed with the 'Young Achievers' Award' at the Real Estate Awards 2012 and the 'Star Realty Magnetic Young Icon' title at the Star Realty Awards 2012.

### Outstanding projects

Delivering world-class quality has always been our primary objective. Sobha was felicitated with the 'Most Outstanding Structure built in Pune' for the construction of Food Court - 3 at Infosys Technologies Ltd., Pune, by the Indian Concrete Institute (ICI). Our Thrissur project, Sobha Malachite, bagged the Runners-up Award for the 'Best Luxury Residential Project (South)' by Zee Business - RICS Real Estate Awards 2011.

We also won the 'Best Development Award' for the construction of the Infosys Global Education Center - II by Business India Exhibitions and Inside Outside Magazine.

### A valuable honour

We know that adding value is only possible by being valuable to our stakeholders. Sobha bagged the Handa Golden Key Award and Muthiah Kasi Trophy for excellence in Value Engineering, Value Management (VE/VM). The winning of the Handa Golden Trophy this year implies that we are the best Company in the country practicing Value Engineering.

### Communicating excellence

We were merited with various accolades in the area of communications as well. Sobha turned up trumps at the Public Relations Council of India (PRCI) Awards where it won the PRCI Gold Award for the best 'Corporate Film' and the PRCI Silver Award for the best 'PR Case Study'. The Association of Business Communicators of India (ABCI) acknowledged Sobha with a Gold Award for the best 'Newsletter Design' and a Bronze Award for the best 'Illustration'. We also received three third prizes for the best 'House Journal', 'Corporate Website' and 'PR in Action' by the Public Relations Society of India (PRSI).

For the second consecutive year, Sobha was honoured by the League of American Communications Professionals (LACP). At the 2010 LACP Vision Awards, the Company, for its annual report titled 'Details Make the Difference,' won a Silver Award for excellence within the industry (Real Estate) World-wide, a Bronze Award for the 'Best In-House Annual Report in Asia-Pacific Region', and Sobha's annual report was ranked #35 in the 'Top 50 Annual Reports' in the Asia-Pacific Region. Sobha also won two more prestigious awards for its annual report. They include a 'PRCI Silver Award' by PRCI and a 'Bronze Award' by ABCI.

### Growing sustainably

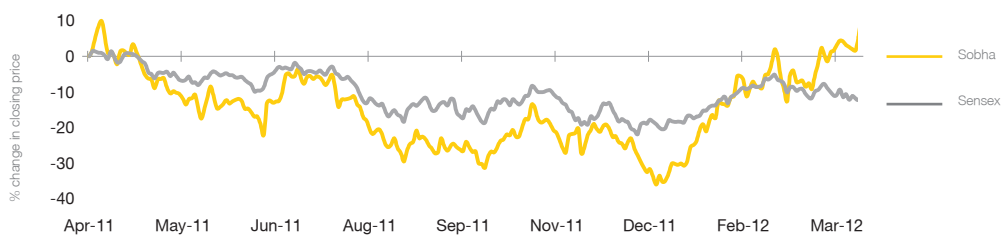
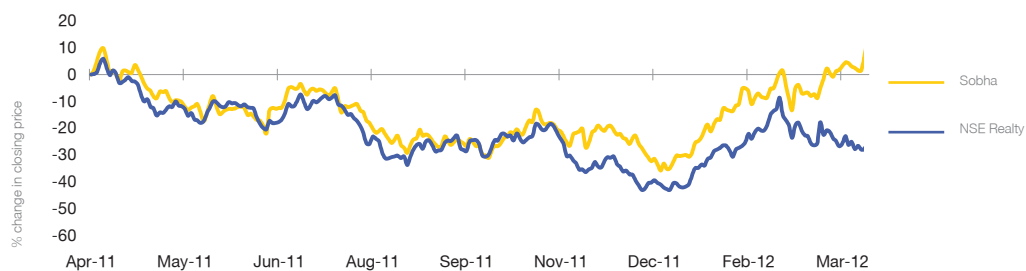
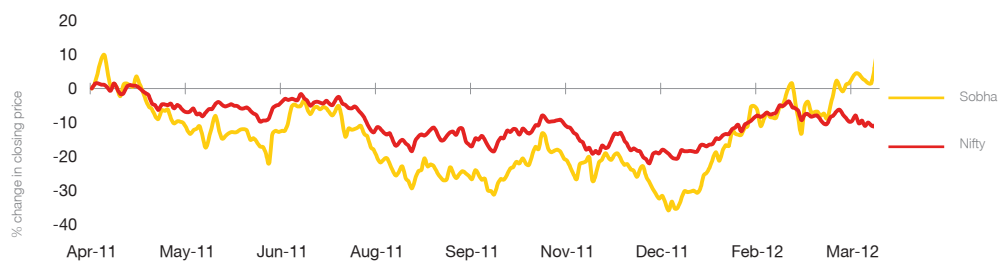
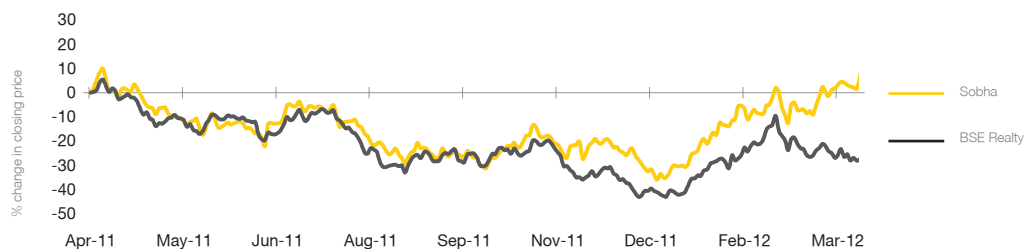
Sobha's green concepts were commended too as we were bestowed with two significant awards in this domain - 'Best Sustainable Project of the Year' by Construction Week India and 'Eco Friendly Project of the Year' (2011) by Property Awards for the construction of Bayer Eco-Commercial Building. Another project, Sobha Forest View, won the 'Environment Friendly Project of the Year' (2012) in the residential category by Realty Plus. Furthermore, the Energy Symposium & Vendors Conclave (ESVC) conferred on Sobha Developers the 'Certificate of Recognition for Energy Conservation'.

### A rewarding payback

For its devoted contribution to Corporate Social Responsibility beyond the call of duty, Sobha was acknowledged with 'Mother Teresa Special Award for Corporate Citizen - 2011' by Loyola Institute of Business Administration (LIBA), 'Rotary Binani Zinc CSR Award' in the large corporate category in Kerala and the first prize for 'CSR' by the PRSI.

The rich vein of awards that Sobha has struck on in the recent past is continuing with its prodigious output as the Company charts a steady growth trajectory.

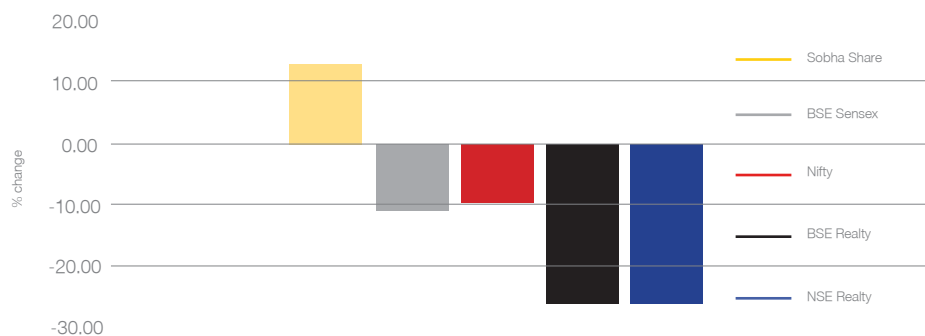
# Our Share



## Based on NSE Prices

Share Price at the beginning of the financial year (April 01, 2011)	295.45
Highest Share Price (March 30, 2012)	334
Lowest Share Price (December 29, 2011)	179.50
Share Price at the close of the financial year (March 31, 2012)	333.15
Equity Shares at the close of the financial year	98,063,868
Market Capitalisation at the beginning of the financial year (₹ in Million)	28,972.97
Market Capitalisation at the close of the financial year (₹ in Million)	32,669.98

Comparison With Broad Based Indices	April 01, 2011	March 31, 2012	% Change
Sobha Share (₹)	295.45	333.15	12.76
BSE Sensex	19,420.39	17,404.20	(10.38)
NSE Nifty	5,826.05	5,295.55	(9.11)
BSE Realty Index	2,397.82	1,776.96	(25.89)
NSE Realty Index	321.8	239.05	(25.71)



Shareholding Movements	March 31, 2011	March 31, 2012	% Change
Promoter and Promoter Group	59,376,380	59,376,350	-
Foreign Institutional Investors	29,620,839	31,744,744	2.1658
Mutual Funds	3,958,742	1,991,242	(2.0063)
Domestic Financial Institutions	554,719	555,029	0.0003
Corporate Bodies	1,461,706	985,603	(0.4855)
Others	3,091,482	3,410,900	0.3257
Total	98,063,868	98,063,868	

The free float consists of 38,687,488 equity shares comprising 39.45 % of the total capital of the Company. The average daily traded quantity recorded in the stock exchanges in which the Company is listed during the financial year 2011-12 is 202,678 equity shares.

# Board of Directors

From left to right

R.V.S. RAO  
Independent Director

ANUP SHAH  
Independent Director

DR. S.K. GUPTA  
Independent Director

M. DAMODARAN  
Independent Director

P.N.C. MENON  
Chairman

RAVI MENON  
Co-Chairman

J.C. SHARMA  
Vice Chairman &  
Managing Director

P. RAMAKRISHNAN  
Deputy Managing Director





**Mr. P.N.C. Menon - Chairman**

Mr. P.N.C. Menon, 64, is the founder Chairman of the Company. He established Sobha Developers Limited in 1995 and under his stewardship the Company has emerged as a reputed brand in the field of construction and Real Estate and acquired a pan India presence. He was conferred with the prestigious 'Pravasi Bharatiya Samman Puraskar' by the President of India, Ms. Prathiba Patil, in 2009.

**Mr. Ravi Menon - Co-Chairman**

Mr. Ravi Menon, 31, is the Co-Chairman of the Company. He holds a degree in Bachelor of Science in Civil Engineering from Purdue University, USA. He primarily focuses on the overall product delivery function of the Company and supervises the functioning of various departments in the organisation such as Sales & Marketing, Estimation, Cost Audit, Value Engineering, Landscaping, Human Resources, QST, Purchase, and Architects.

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

Mr. J.C. Sharma, 54, is the Vice-Chairman and Managing Director of the Company. He holds a degree in Bachelor of Commerce (Honours) from St. Xavier's College, Calcutta. He is a qualified Chartered Accountant and Company Secretary with over 28 years of experience in diversified industries. Mr. J.C. Sharma is entrusted with the responsibility of managing the overall affairs of the Company and is instrumental in spearheading the growth mantle of Sobha.

**Mr. P. Ramakrishnan - Deputy Managing Director**

Mr. P. Ramakrishnan, 49, is the Deputy Managing Director of the Company. He holds a Bachelor's Degree in Technology (Electrical and Electronics Engineering) from Bharathiyar University and a Master's Degree in Business Administration from

Madurai Kamaraj University. Mr. P. Ramakrishnan supervises the operations of the Company in Thrissur, Kerala, and is responsible for overseeing the contractual projects and manufacturing facilities of the Company.

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

Mr. R.V.S. Rao, 68, is an Independent Director of the Company. He holds a Bachelor's Degree in Commerce from the University of Mysore and a Bachelor's Degree in Law from Bangalore University. He has over 40 years of experience in the areas of banking and finance.

**Dr. S.K. Gupta - Independent Director**

Dr. S.K. Gupta, 73, is an Independent Director of the Company. He is a Metallurgical Engineer with a Ph.D. (Tech.) and D.Sc. (Tech.) from Moscow. He has over 51 years of experience in the field of metallurgy, engineering and management in the steel domain. He was the Chairman of the Government of India task force on steel growth plan till 2010.

**Mr. Anup Shah - Independent Director**

Mr. Anup Shah, 55, is an Independent Director of the Company. He has a Bachelor's Degree in Commerce from HR College, Mumbai, and a degree in law from Government Law College, Mumbai. He has over 28 years of experience in the field of law, specifically Real Estate law. He is the Founder Partner of Anup S Shah Law Firm in Bangalore.

**Mr. M. Damodaran - Independent Director**

Mr. Damodaran, 65, is an Independent Director of the Company. He holds degrees in Economics and Law from the Universities of Madras and Delhi. He has over 40 years of experience in financial services and public sector enterprises. He is the former Chairman of Securities and Exchange Board of India (SEBI) before which he headed the IDBI Bank.



## Board Committees

### Audit Committee

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

### Investors' Grievance Committee

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

### Nomination, Remuneration and Governance Committee

Mr. Anup Shah (Chairman)  
Mr. R.V.S Rao (Member)  
Mr. J.C. Sharma (Member)

### Share Transfer Committee

Mr. J.C. Sharma (Chairman)  
Mr. Ravi Menon (Member)  
Mr. P. Ramakrishnan (Member)

## Corporate Information

### Company Secretary and Compliance Officer

Mr. Kishore Kayarat

### Statutory Auditors

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

### Bankers

Allahabad Bank  
Andhra Bank  
Axis Bank  
Bank of India  
ICICI Bank  
IDBI Bank  
Indian Overseas Bank  
Standard Chartered Bank  
State Bank of India  
State Bank of Travancore  
Syndicate Bank  
United Bank of India

### Legal Advisors

Anup S Shah Law Firm

### Registered & Corporate Office

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

# Directors' Report

To,  
The Members

We have pleasure in presenting the seventeenth annual report on the business and operations of the Company together with the audited results for the financial year ended March 31, 2012.

## Financial Highlights

Particulars	Standalone Results		Consolidated Results	
	2011-12	2010-11	2011-12	2010-11
Total Revenue	14,028.41	13,825.96	14,143.72	13,996.13
Total Expenditure	9,626.56	10,266.78	9,413.47	10,344.55
Earnings before Interest, Depreciation and Amortisation	4,401.85	3,559.18	4,730.25	3,651.58
Depreciation and Amortisation	387.78	277.73	387.78	277.73
Finance Cost	1,061.71	845.49	1,165.39	859.67
<b>Profit before Tax</b>	<b>2,952.36</b>	<b>2,435.96</b>	<b>3,177.08</b>	<b>2,514.18</b>
Tax Expenses				
- Current Tax	586.90	629.53	719.59	686.73
- Deferred tax charge / (credit)	404.16	(22.27)	404.16	(22.27)
- MAT credit utilisation / (entitlement)	(47.20)	4.10	(47.20)	4.10
<b>Profit After Tax</b>	<b>2,008.50</b>	<b>1,824.60</b>	<b>2,100.53</b>	<b>1,845.62</b>
Minority Interest	-	-	40.99	32.90
Share of (Profit)/ Loss of Associate	-	-	-	(0.20)
<b>Profit for the year</b>	<b>2,008.50</b>	<b>1,824.60</b>	<b>2,059.54</b>	<b>1,812.92</b>

(₹ in million)

### Result of Operations

During the year under review, the Company has executed and handed over 9 residential projects covering an area of 3.14 million square feet and 18 contractual projects covering an area of 2.08 million square feet resulting in an aggregate development of 5.22 million square feet. The Company has completed 79 residential projects and 209 contractual projects covering about 51.80 million square feet of area since inception. The Company currently has 38 ongoing residential projects aggregating to 23.04 million square feet of developable area and 47 ongoing contractual projects aggregating to 10.05 million square feet under various stages of construction.

The Company has a geographic presence in 22 cities and 13 states across India. During the year under review, the Company has expanded its operations into three new locations, namely, Gurgaon, Mysore and Chennai.

### Transfer to Reserves

An amount of ₹201 million is proposed to be transferred out of the current profits to the General Reserve.

### Dividend

The Board of Directors has, subject to the approval of the shareholders in the Annual General Meeting, recommended a dividend at the rate of ₹5 per equity share of ₹10 each resulting in a dividend rate of 50 % for the financial year 2011-2012.

### Debentures

During the year under review, the Company has not issued any debentures. The Company has redeemed various series of non-convertible debentures aggregating ₹750 million. As on date, there are no debentures due for redemption.

### Deposits

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

### Business

The Company's main operations can be bifurcated into:

- Development and construction of residential and commercial projects
- Contractual projects

A summary of completed and ongoing projects as on March 31, 2012 has been detailed in the Management Report forming part of the annual report.

### Manufacturing Divisions

The Company follows a backward integration business model wherein the resources and expertise required for executing a project from conceptualisation to completion are sourced from the following divisions

#### A. Glazing Division

The Glazing Division is engaged in the business of metal fabrication such as aluminum windows and doors, structural and architectural glazing. The division has factories in Bangalore and Chennai.

#### B. Interiors Division

The Interiors Division of the Company, located at Bangalore, specialises in woodwork and in manufacturing wood and wood-based products. It has also established a factory which is engaged in the manufacture of mattresses under the brand name "Sobha Restoplus".

### C. Concrete Products Division

The Concrete Products Division of the Company is engaged in the manufacture of a wide range of concrete products such as hollow and solid concrete blocks, medium and heavy duty concrete pavers and varieties of concrete paving slabs. The division has factories in Bangalore, Gurgaon and Pune.

### Shifting of Registered Office

During the year under review, the registered office of the Company was shifted from E-106, Sunrise Chambers, #22, Ulsoor Road, Bangalore - 560 042 to a self-owned premises situated at 'Sobha', Sarjapur-Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore - 560 103 with effect from December 19, 2011.

### Board of Directors

As on date, the Board of Directors of the Company comprise of eight Directors of which four are Independent Directors.

In view of the significant contributions made by Mr. Ravi Menon and Mr. J.C. Sharma, the Board of Directors, based on the recommendations of the Nomination, Remuneration and Governance Committee, has appointed Mr. Ravi Menon as the Co-Chairman and Mr. J.C. Sharma as Vice Chairman and Managing Director of the Company with effect from May 06, 2012.

In terms of Section 255 and 256 of the Companies Act, 1956 and Article 107, 108 and 109 of Articles of Association of the Company, Mr. M. Damodaran and Mr. Anup Shah, both Independent Directors, are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for

re-appointment.

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

### Board Committees

During the year under review, the Company has reconstituted the Share Transfer Committee of the Board of Directors on two occasions. Mr. P. Ramakrishnan, Deputy Managing Director, was co-opted as a member of the Committee with effect from August 09, 2011. Mr. P.N.C. Menon, Chairman, stepped down from the membership of the Committee due to his inability to attend the meetings with effect from May 06, 2012.

The Company had reconstituted the Executive Selection and Remuneration Committee as Nomination, Remuneration and Governance Committee with effect from May 06, 2012.

### Auditors

M/s S.R. Batliboi & Associates, Chartered Accountants, statutory auditors of the Company retired at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Board of Directors upon the recommendation of the Audit Committee proposes the re-appointment of M/s S.R. Batliboi & Associates, Chartered Accountants as the statutory auditors of the Company.

There are no observations or adverse remarks in the Auditors' Report, which require any explanation by the Board of Directors.

## Subsidiaries

### A. Sobha Developers (Pune) Private Limited

The Company had earlier entered into a joint venture agreement with Pan Atlantic Investments Limited, a Limited Liability Company registered in Dubai, for the purpose of construction and development of residential townships in India. Sobha Developers (Pune) Private Limited, a company incorporated under the Companies Act, 1956, was identified as a Special Purpose Vehicle (SPV) for the aforesaid purpose.

Pan Atlantic Investments Limited, which initially held 81% of the equity interest in the SPV, expressed its desire to exit from the investment. After negotiations, the Company agreed to buy the investment in accordance with the applicable laws, rules, and guidelines.

As per the Exit Agreement entered into with Pan Atlantic Investments Limited, the Company has, during the year under review, purchased the entire shareholding of Sobha Developers (Pune) Private Limited and it has consequently become a subsidiary of the Company within the meaning of Section 4 (1) (b) of the Companies Act, 1956, with effect from July 01, 2011.

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

### B. Sobha Assets Private Limited

During the year under review, Sobha Assets Private Limited was incorporated as a wholly owned subsidiary on March 13, 2012.

The financial statements of the subsidiaries have been reviewed by the Audit Committee and the minutes of the same have been placed before the Board of Directors as stipulated under Clause 49 of the Listing Agreement. None of the aforesaid subsidiary is a material non-listed Indian subsidiary as defined under the Listing Agreement.

Pursuant to the general exemption granted by the Ministry of Corporate Affairs vide General Circular No. 2/2011, dated February 08, 2011, the balance sheet, statement of profit and loss and other documents of subsidiary companies as prescribed under Section 212 (8) of the Companies Act, 1956, have not been attached. As stipulated in the circular, the Company has disclosed the requisite financial information of the subsidiaries in the annual report. Further, the annual accounts and the related detailed information of the subsidiaries shall be provided to the Members upon request and the same shall also be available for inspection on any working day during the business hours at the registered office of the Company and the respective subsidiary companies.

### Human Resources

Sobha Developers Limited, one of the leading companies in the Real Estate and construction sector in India, has an organisational strength of 2,502 employees as on March 31, 2012.

The Company has an in-house training and learning department which specialises in organising and conducting extensive training and motivational programmes on varied topics. Primarily focusing on the augmentation of occupational skills and enhancement of employee morale, these programmes contribute to the overall development of the employees and in turn contribute to the growth of the Company.

Employees are given ample opportunities to suggest and develop new and innovative ideas, methods and techniques which assist in improving the efficiency levels of the Company.

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

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

### Quality, Safety and Technology

In line with our vision, *'Transform the way people perceive Quality'*, the Company gives utmost importance to delivery of products conforming to international standards of quality. The Department of Quality, Safety and Technology (QST), which is responsible for this function, monitors the working of various project sites, ensures adherence to established quality and safety parameters and is also

responsible for inducting the latest in construction technology thereby enabling project delivery at par with relevant specifications, norms and standards.

The department gives prominence to the quality of construction, safety standards, infrastructure execution, civil maintenance works, geo-technical aspects, drawing detail development and importing/ implementing new tools and materials for process upgradation.

### Corporate Governance

A detailed report on Corporate Governance and a certificate from a Practicing Company Secretary affirming compliance with the various conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the annual report.

### Responsibility Statement of the Board of Directors

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

- i. In the preparation of the annual accounts, the applicable accounting standards had been followed along with the proper explanation relating to material departures, if any.
- ii. The Directors had selected the accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit of the Company for that period.

- iii. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- iv. The Directors had prepared the annual account on a "going concern" basis.

#### **Corporate Social Responsibility**

Sobha Developers Limited is a responsible corporate citizen and conscientiously works towards fulfilling its Corporate Social Responsibility. A separate section on Corporate Social Responsibility forms part of the annual report.

#### **Code of Conduct**

As prescribed under Clause 49 of the Listing Agreement, a declaration signed by the Vice Chairman and Managing Director affirming compliance with the Code of Conduct by the Directors and senior management personnel of the Company for the financial year 2011-12 is annexed and forms part of Corporate Governance Report.

#### **Disclosure of Employees**

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

#### **Secretarial Audit Report**

The Secretarial Audit Report for the year ended March 31, 2012, issued by a Practicing Company Secretary confirming compliance with all the applicable provisions of Corporate Laws and the Listing Agreement is provided separately in the Annual Report.

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

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

#### **Additional Information to Shareholders**

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

#### **Management Discussion and Analysis Report**

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

### Acknowledgments

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

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



Place: Dubai  
Date: May 06, 2012

Ravi Menon  
Co-Chairman



J.C. Sharma  
Vice Chairman & Managing Director



### Annexure to Directors' Report

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

#### I. Conservation of Energy

The Company has adopted the following energy conservation measures:

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

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

#### II. Technology Absorption

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

1. Testing of new formwork systems (PERI & BSL) and testing of H-Beam for structure perfection
2. Introduction of laser plummet for accurate marking
3. Introduction of "Scaff Board" for safety of the workforce who work at heights

4. Software for BBS to generate fast and accurate bar bending schedules
5. 'Grab & Trolley' for block shifting
6. 'Debris Crusher' for crushing and recycling the debris generated at the sites

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

### III. Research and Development (R&D)

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

1. 'Ready Mixed Concrete Batching Plant Audit' for Vendor Evaluation
2. Materials testing and validation of the construction materials used at site to check their quality, durability, and compatibility
3. Pile Integrity Test for qualitative evaluation of the physical dimensions (cross sectional variation), soundness, or defects of the piles concrete with respect to its continuity
4. Introduction of 'Lightweight Deflectometer' for measuring the deflection modulus of sub grade/ sub soils and unbound base layers

5. Introduction of 'Block Testing Plates' for testing blocks at the sites
6. Introduction of 'Lift Well' gate for fall protection into the lift pits or shafts

#### Benefits derived as a result of the above R&D

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

#### Future Plan of Action

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

#### Expenditure on R&D

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

### IV. Foreign Exchange Earnings and Outgo

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

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

(b) Total foreign exchange used and earned

Total expenditure in foreign exchange: ₹25.62 million

Total income in foreign exchange: Nil

Statement pursuant to Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 amended vide notification G.S.R 289 (E) dated 31.3.2011

Sl.No	Name	Age	Designation	Gross Remuneration ₹	Qualification	Experience (Years)	Date of commencement of Employment	Previous Employment held
<b>(A) Employed throughout the financial year</b>								
1	Mr. Ravi Menon	31	Co- Chairman	43,615,463	B.S.C.E	8	06.06.2004	Not Applicable
2	Mr. J.C. Sharma	54	Vice Chairman and Managing Director	50,042,372	B.Com,ACA, ACS	28	01.06.2001	Grasim Industries Limited
3	Mr. P. Ramakrishnan	49	Deputy Managing Director	6,348,481	BE,MBA	26	15.03.2007	Enares Infranet Private Limited
4	Mr. Sanjay Khosla	54	Executive Director - Sales & Marketing	10,073,360	BA,PGDBM	30	01.08.2008	Ozone Group
5	Mr. Jagadish Nangineni	33	Regional Head- New Delhi	7,124,402	B.Tech Civil, PGDM	10	12.11.2009	Greenbox Realty & Highstreet capital
<b>(B) Employed for part of the financial year</b>								
1	Mr. Rajan Nambiar	60	CEO - M&E	5,594,735	DME, AMIE	38	01.01.1997	Drake & Scull Assarain LLC, Muscat
2	Mr. Jayanand Potdar	48	Executive Director - Contracts	3,732,075	D.C.E, D.B.M, M.M.S, A.D.I.S.	27	16.11.2011	Tecpro Systems Limited
3	Mr. Madappa Palachanda	46	CEO- Contracts	2,819,444	BE Civil, M.E.S	24	19.12.2011	DEC Australia Company

**Notes:**

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

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



Ravi Menon  
Co-Chairman



J.C. Sharma  
Vice Chairman & Managing Director

Place: Dubai  
Date: May 06, 2012

# Corporate Governance Compliance Certificate

To the Members of Sobha Developers Limited,

I have examined all the relevant records of Sobha Developers Limited for the purpose of certifying compliance of the conditions of corporate governance under Clause 49 of the Listing Agreement with Stock Exchanges for the financial year ended March 31, 2012. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of certification.

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

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



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

Place: Bangalore  
Date : May 6, 2012

# Corporate Governance Report

Corporate Governance encapsulates corporate fairness, integrity, transparency and accountability. An organisation's growth and stability depends on co-operation from its stakeholders such as investors, customers, suppliers, employees, government etc which can be secured through the assimilation of good governance practices. It is a continuous journey towards enhancing sustainable value creation and is an upward moving target. Good Corporate Governance practices take into account the diverse and varied interests of stakeholders and ensures that the management takes decisions in the best interest of the Company and the society.

## Company's Philosophy on Corporate Governance

Sobha Developers Limited believes in maintaining the highest standards of Corporate Governance. It is the Company's constant endeavour to adopt the best Corporate Governance practices and provide oversight and guidance to the management in strategy implementation, risk management and fulfillment of stated goals and objectives.

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

## Board of Directors

The Board of Directors has been constituted in a manner which ensures optimum mix of Executive and Non-Executive Directors. As on date, the Board of Directors comprise of eight directors of which four are non-executive independent directors. The composition of the Board of Directors is in compliance with the requirements of Clause 49 of the Listing Agreement.

As per the declarations received by the Company, none of the Directors are disqualified under Section 274(1) (g) of the Companies Act, 1956 read with Companies (Disqualification of Directors under Section 274(1) (g) of the Companies Act, 1956) Rules, 2003.

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

The composition of the Board of Directors as on May 06, 2012 is as follows:

Name	Designation	Category	Relationship with other Directors	Directorships*	Committee**	
					Memberships	Chairmanships
Mr. P.N.C. Menon	Chairman	Whole-Time Director	Father of Mr. Ravi Menon	14	None	None
Mr. Ravi Menon	Co-Chairman	Whole Time Director	Son of Mr. P. N.C Menon	12	1	None
Mr. J.C. Sharma	Vice Chairman and Managing Director	Whole Time Director	None	13	2	None
Mr. P. Ramakrishnan	Deputy Managing Director	Whole-Time Director	None	1	None	None
Mr. R.V.S. Rao	Independent Director	Director	None	6	1	2
Mr. Anup Shah	Independent Director	Director	None	5	2	None
Mr. M. Damodaran	Independent Director	Director	None	12	3	1
Dr. S.K. Gupta	Independent Director	Director	None	7	6	2

\* Directorship in both public (listed and unlisted) and private limited companies have been considered

\*\* In accordance with Clause 49 of the Listing Agreement, Memberships / Chairmanships of only Audit Committees and Investors Grievance Committee of all Public Limited Companies have been considered.

## Board Meetings

Being the apex body constituted by the shareholders for overseeing the overall functioning of the Company, the Board evaluates the proposals involving strategic decision making on a collective consensus basis. The Board meetings are usually held at the Company's Registered and Corporate Office. The Company Secretary in consultation with the Chairman and Vice Chairman and Managing Director drafts the Agenda for each Board meeting along with explanatory notes and circulates these to the Directors within the time prescribed under the Secretarial Standards.

The Company has convened at least one Board meeting in a quarter and the maximum time gap between any two meetings is not more than four months. During the financial year 2011-12, the Board has met four times on:

- May 10, 2011
- August 09, 2011
- November 14, 2011
- January 21, 2012

## Information furnished to the Board

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

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

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

Name	Designation	No. of Board Meetings held during the financial year	No. of Board Meetings attended during the financial year	Whether attended last AGM
Mr. P.N.C. Menon	Chairman	4	2	Yes
Mr. Ravi Menon	Co-Chairman	4	4	Yes
Mr. J.C. Sharma	Vice Chairman and Managing Director	4	4	Yes
Mr. P. Ramakrishnan	Deputy Managing Director	4	3	Yes
Mr. R.V.S. Rao	Independent Director	4	4	Yes
Mr. Anup Shah	Independent Director	4	4	Yes
Mr. M. Damodaran	Independent Director	4	3	Yes
Dr. S K Gupta	Independent Director	4	3	Yes

- Quarterly Unaudited and Annual Audited Financial Results of the Company
- Minutes of the meetings of the Board and various Board and Management Committees
  - Audit Committee
  - Investors' Grievance Committee
  - Nomination, Remuneration and Governance Committee
  - Share Transfer Committee
  - Investments and Borrowings Committee
  - Executive Committee
- Information on recruitment and remuneration of senior officers just below the Board level
- Significant development in human resources
- Safety performance of the Company including a report on serious and fatal accidents
- Material litigations by and against the Company
- Any material default in financial obligations to and by the company, or substantial nonpayment for goods sold by the company.
- Joint venture, collaborations and acquisitions undertaken by the Company
- Financial statements and minutes of subsidiary companies
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material
- Presentations covering the Sales, Delivery, Finance, Compliance, and Risk Management practices

#### Appointment and Re-appointment of Directors

Pursuant to the significant contributions made by Mr. Ravi Menon and Mr. J.C. Sharma, the Board of Directors based upon the recommendation of the Nomination, Remuneration and Governance Committee, has appointed Mr. Ravi Menon as Co-Chairman and Mr. J.C. Sharma as Vice Chairman and Managing Director of the Company with effect from May 06, 2012.

According to Section 255 of the Companies Act, 1956, not less than two-thirds of the total number of directors of a public company shall be liable to retire by rotation and one-third of such directors shall retire



every year. Further, the Articles of Association of the Company provides that one-third of the Directors shall retire by rotation every year and, if eligible, offer themselves for re-appointment at the Annual General Meeting of shareholders.

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

In terms of Section 255 of Companies Act, 1956 read with Article 107, 108 and 109 of Articles of Association, Mr. M. Damodaran and Mr. Anup Shah, Independent Directors retire at the ensuing Annual General Meeting. The Board has recommended the re-appointment of all the retiring Directors.

The brief profiles of Mr. M. Damodaran and Mr. Anup Shah are provided as an annexure to the Notice convening the Annual General Meeting.

#### **Resolutions passed by circulation**

During the financial year 2011-2012, the Board of Directors have not passed any resolution by way of circulation.

#### **Board Compensation**

The Board is responsible for the appointment of new directors and the same is subject to approval of the shareholders at the Annual General Meeting. The compensation to the Board of Directors is approved by the shareholders and disclosed separately in Notes to Accounts. Compensation to the Vice Chairman and Managing Director / Wholtime Director(s) consists of fixed salary and /or performance incentive. The Nomination, Remuneration and Governance Committee of Board of Directors reviews and recommends to the Board

of Directors, remuneration payable to the Vice Chairman and Managing Director and the Wholtime Directors. The Executive Directors of the Company are not entitled to sitting fees for attending the Board meetings or the Committee Meetings.

#### **Independent Directors**

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

We have an eminent pool of Independent Directors who with their repertoire of knowledge, expertise and varied experience contribute to the development of strategies and also evaluate the performance of the management. A statement of independence has been obtained from each of the independent directors of the Company.

Clause 49 of the Listing Agreement states that if the Chairman of the Company is an Executive Director, at least half of the Board should comprise of independent directors. Your Company is in compliance with the same.

#### **Independent Directors Remuneration**

Section 309 of the Companies Act, 1956 provides that a Director who is neither in the wholtime employment of the Company nor a Managing Director may be paid remuneration by way of commission, if the Company by special resolution, authorizes such payment. The members of the Company at the sixteenth Annual General Meeting held on June 30th 2011, had approved the payment of remuneration by way of commission to Non-Executive Directors, at a rate not exceeding 1% per

annum of the net profits of the Company for a period of five years commencing from April 01, 2011. The said resolution shall remain in force until March 31, 2016.

As per the resolution of the Board dated May 10, 2011, Independent Directors who attend the Board Meetings are entitled to a sitting fees of ₹10,000/- per meeting. Furthermore, Independent Directors who are members of the Audit Committee, Investors' Grievance Committee and Nomination, Remuneration and Governance Committee are entitled to a sitting

fees of ₹ 5000/- per meeting.

### Committees of The Board

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

- Audit Committee
- Investors' Grievance Committee
- Nomination, Remuneration and Governance Committee
- Executive Committee
- Share Transfer Committee

The following are the details of compensation paid to the Directors for the year 2011-12

(₹ in million)

Sl No.	Name	Salary	Perquisites	Contribution to provident fund	Commission /Incentive	Sitting fees	Total
1	Mr. P.N.C. Menon	-	-	-	-	-	-
2	Mr. Ravi Menon	40.00	0.61	3.00	-	-	43.61
3	Mr. J.C. Sharma	9.49	0.04	0.01	40.50	-	50.04
4	Mr. P. Ramakrishnan	5.33	0.04	0.01	0.96	-	6.34
5	Dr. S.K. Gupta	-	-	-	1.2	0.06	1.26
6	Mr. R.V.S. Rao	-	-	-	1.2	0.06	1.26
7	Mr. Anup Shah	-	-	-	1.2	0.06	1.26
8	Mr. M. Damodaran	-	-	-	1.2	0.04	1.24
<b>Total</b>		<b>54.82</b>	<b>0.69</b>	<b>3.02</b>	<b>46.26</b>	<b>0.22</b>	<b>105.01</b>

### Shareholding of Directors

The shareholding of the Directors of the Company as on March 31, 2012 is as follows

Sl No.	Name	No.of Shares	%
1	Mr. P. N. C. Menon	12,488,522	12.74
2	Mr. P.N.C. Menon jointly with Mrs. Sobha Menon	5,494,407	5.60
3	Mr. Ravi Menon	-	-
4	Mr. J.C. Sharma	82,671	0.084
5	Mr. P. Ramakrishnan	-	-
6	Mr. Anup Shah* #	4,300	0.004
7	Mr. R.V.S. Rao #	15,000	0.015
8	Dr. S.K. Gupta* #	1,935	0.002
9	Mr. M. Damodaran #	-	-
<b>Total</b>		<b>18,086,835</b>	<b>18.445</b>

\* Shareholding less than 0.01% # Non- Executive Independent Director

### Audit Committee

The Audit Committee of the Board was constituted on June 28, 2006 in accordance with the provisions of Clause 49 of the Listing Agreement. The Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with legal and regulatory requirements.

The purpose of the Audit Committee is to ensure the objectivity, credibility and correctness of the Company's financial reporting and disclosure processes, internal controls, risk management policies and processes, tax policies, compliance and legal requirements and associated matters.

The powers, role and terms of reference of the Committee are in consonance with the requirements mandated under Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

#### (a) Role of the Audit Committee

- Regular review of accounts, accounting policies, financial and risk management policies, disclosures, etc.
- Review of the major accounting entries, based on exercise of judgment by management and review of significant adjustments arising out of audit.
- Review of qualifications in the draft audit report and suggesting action points.
- Establishing and reviewing the scope of the independent audit including the observations of the auditors and review of the quarterly, half-yearly and annual financial statements before submission to the Board.
- The Committee shall have post audit discussions with the independent auditors to ascertain any area of concern.
- Establishing the scope and frequency of internal audit, reviewing the findings of the internal auditors and ensuring the adequacy of internal control systems.
- To look into reasons for substantial defaults in payment to depositors, debenture holders, shareholders and creditors.
- To look into matters pertaining to the Director's Responsibility Statement with respect to compliance with accounting standards and accounting policies.
- Compliance with stock exchange legal requirements concerning financial statements, to the extent applicable.
- The Committee shall look into any related party transactions, i.e., transactions of the Company of a material nature, with promoters or management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the Company at large.
- Appointment and remuneration of statutory and internal auditors.
- Review the functioning of the Whistle Blower mechanism.
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Audit Committee.

**(b) Powers of Audit Committee**

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

**(c) Review of information by the Audit Committee**

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

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

**(d) Meetings**

Sobha is in compliance with Clause 49 of the listing agreement which specifies that the Audit Committee should have at least 3 members of whom at least two-thirds should be Independent.

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

The Audit Committee has met 4 times during the financial year 2011-12 and not more than four months has elapsed between two such meetings:

- May 10, 2011
- August 09, 2011
- November 14, 2011
- January 21, 2012

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

**The composition and attendance of the members of the Audit Committee is as follows**

Name	Category	Number of meetings	
		Held	Attended
Mr. R.V.S. Rao (Chairman)	Non- Executive, Independent	4	4
Mr. Anup Shah (Member)	Non- Executive, Independent	4	4
Dr. S.K. Gupta (Member)	Non- Executive, Independent	4	3
Mr. M Damodaran (Member)	Non- Executive, Independent	4	3
Mr. J.C. Sharma (Member)	Vice Chairman and Managing Director	4	4

**(e) Invitees**

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

other regulatory requirements to be attended to by such a Committee.

The Committee oversees the performance of the Registrar and Transfer Agents of the Company relating to investors services and recommends measures for improvement.

**Investors' Grievance Committee**

The Investors' Grievance Committee of the Board was constituted on June 28, 2006 in accordance with the provisions of Clause 49 of the Listing Agreement.

This Committee, in particular deals with investors' grievances related to non-receipt of annual report, non-receipt of declared dividend and such other issues as may be raised by the investors from time to time.

**(a) Terms of Reference**

- Investor relations and redressal of shareholders' grievances in general and relating to non-receipt of dividends, interest, non-receipt of annual report, etc., in particular.
- Such other matters as may from time to time be required by any statutory, contractual or

**(b) Meetings**

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

The Investors Grievance Committee has met four times during the financial year 2011-12

- May 09, 2011
- August 09, 2011
- November 14, 2011
- January 21, 2012

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

**The composition and attendance of the members of the Investors' Grievance Committee is as follows**

Name	Category	Number of meetings	
		Held	Attended
Dr. S K Gupta (Chairman)	Non-Executive, Independent	4	4
Mr. Ravi Menon (Member)	Executive, Co-Chairman	4	4
Mr. J C Sharma (Member)	Vice Chairman and Managing Director	4	4

**(c) Investor Grievances and Queries**

There were no investor grievances during the financial year 2011-12.

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

Particulars	Balance as on 01.04.2011	Received during the year	Resolved during the year	Balance as on 31.03.2012
<b>IPO Related</b>				
Consumer Forum Case	1	0	0	1
<b>Non IPO Related</b>				
SEBI	0	0	0	0
Stock Exchange	0	2	2	0
Non - Receipt / Revalidation of Dividend Warrants	0	93	91	2
Issue of duplicate share certificate	0	1	1	0
Transfer/ Transmission	0	1	1	0
Demat/ Remat	0	1	1	0
Miscellaneous	0	59	59	0
<b>Total</b>	<b>1</b>	<b>157</b>	<b>155</b>	<b>3</b>

**(d) SEBI Complaints Redress System (SCORES):**

SEBI vide its Circular No. CIR/OIAE/2/2011 dated June 03, 2011, has commenced processing of investor complaints on a centralised web based complaints redress system called SCORES.

During the financial year 2011-12, the Company has not received any investor complaints through the same.

**Nomination, Remuneration and Governance Committee (Erstwhile Executive Selection and Remuneration Committee):**

The Board of Directors has reconstituted the Executive Selection and Remuneration Committee as "Nomination, Remuneration and Governance Committee" with effect from May 06, 2012. The Committee has been constituted to recommend and review the appointment of the Executive, Non-Executive and Independent Directors of the Company, to recommend remuneration for Wholtime Directors

and senior management personnel of the Company and to look into matters pertaining to Corporate Governance.

**(a) Terms of Reference**

- To identify, review, assess, recommend and lead the process for appointment of Executive, Non-Executive and Independent Directors to the Board and Committees thereof and to regularly review the structure, size and composition, balance of skills, knowledge and experience of the Board and Board Committees and make recommendations to the Board or, where appropriate, the relevant committee with regard to any adjustments that are deemed necessary.
- To evaluate the performance of the Chairman and other members of the Board on an annual basis and to monitor and evaluate the performance and effectiveness of the

Board and Board Committees and the contribution of each Director to the Company. The Committee shall also seek the views of Executive Directors on the performance of Non-Executive Directors

- To make recommendations to the Board on the following matters:
  - Re-appointment of any Executive and Non-Executive Director at the conclusion of their specified term of office
  - Re-election by members of any director who are liable to retire by rotation as per the Company's Articles of Association
  - Any matters relating to the continuation in office of any Director at any time.
- To produce an Annual Report on executive compensation for inclusion in the Company's Annual Report, in accordance with applicable rules and regulations.
- To take all necessary steps for the administration of the Employee Stock Option Scheme or the Employee Stock Purchase Scheme.
- To define and articulate the Company's overall corporate governance structures and to develop and recommend to the Board of Directors the Board's Corporate Governance

Guidelines.

- To receive reports, investigate, discuss and make recommendations in respect of breaches or suspected breaches of the Company's Code of Conduct.
- To review and consider the Company's position and practices on significant issues of corporate social responsibility such as workforce diversity, protection of the environment, and charitable contributions.
- To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements and to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors.
- To perform such functions as may be detailed in the Listing Agreement, Companies Act, 1956, and the relevant Rules made there under.

#### **(b) Meetings**

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

Two meetings of the Nomination, Remuneration and Governance committee were held during the financial year 2011-12 on the following dates:

- August 09, 2011
- March 31, 2012

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

Name	Category	Number of Meetings	
		Held	Attended
Mr. Anup Shah (Chairman)	Non Executive, Independent	2	2
Mr. R.V.S. Rao (Member)	Non Executive, Independent	2	2
Mr. J.C. Sharma (Member)	Vice Chairman and Managing Director	2	2

The Chairman of the Committee is an independent director in accordance with Clause 49 of the Listing Agreement.

### Share Transfer Committee

The Share Transfer Committee of the Board was constituted on December 12, 2006. It specifically addresses matters relating to transfer, split, consolidation, dematerialisation and re-materialization of shares.

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

#### (a) Terms of Reference

- To look into requests for transfer and transmission of shares.
- To look into requests for the re-materialisation of shares.
- To issue Duplicate Share Certificate in lieu of the Original Share Certificate.
- To issue Split Share Certificate as requested by the member.

#### (b) Meetings

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

The Share Transfer Committee met five times during the financial year 2011-12.

- May 03, 2011
- August 08, 2011
- September 08, 2011
- September 28, 2011
- November 11, 2011

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

Name	Category	Number of meetings	
		Held	Attended
Mr. J.C. Sharma (Chairman)	Vice Chairman and Managing Director	5	5
Mr. P.N.C. Menon (Member) *	Executive, Chairman	5	1
Mr. Ravi Menon (Member)	Executive, Co-Chairman	5	3
Mr. P. Ramakrishnan (Member)**	Executive, Deputy Managing Director	3	3

\* Mr. P N C Menon stepped down from the membership of the Committee due to his inability to attend the meetings of the Committee.

\*\*Co-opted as a member of the Share Transfer Committee on August 09, 2011.



During the financial year under review, one request each pertaining to transfer and rematerialisation of shares was received and satisfactorily attended to by the Committee.

## General Body Meetings

### (a) Annual General Meeting

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

Financial Year ended	Date	Time	Venue
March 31, 2011	June 30, 2011	10.00 am	Sobha Academy, Sobha Suburbia, 107/108, Behind Jakkur Flying Club, Jakkur Village, Bangalore - 560 064
March 31, 2010	June 11, 2010	10.00 am	Sobha Academy, Sobha Suburbia, 107/108, Behind Jakkur Flying Club, Jakkur Village, Bangalore - 560 064
March 31, 2009	June 24, 2009	10.00 am	Sobha Academy, Sobha Suburbia, 107/108, Behind Jakkur Flying Club, Jakkur Village, Bangalore - 560 064

### Special Resolutions

Sl No	Date of Annual General Meeting	Special Resolution
1.	16th Annual General Meeting held on June 30, 2011	Remuneration to Non-Executive Directors of the Company
2.	15th Annual General Meeting held on June 11, 2010	<ol style="list-style-type: none"> <li>1. Re-appointment of Mr. P Ramakrishnan as a Wholetime Director designated as Deputy Managing Director of the Company.</li> <li>2. Re-appointment of Mr. P N C Menon as a Wholetime Director designated as Chairman of the Company.</li> <li>3. Re-appointment of Mr. Ravi Menon as a Wholetime Director designated as Vice Chairman of the Company.</li> <li>4. Re-appointment of Mr J C Sharma as Managing Director of the Company.</li> </ol>
3.	14th Annual General Meeting held on June 24, 2009	Ratification of utilization of proceeds of Initial Public Offer of the Company

### (b) Extraordinary General Meeting

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

Financial Year	Date	Time	Venue
2011 - 2012	-	-	-
2010 - 2011	-	-	-
2009 - 2010	June 17, 2009	10.00 a.m	Sobha Academy, Sobha Suburbia, 107 / 108, Behind Jakkur Flying Club, Jakkur Village, Bangalore - 560 064

**Special Resolutions****Extraordinary General Meeting held on June 17, 2009**

- Approval under Section 81 and 81(1A) for the issue of securities to qualified institutional buyers.
- Approval for increase in limits of investment by foreign institutional investors in the equity shares of the Company from 24% up to 100% of the paid up share capital.

**(c) Postal Ballot**

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

**Disclosures****a. Related Party Transactions**

None of the transactions with any of the related parties were in conflict with the interest of the Company and the transactions have been undertaken on arms length basis. The disclosure of related party transactions is set out in Notes on Accounts forming part of the Annual Report.

**b. Subsidiary Monitoring Framework**

As on date, the Company has two subsidiaries:

- Sobha Developers (Pune) Private Limited having its registered office at E - 106, Sunrise Chambers, 22, Ulsoor Road, Bangalore - 560 042.

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

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

- Financial statements, in particular the investments made by the subsidiaries are reviewed by the Audit Committee of the Company.
- All minutes of Board meetings of the subsidiaries are placed before the Company's Board regularly.

**c. Code of Conduct**

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

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

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

I confirm that the Company has, in respect of financial year ended March 31, 2012, received from the senior management personnel of the Company and the members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.



Place: Dubai

Date: May 06, 2012

J.C. Sharma

Vice Chairman and Managing Director

### d. Employee Share Dealing Code

The Company has adopted the Employee Share Dealing Code in terms of the SEBI (Prohibition of Insider Trading) Regulations 1992. This code is applicable to all Directors and designated employees. The code ensures prevention of dealing in shares by persons having access to unpublished price sensitive information. The Company regularly monitors the transactions in terms of the Employee Share Dealing Code undertaken by the employees of the Company. The Company also intimates the stock exchange(s) about the transaction(s) undertaken by the designated employees and their share holdings as mandated under the Regulations and the Code.

### e. Compliances

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

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

### f. Management Report

It forms part of the Annual Report. It includes among others a discussion on the following matters:

- Industry structure and developments.
- Risks and concerns.

- Internal control systems and their adequacy.
- Discussion on financial performance with respect to operational performance.

**g. Corporate Governance Compliance Certificate**

The Corporate Governance Compliance Certificate for the year ended March 31, 2012 in terms of Clause 49 of the Listing Agreement issued by a Practicing Company Secretary forms part of the Annual Report.

**h. Secretarial Audit Report**

The Secretarial Audit Report for the year ended March 31, 2012 issued by a Practicing Company Secretary forms part of the Annual Report.

**i. CEO / CFO Certificate**

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

**j. Remuneration to Statutory Auditors**

During the financial year 2011 - 2012, the details of the fees paid to the Statutory Auditors of the Company are as follows:

	(₹ in million)
Audit fees	4.50
Other services [includes fees for quarterly reviews]	3.00
Out of pocket expenses (excluding service tax)	0.19
<b>Total</b>	<b>7.69</b>

**k. Compliance of Non Mandatory Requirements**

Clause 49 of the Listing Agreement states

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

- The Company has in place a highly effective Whistle Blower process to promote ethical behaviour in all its business activities and has in place a mechanism for employees to report any illegal, unethical behaviour, suspected fraud or violation of laws, rules and regulation or conduct of their immediate supervisor, etc. The Policy also provides for adequate protection to the whistle blower against victimization or discriminatory practices.

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

- The Board of Directors of the Company has formed a Nomination, Remuneration and Governance Committee. A detailed note on this Committee forms part of the report.
- The information on financial and business performance is updated in the investors section of the website of the Company- [www.sobha.com](http://www.sobha.com), on a quarterly basis.

## Means of Communication

Website	<p>All vital information relating to the Company and its performance including financial results, press releases pertaining to important developments, performance updates and corporate presentations are regularly posted on the website <a href="http://www.sobha.com">www.sobha.com</a></p> <p>The 'Investors' section provides comprehensive and up to date information to the shareholders on matters such as shareholding pattern, outcome of board and general meetings, stock performance etc.</p>
Financial Results	The quarterly, half yearly and annual results are published in Business Standard (all editions) and Vijaya Karnataka (Bangalore edition) regional language newspaper where the registered office of the Company is situated.
Corpfilling	Information sent to stock exchanges such as financial results, shareholding pattern are available at the common portal platform <a href="http://www.corpfilling.in">www.corpfilling.in</a> maintained by both NSE and BSE.
NEAPS	Shareholding pattern and Corporate Governance Report are also submitted to NSE through NSE Electronic Application Processing System (NEAPS).
Annual Report	The Directors' Report, Management Discussion and Analysis Report, Chairman's Message and the Corporate Governance Report form part of the Company's Annual Report and is available on the website of the Company.
Investor Servicing	The Company has designated a separate e-mail id called <a href="mailto:investors@sobha.com">investors@sobha.com</a> for investor servicing.

### Green Initiative by Ministry of Corporate Affairs

The Ministry of Corporate Affairs vide Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011, has permitted Companies to deliver annual reports to investors through electronic mode. In furtherance to the same, SEBI vide its circular CIR/CFD/DIL/7/2011 dated October 05, 2011 has made consequential amendments to Clause 32 of the Listing Agreement directing listed companies to send soft copies of the annual report to shareholders who have registered their e-mail address.

In view of the same, shareholders are requested to update their email IDs with their depository participants where shares are held in dematerialized mode and where the shares are held in physical form to update the same in the records of the Company so as to facilitate

electronic servicing of Annual Reports and other documents.

### General Shareholder Information

#### (a) Registered and Corporate Office

The Company has shifted its registered and corporate office from E - 106, Sunrise Chambers, 22 Ulsoor Road, Bangalore - 560 042

and

Neeladri Plaza, Raja Ram Mohan Roy Road, Richmond Circle, Bangalore - 560 025 respectively to a new location with effect from December 19, 2011.

The address of the new registered and corporate office of the Company is:  
Sobha Developers Limited  
'Sobha', Sarjapur - Marathahalli Outer  
Ring Road (ORR), Devarabisanahalli,  
Bellandur Post, Bangalore - 560 103.

**(b) Recommendation of Dividend and Dividend Payment Date**

The Board of Directors has recommended a dividend of ₹ 5 for each equity share of ₹ 10/- aggregating to a 50 % dividend to be paid for the financial year 2011-12. The proposed dividend, if approved at the ensuing Annual General Meeting, will be paid to the members as per the beneficiary positions and Register of members as on June 23, 2012. The dividend amount is deposited in a separate bank account within 5 days from the date of Annual General Meeting, i.e., July 05, 2012 and the same is paid to the shareholders within one week from the date of such deposit.

**Dividend History**

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

Financial year	Rate of Dividend	Dividend per Share (in ₹)
2006-07	55.00	5.50 per equity share of ₹10 each
2007-08	65.00	6.50 per equity share of ₹10 each
2008-09	10.00	1.00 per equity share of ₹10 each
2009-10	25.00	2.50 per equity share of ₹10 each
2010-11	30.00	3.00 per equity share of ₹10 each

**(c) Custodial Fee**

The Company has paid custodial fees for the year 2012-13 to NSDL and CDSL on the basis of the number of beneficial accounts maintained by them.

**(d) Other Information**

Corporate Identification Number	<b>L45201KA1995PLC018475</b>
Date and Venue of the Annual General Meeting (AGM)	<p>Date: June 30, 2012 Time: 10.00 am Venue: 'Sobha', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore - 560 103.</p>
Financial Year	The financial year of the Company starts from 01st April of every year and ends on 31st March of the succeeding year.
Book Closure	The date of Book Closure is June 23, 2012
Calendar of Board Meetings for the Financial Year (Tentative and Subject to Change)	<ul style="list-style-type: none"> <li>• For quarter ending June 30, 2012 - last week of July 2012</li> <li>• For quarter ending September 30, 2012 - last week of October 2012</li> <li>• For quarter ending December 31, 2012 - last week of January 2013</li> <li>• For the year ending March 31, 2013 - last week of April 2013</li> </ul>
Listing on Stock Exchanges	<p>The equity shares of the Company are listed on the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE) since December 19, 2006.</p> <p>The Company has paid the requisite Listing Fees to the stock exchanges for 2012-13.</p>
Reconciliation of Share Capital Audit	In terms of Regulation 55A of the SEBI (Depositories and Participants) Regulations, 1996, reconciliation of Share Capital Audit is conducted every quarter by a Practicing Company Secretary to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Service Limited (CDSL) and the total issued and listed capital and the report is forwarded to the Stock Exchanges where the shares of the Company are listed.
R&T Agents	<p>Link Intime (India) Private Limited (formerly Intime Spectrum Registry Limited) C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West) Mumbai 400 078 Email: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a> Tel: (91 22) 2594 6970 Fax: (91 22) 2596 0329</p>
Share Transfer System	Share transfers would be registered and returned within a period of 20 days from the date of receipt, subject to the documents being valid and complete in all respects. The Company holds Share Transfer Committee Meetings up to three times a month or as may be required, for approving the transfers / transmissions of equity shares. Share transfers and other communication regarding share certificates and change of address, etc., may be addressed to the R&T Agents as mentioned above.
Nomination	<p>Pursuant to the provisions of Section 109A of the Companies Act, 1956, members may file nomination in respect of their shareholdings:</p> <p>For shares held in physical form, members may avail this facility by submitting to the Company, the prescribed Form 2B (in duplicate), if not already filed. Form 2B can be obtained with the help of the R&amp;T Agents.</p> <p>For shares held in dematerialized mode, members are requested to give the nomination request to their respective Depository Participants directly.</p>

Outstanding GDRs / ADRs / Warrants / Convertible Instruments and Their Impact on Equity	As on March 31, 2012, the Company does not have any outstanding GDRs / ADRs / Warrants / Convertible Instruments.
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Plant Locations

**Interiors Division:**

Plot No.9, JBLR Industrial Area, Hennagara (Post), Anekal Taluk, Bommasandra, Bangalore - 562 106

**Glazing Division:**

Plot No.10, JBLR Industrial Area, Hennagara (Post), Anekal Taluk, Bommasandra, Bangalore - 562 106.

Plot No.G6, SIPCOT Industrial Park, Irungulam Village, Sriperumbudur Taluk, Kancheepuram Dist, Chennai - 602 105.

**Concrete Products Division:**

Plot No # 329, Bommasandra Jigani Link Road, Industrial Area, Jigani, Anekal Taluk, Bangalore - 560 105.

International City Project, Sector 106, 108 and 109, Babupur Village, New Palam Vihar, Landmark Raheja Atharva, Gurgaon - 122 017

Survey No: 822 / 828 / 829, Ahmed Nagar Road, Sanaswadi Post, Shirur Taluk, Pune - 412 208

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Legal Proceedings

There are no legal proceedings against the Company which are of material nature.

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**Stock Exchange**

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The National Stock Exchange of India Limited	SOBHA
The Bombay Stock Exchange Limited	532784
Bloomberg	SOBHA:IN
Reuters	SOBH.NS (NSE) / SOBH.BO(BSE)

The International Securities Identification Number (ISIN) for the Company's shares in dematerialized form is INE671H01015.



## Stock Price Data

Month	National Stock Exchange (NSE)				Bombay Stock Exchange (BSE)			
	High	Low	Average	Volume	High	Low	Average	Volume
	₹	₹	₹	No.	₹	₹	₹	No.
April -11	327.10	280.00	300.95	5,892,775	327.00	281.05	301.38	1,100,112
May -11	286.45	240.00	264.86	5,283,458	295.40	240.10	264.69	597,547
June -11	274.00	225.00	254.26	3,583,329	282.70	226.00	254.36	346,160
July -11	294.45	244.25	274.99	3,329,692	294.30	245.35	275.06	383,659
August -11	268.50	207.20	234.50	2,579,039	268.55	207.10	234.60	676,688
September -11	237.70	202.55	222.79	2,392,317	237.75	212.00	222.74	190,509
October -11	267.90	200.90	227.54	2,136,658	258.95	201.05	227.32	447,164
November -11	260.00	204.00	232.31	1,949,307	256.70	202.40	232.17	190,324
December -11	247.90	179.50	217.51	3,193,951	246.00	185.25	217.28	1,280,619
January -12	265.90	189.00	228.37	2,746,129	266.95	189.00	228.35	277,888
February -12	307.45	252.30	276.57	4,618,966	306.00	252.55	276.54	517,434
March -12	334.00	260.35	294.09	5,252,682	334.40	264.05	294.13	1,500,552

The charts pertaining to movement in share prices during the year 2011-12 form part of the Annual Report.

## Shareholding Pattern

Distribution of Shareholding as on March 31, 2012

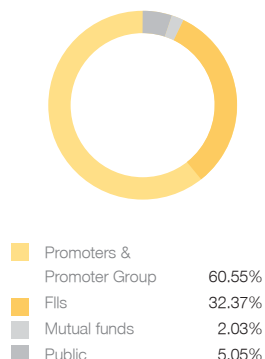
Range of equity shares held	No. of shareholders	%	No. of shares	%
1 - 5000	61,661	98.90	1,630,543	1.66
5001 - 10000	300	0.48	227,155	0.23
10001 - 20000	143	0.23	211,821	0.22
20001 - 30000	30	0.05	75,527	0.08
30001 - 40000	23	0.04	80,056	0.08
40001 - 50000	14	0.02	63,170	0.06
50001 - 100000	34	0.05	253,715	0.26
100001 and above	146	0.23	95,521,881	97.41
<b>Total</b>	<b>62,351</b>	<b>100.00</b>	<b>98,063,868</b>	<b>100.00</b>

## Categories of shareholders as on March 31, 2012

Category	Shares	%
Clearing members	700,185	0.714
Other bodies corporate	985,603	1.005
Financial institutions	544,179	0.555
Foreign institutional investors	31,744,744	32.371
Mutual Funds	1,991,242	2.031
Nationalized banks	10,850	0.011
NRIs	144,901	0.147
Non- residents (Non- repatriable)	23,270	0.024
Office bearers	44,967	0.046
Overseas corporate bodies	11	0.000
Public	2,372,096	2.419
Promoters	59,331,350	60.503
Relatives of director	45,000	0.046
Other directors	86,971	0.089
Trusts	1,740	0.002
GIC & its subsidiaries	34,759	0.035
Foreign venture capital	2,000	0.002
<b>TOTAL</b>	<b>98,063,868</b>	<b>100.00</b>

## Top 10 Shareholders as on March 31, 2012

Sl No	Name of Shareholders	Category	No. of Shares	%
1	Ms. Sobha Menon	Promoter	41,348,421	42.16
2	Mr. P.N.C. Menon	Promoter	12,488,522	12.74
3	Mr. P.N.C. Menon & Ms. Sobha Menon (Jointly)	Promoter	5,494,407	5.60
4	Aranda Investments (Mauritius) PTE LTD	FII	4,097,450	4.18
5	Emerging Markets Growth Fund INC	FII	3,594,606	3.67
6	Prudential Asset Management (Singapore) Limited A/C The Prudential Assurance Company Limited	FII	2,864,034	2.92
7	Morgan Stanley Mauritius Company Limited	FII	2,842,169	2.90
8	PCA India Equity Open Limited	FII	2,491,698	2.54
9	Capital International Emerging Markets Fund	FII	1,723,609	1.76
10	Comgest Growth Plc A/C Comgest Growth India	FII	1,520,000	1.55
	<b>Total</b>		<b>78,464,916</b>	<b>80.02</b>



## Share Capital History

Date of Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Nature of Consideration	Reasons for Allotment	Cumulative No. of Equity Shares	Cumulative Paid-up share capital (₹)
August 7, 1995	30	10	10	Cash	Subscribers to Memorandum	30	300
February 11, 1998	1,174,729	10	10	Cash	Further allotment	1,174,759	11,747,590
October 16, 1998	1,934,823	10	10	Cash	Further allotment	3,109,582	31,095,820
December 22, 1998	855,000	10	10	Cash	Further allotment	3,964,582	39,645,820
March 25, 1999	3,000,000	10	10	Cash	Further allotment	6,964,582	69,645,820
July 11, 2002	14,175,898	10	10	Cash	Further allotment	21,140,480	211,404,800
June 28, 2006	42,280,960	10	10	-	Bonus Issue in the ratio of 2:1	63,421,440	634,214,400
October 28, 2006*	97,245	10	617	Cash	Preferential Allotment-Pre IPO Placement to Bennett, Coleman & Co. Limited	63,518,685	635,186,850
October 28, 2006**	486,223	10	617	Cash	Preferential Allotment-Pre IPO Placement to Kotak Mahindra Private Equity Trustee Limited	64,004,908	640,049,080
December 12, 2006***	8,896,825	10	640	Cash	8,014,705 Equity Shares were allotted to the public and 882,120 Equity Shares were allotted pursuant to employee reservation pursuant to the initial public offering	72,901,733	729,017,330
July 03, 2009****	25,162,135	10	209.40	Cash	Qualified Institutional Placement	980,063,868	980,638,680

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

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

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

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

### Shares Held in Physical and Dematerialized Form

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

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

Financial year	Date of declaration of dividend	Last date for claiming unpaid dividend	Unclaimed amount as on March 31, 2012(₹)	Due date for transfer to Investor education and protection fund
2006 - 07	August 13, 2007	August 12, 2014	164,780.00	September 11, 2014
2007 - 08	July 24, 2008	July 23, 2015	309,900.50	August 22, 2015
2008 - 09	June 24, 2009	June 23, 2016	401,961.00	July 22, 2016
2009 -10	June 11, 2010	June 10, 2017	246,325.00	July 09, 2017
2010 - 11	June 30, 2011	June 29, 2018	206,436.00	July 28, 2018

As on March 31, 2012, 99.99 % of the Company's shares were held in dematerialized form and the rest in physical form. The following is the break-up of the equity shares held in the electronic form and in the physical form.

Description	No of Shareholders	No of Shares	% of Equity
NSDL	45,705	97,046,374	98.96
CDSL	16,633	1,016,966	1.04
Physical	13	528	0.00*
Total	62,351	98,063,868	100.00

\* % less than 0.01%

Members can claim the unpaid dividend from the Company before transfer to the Investor Education and Protection Fund. It may be noted that after the unpaid dividend is transferred to the said Fund, the same cannot be claimed. Members who have so far not encashed the dividend warrant(s) are requested to make their claim to the Secretarial Department at the Registered and Corporate Office of the Company situated at 'Sobha', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore - 560 103 or send an email to [investors@sobha.com](mailto:investors@sobha.com)

### Procedure for Claiming Unpaid Dividend

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

### Procedure for Claiming Shares Lying in The Unclaimed Suspense Account

In terms of Clause 5A of the Listing Agreement, unclaimed shares shall be transferred to an 'Unclaimed Suspense Account' opened by the Company for the purpose and the shares lying therein shall be dematerialised with a Depository Participant. The voting rights of such shares shall remain frozen till the rightful owner claims the shares.

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

Financial Year	Aggregate No. of Shareholders and outstanding shares as on April 1, 2011	Number of shareholders who approached the Company for transfer of shares during the year	Number of shareholders to whom shares were transferred	Aggregate No. of Shareholders and outstanding shares as on March 31, 2012
2011 - 2012	90 Shareholders and 911 outstanding shares	-	-	90 Shareholders and 911 outstanding shares

Allottees who have not yet claimed their shares are requested to make their claim to the Secretarial Department at the Registered and Corporate Office of the Company situated at 'Sobha', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore - 560 103.

### **Address for Correspondence**

#### **For any queries, please write to**

Mr. Kishore Kayarat  
Company Secretary & Compliance Officer  
Sobha Developers Limited  
'Sobha', Sarjapur - Marathahalli  
Outer Ring Road (ORR), Devarabisanahalli,  
Bellandur Post, Bangalore - 560 103  
Direct Line: +91 80 42052798  
Board Line: +91 80 49320000 Extension No: 5021  
Fax: +91 80 49320444  
Email: kishore.kayarat@sobha.com  
investors@sobha.com

#### **For queries relating to financial statements, please write to**

Mr. S Baaskaran  
Chief Financial Officer  
Sobha Developers Limited  
'Sobha', Sarjapur - Marathahalli  
Outer Ring Road (ORR), Devarabisanahalli,  
Bellandur Post, Bangalore - 560 103  
Telephone: +91 80 49320000 Extension No: 5026  
Fax: +91 80 49320444  
Email: baaskaran.s@sobha.com  
investors@sobha.com

## SECRETARIAL AUDIT REPORT FOR THE YEAR ENDED MARCH 31, 2012

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

I have examined the records, registers and documents of **Sobha Developers Limited** (hereinafter referred to as ["the Company"]) for the financial year ended on March 31, 2012, required to be maintained under the provisions of:

- i) The Companies Act, 1956, hereinafter referred to as ("the Act"), rules made there under and also the provisions contained in the Memorandum of Association and Articles of Association of the Company;
- ii) The Equity Listing Agreements with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
- iii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act");
  - 1. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (since repealed) and the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
  - 2. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

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

- i) The provisions of the Companies Act, 1956 ('the Act') and the Rules made there under the Act and also the provisions contained in the Memorandum of Association and Articles of Association of the Company, with specific reference to:
  - 1. The Company has kept and maintained the requisite registers and other records required under the Act, the Rules made there under. The Company on its own volition has kept and maintained the requisite registers and other records as per the Secretarial Standards issued by the Institute of Company Secretaries of India.
  - 2. The Company has filed required forms, returns, documents, and resolutions required to be filed with the Registrar of Companies, Ministry of Corporate Affairs.
  - 3. The Company closed its Register of Members and Share Transfer Books on June 25th, 2011 and necessary compliance of Section 154 of the Act has been made.

4. The Board of Directors of the Company is duly constituted in accordance with the Act and Clause 49 (I) (A) of the Listing Agreement.
5. The Board of Directors of the Company met 4 times, during the financial year viz. May 10, 2011, August 09, 2011, November 14, 2011 and January 21, 2012 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes book.
6. During the financial year, No Circular Resolution was passed by the Board of Directors of the Company.
7. As per the declarations received by the Company, the Directors have disclosed their interest in other firms/ companies to the Board of the Directors pursuant to the Provisions of Section 299 of the Act.
8. As per the declarations received by the Company, none of the Directors are disqualified under section 274(1) (g) of the Act read with the Companies (Disqualification of Directors under section 274(1) (g) of the Companies Act, 1956) Rules, 2003.
9. The Audit Committee constituted as per the requirement of Section 292A of the Act and Listing Agreement duly met 4 times during the financial year, viz. May 10, 2011, August 09, 2011, November 14, 2011 and January 21, 2012 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the minutes book.
10. The meetings of the other Committees of the Board were duly and properly convened and minutes of such meetings have been properly recorded and signed in the minutes book maintained for the said purpose.
11. The Annual General Meeting for the financial year ended on 31st March 2011 was held on June 30th, 2011 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in minutes book maintained for the purpose.
12. During the financial year, no Extraordinary General Meeting of the Company was held.
13. The Company has not advanced any Loan to its Directors and/or persons or firms or companies referred in the section 295 of the Act. During the year under review, the Company has preferred an application in e form 24AB under section 295 of the Act, for obtaining prior approval of the Central Government for providing Guarantee in connection with a loan sanctioned to M/s Sobha Puravankara Aviation Private Limited by ICICI Bank Limited and the same is pending with the Ministry of Corporate Affairs, New Delhi.
14. The Company has obtained approvals of the Members of the Company, the Board of Directors, and the Committees of Directors, wherever required.
15. The appointment and remuneration of Managing Director, wholetime Director, and other Directors of the Company have been made in accordance with the Articles of Association of the Company and with the relevant provisions of the Act.



16. Pursuant to Section 256 of the Act, the Members had re-appointed Dr. S.K.Gupta and Mr. R.V.S.Rao, Directors retiring by rotation at the Annual General Meeting held on June 30th, 2011.
17. The Company has re-appointed M/s. S. R. Batliboi & Associates, Chartered Accountants, as Statutory Auditors of the Company in accordance with the Act.
18. The Company has deposited the amount of dividend declared at the Annual General Meeting held on June 30th, 2011, in a separate bank account on July 4, 2011 with Axis Bank Limited within 5 days from the date of declaration of such dividend in accordance with the provisions of Section 205 of the Act.
19. The Company is not required to effect any transfer of the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have been remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund as there were no cases.
20. The Company has not issued any Redeemable Non Convertible Debentures / Commercial Paper during the financial year.
21. The Company has not issued any redeemable preference shares and there was no redemption of preference shares during the financial year.
22. The Company has redeemed Non Convertible Debentures amounting to Rs. 750,000,000 (Rupees Seventy Five Crore only) during the year.
23. The Company has not bought back any shares during the financial year.
24. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny. However, the Company has shifted its registered office from E - 106, Sunrise Chambers, 22, Ulsoor Road, Bangalore - 560 042 to SOBHA, Sarjapur-Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore - 560103 within the local limits of the city, with effect from December 19, 2011.
25. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
26. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the Share Capital of the Company during the year under scrutiny.
28. The Company has not altered its Articles of Association during the financial year under report.
29. During the year under review, the Company has acquired 40.50% of the Equity Shares of Sobha Developers (Pune) Private Limited from Pan Atlantic Investments Limited on July 01, 2011. In view of the said purchase of Equity Shares, Sobha Developers (Pune) Private Limited has become a subsidiary of the

Company within the meaning of section 4 of the Act with effect from July 01, 2011.

Further, in terms of the Exit Agreement dated July 01, 2011, entered by the Company with Pan Atlantic Investments Limited, the Company has acquired the remaining 40.50% of the Equity Shares of Sobha Developers (Pune) Private Limited in three tranches. Consequent to this purchase of Equity Shares, Sobha Developers (Pune) Private Limited has become a wholly owned subsidiary of the Company with effect from October 12, 2011. Necessary Corporate Announcement and disclosures in connection with the acquisition of the Shares from Pan Atlantic Investments Limited in Sobha Developers (Pune) Private Limited has been made by the Company.

30. During the year under review, the Company has incorporated a Subsidiary Company in the name of "Sobha Assets Private Limited", on March 13, 2012.

31. The Company has obtained approval under section 297 of the Act from the Regional Director, Ministry of Corporate Affairs, to enter in to contract with

a). Sobha Puravankara Aviation Private Limited, for availing Aviation Charter Services for a period of 5 years commencing from August 26, 2011 till August 25, 2016, for an estimated value of ₹20,00,00,000 (Twenty Crores only) per annum.

b). Sobha Renaissance Information Technology Private Limited for the purchase of unfettered usage rights of

"R Construct" software for an estimated value of ₹10,00,00,000/- (Rupees Ten Crores) only as a one time purchase contract.

32. The Company has filed 1 (One) application before the Company Law Board, Chennai, in pursuance to Section 141 of the Companies Act, 1956, for condoning delayed filing of Modification of Charges with the Registrar of Companies, Karnataka. The Company is in receipt of the Order under Section 141 of the Companies Act, 1956, from the Honourable Company Law Board condoning delayed filing of the modification of charges with the Registrar of Companies, Karnataka.

33. Consequent to the preliminary observations made during the Technical scrutiny and Inspection under section 209A of the Companies Act, 1956, the Company has filed an application for compounding of offence in pursuance to Section 621A of the Companies Act, 1956, for not taking prior approval of the Central Government with regards to certain contracts entered by the Company in terms of section 297 of the Companies Act, 1956. The Company is in receipt of the Order under Section 621A of the Companies Act, 1956, from the Honourable Company Law Board, Chennai, compounding the said contravention of section 297 of the Companies Act, 1956.

ii) I further report that,

1. The equity shares of the Company are listed with Bombay Stock Exchange Limited bearing Stock Code no. 532784 and National Stock Exchange of India Limited, bearing Stock Symbol "SOBHA" and has complied with the

requirements under the Equity Listing Agreements entered into with the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

b). Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, including the provisions with regard to disclosures and maintenance of records required under the above Regulations.

iii) I further report that,

1. The Company have complied with the provisions of the :

a). Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, including the provisions with regard to disclosures and maintenance of records required under the above Regulations (since repealed) and

2. The Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the Regulations.

**Place: Bangalore**  
**Date : May 06, 2012**

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

# Markets and Operating Environment

## Global economy

The global economy was volatile in the financial year 2011-12. Issues relating to medium-term fiscal consolidation, the exposure of European banks to public and private debt, and recurring differences in the ways to resolve the Euro-debt crisis continued to weigh on the global economic outlook as the Eurozone accounts for close to one-fifths of global Gross Domestic Product (GDP).

Adding to this was the devastating effect of the earthquake and tsunami on the Japanese economy, with supply disruptions weighing heavily on industrial production and consumer sentiment and spending. The looming risk to the global outlook is also on account of the geopolitical tensions centred on Iran that could disrupt oil supply and result in an increase in oil prices.

Growth in emerging and developing economies evolved steadily as expected, but with considerable variation across regions. However, rising inflation is a major cause of concern for many economies.

GDP growth in advanced economies declined to 1.6% in 2011 compared to 3.2% in 2010 and is expected to be even lower at 1.2% in 2012. The global economy is expected to grow by 3.3% in 2012 compared to 3.8% in 2011 as per the International Monetary Fund's (IMF) January 2012 update of the World Economic Outlook (WEO).

The greatest challenge for the global economy in this slow growth environment is to raise productivity without losing job opportunities for the millions who are looking for reasonably paid jobs to support their living standards.

It is heartening to note that the global economy is moving from unbalanced growth to balanced growth. For instance, the US is getting back on the positive growth track. And, China has shown promising progress too. Asian countries like South Korea, India and Thailand are also growing at a fast pace.

The key fiscal priority for major advanced economies should be to implement well-paced consolidation programmes focused on supporting medium-term debt sustainability.

## The Indian economic environment

Despite the economic and financial challenges in key developed economies, India has remained a front-runner in any cross-country comparison.

Even with a low growth figure of 6.9%, India is projected to be the second-fastest-growing major economy (7 %) after China (8.2 %) as per the IMF. It is estimated that the country's economy would grow at 7.6% in FY 2013 and 8.6% in FY 2014.

With over 1.2 billion people, India accounts for nearly one-sixth of the global population. While the rate of growth of population has consistently declined, India's population increased by nearly 180 million persons

during 2001-11 - the highest in the world in absolute terms.

India has a high rate of self consumption. The country boasts of a vast domestic market that allows the economy to scale and attracts investors. It can rely on a well-developed and sophisticated financial market that can channel financial resources to good use, as many innovative businesses of global standards have mushroomed in India.

#### **Real Estate sector**

The superior economic performance of India has provided a strong impetus to the Real Estate sector, which has been witnessing heightened activity in the recent years. Substantial end user and investor interest, large scale investment in infrastructure and rapid urbanisation have contributed to the growth trajectory of Indian Real Estate domain.

The housing sector alone contributes to 5-6 per cent of the India's GDP. Housing Shortage is one of the biggest challenges for India. According to Cushman & Wakefield Research, property market in India from 2011-15 is likely to witness a demand for ₹3.94 Million new housing units growing at a Compounded Annual Growth Rate (CAGR) of 11%.

The need of the hour for the Real Estate sector in India to continue its forward march and a proactive approach towards reforms and transparency. The likely establishment of the Real Estate Regulatory Authority (RERA) will serve as an important step towards advancement. The need for streamlining approval procedures with a 'single window clearance' structure is also essential.

All the stakeholders, including the government and its statutory bodies need to put their best foot forward as the demand for realty is expected to ride on the rapid

urbanisation growth and India's progress towards becoming a global economic hot spot.

#### **The Company and its operating environment**

Sobha Developers Ltd. is one of the leading and only backward integrated Real Estate companies in India. The Company is built on rock solid values, benchmark quality standards, uncompromising business ethos, focused customer centric- approach, robust engineering and in-house research and development, which have all contributed to making it a strong brand in both Real Estate and contractual segments.

Some of the key challenges in the Company's business environment are non-availability of skilled labour, delay in plan approvals, inflationary pressures and the existing laws of acquiring lands, which are losing their relevance as they have not been amended for long.

In spite of a tough, challenging global environment, increase in interest rates and tightening of liquidity, Sobha has performed credibly well during the financial year.

Sobha tends to benefit largely from the low-cost land parcels which help generate better margins.

The Company is also expecting that in this financial year, the RBI will be reducing the interest rate by 100 to 150 basis points. The RBI has already taken its first step in this direction. We hope that more such rate cuts will be in the offing in the coming months so that we see better days ahead.

# Projects and work done in 2011-12

## Work done at a record high

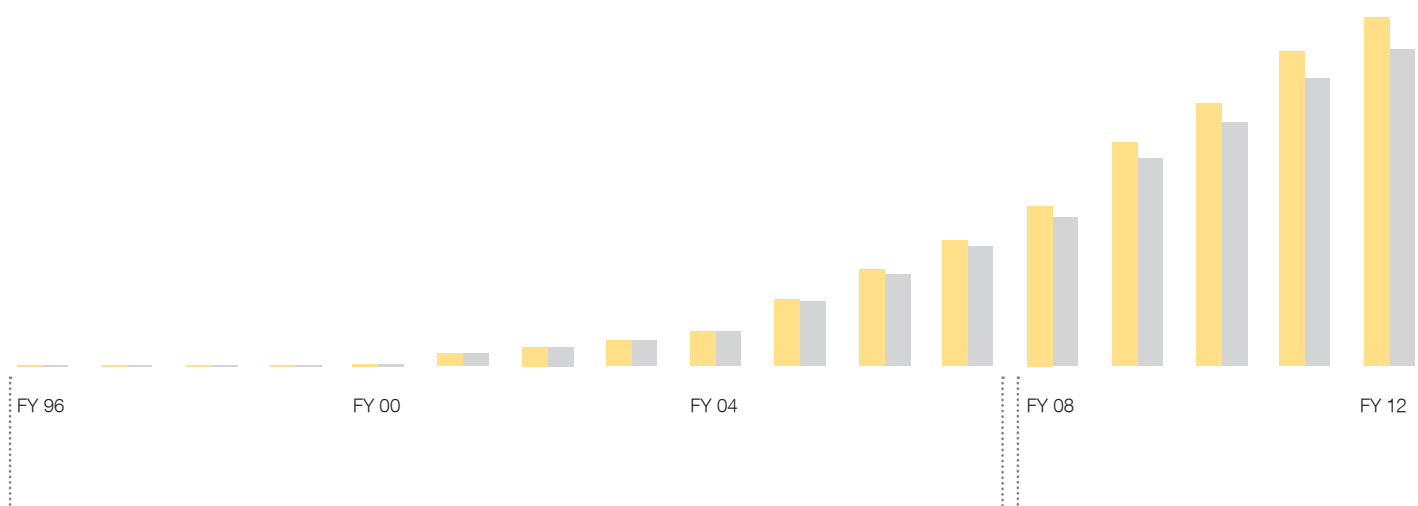
Despite market uncertainties, Sobha successfully completed 9 Real Estate projects measuring 3.14 million square feet of developable area and 2.06 million square feet of Super Built Area.

The Company also completed 18 contractual projects aggregating to 2.08 million square feet.

A total of 27 Real Estate and contractual projects measuring 5.22 million square feet of developable area and 4.14 million square feet of Super Built-up Area were completed during the financial year 2011-12.

With this, Sobha completed over 50 million square feet of developable area comprising 288 projects in both Real Estate and contracts, since inception.

Developed area	0.13	2.28	3.16	4.30	5.65	10.14	14.60	18.72	23.88	33.11	38.99	46.57	51.80
Super Built- up area	0.10	2.25	3.06	4.16	5.48	9.72	13.94	17.81	22.34	30.78	36.36	42.68	46.82



From FY 96 to FY 07 (12 years since inception): Completed 18.72 mn.sft developable area/ 17.81 mn.sft of Super Built- up area

From FY 08 to FY 12 (5 years) Completed 33.08 mn.sft developable area/ 29.03 mn.sft of Super Built- up area



Some of the key projects completed during the fiscal are:

**Phase 1 of Sobha Lifestyle**

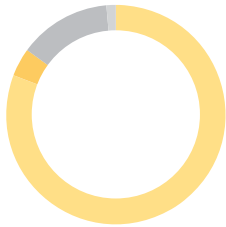
Sobha Lifestyle at Devanahalli, Bangalore, which is set in the scenic backdrop of Nandi Hills, with its select presidential villas, gives living a new, elevated definition. The total area of the site is 55 acres and approximately 33 acres were developed in Phase 1. 165 independent plots with villas have been proposed for the development of the entire site of which 89 have been completed in phase 1.

Sobha Lifestyle has 51% of the 55 acres (approximately 25 acres) earmarked for open spaces. There are 18 parks in the project with dedicated pedestrian walkways and ramps. The Super Built-up Area of Sobha Lifestyle (phase 1) is 526,953 Square Feet.

The project also has a luxurious common clubhouse with a Super Built-up Area of approximately 23,100 Square Feet. The facilities include a large swimming pool, badminton, squash and table tennis courts - all of which conform to international standards.

**Sobha Corporate Office**

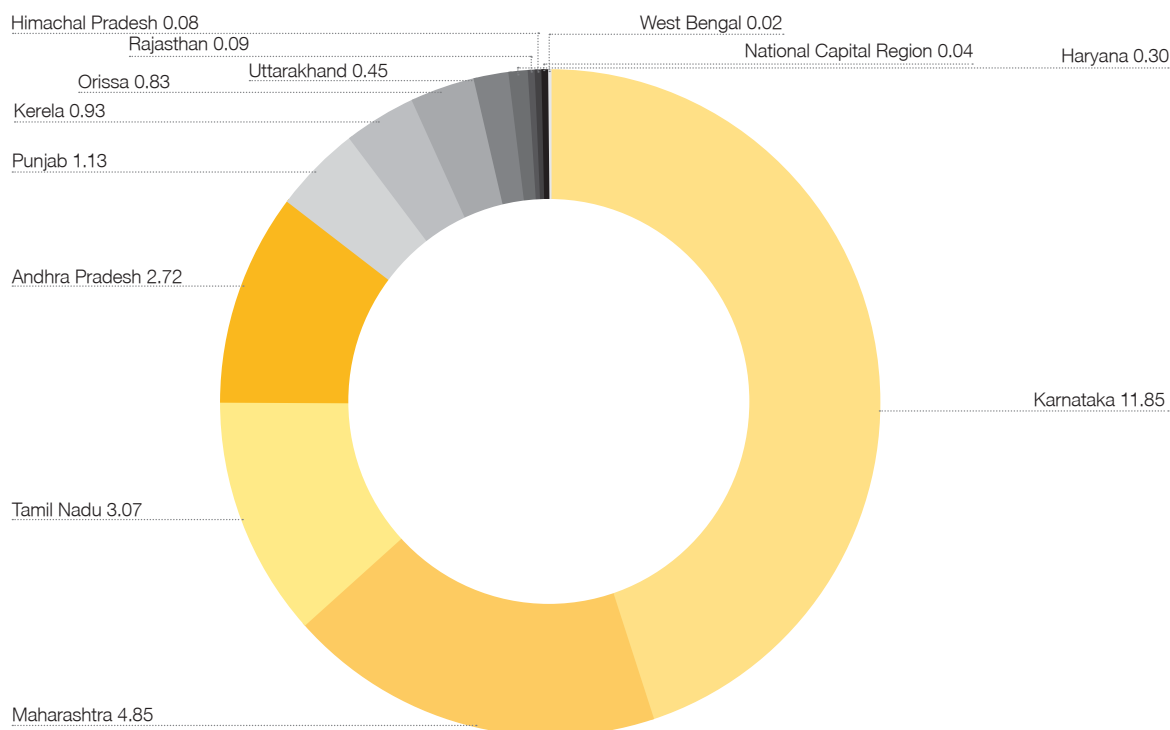
Sobha Corporate Office (SCO) located at Sarjapur-Marathahalli Outer Ring Road, Bangalore, is the Company's registered and Corporate Office. It comprises a total of 10 floors (2B+G+6+T) with a Super Built-up Area of 2,10,433.71 Square Feet. The building has two wings - North Wing and the South Wing, with a total seating capacity of 701. Replete with 31 discussion rooms, the office also has world-class facilities with a rooftop cafeteria. Various materials which include stainless steel, timber, and concrete have been used in this project.



Real Estate - Completed Super Built-up area (20.47 mn.sft)

Bangalore	16.55
Thrissur	0.87
Pune	0.30
Coimbatore	2.76

## Contractual - Completed SBA (26.36 mn. sft)



## New launches and ongoing projects

During the financial year 2011-12, the Company has launched over 10 million square feet of new projects. As on March 31, 2012, Sobha is executing 23.04 million square feet of developable area and 16.28 million square feet of Super Built-up Area in seven cities.

In addition to the above ongoing contractual projects, the Company is currently executing 10.05 million square feet of contractual orders for various clients like ITC, Biocon, Trident Hotels, GMR, Wipro, IPE (Institute of Public Enterprises), Robert Bosch, Blue Horizon Hotel, Chaithanya Projects and many more including Infosys Technologies. The contractual orders are primarily in civil, finishes, MEP works, interiors, furnishing, metal & glazing works.



# Strategy

At Sobha, we are guided by our vision to transform the way people perceive quality. And to ensure that the vision becomes a reality across all our verticals, it is essential that we come up with the right plans and goals.

Our journey so far has been successful, mainly because of our strategies that have borne fruit over time. With an eye to the future, the Company's business plans encompass not only growth but also training, innovation and sustainability.

Sobha's strategic initiatives are long-term and are directed towards the all-round development of the Company.

Following are four key strategies which are practised at Sobha:

## Revenue Growth

### Capitalising on demand

The Real Estate vertical of the Company helps in establishing its brand. Sobha plans to continue to secure its position of being a preferred provider of quality urban housing in India.

In terms of locations, the strategy of the Company has been to establish its presence in emerging cities. For instance, Sobha consciously decided to make a foray into fast-growing geographies like Gurgaon and Chennai to capitalise on their high growth potential.

The key focus of the Company is to mature in the existing markets by improving the revenues and sticking to the planning schedules, looking at fresh land parcels and catering to the evolving needs of the customers.

## Sobha's Business Model

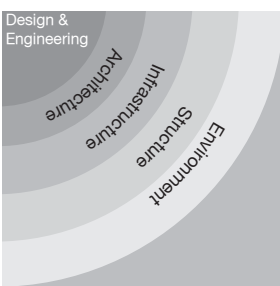
Sobha launched its Real Estate operations in 1995. The Company has emerged as one of the most respected and trusted Real Estate brands in India. Sobha's residential projects include presidential apartments, villas, row houses, super luxury apartments, luxury apartments and plotted development.



Backward integration enables Sobha to be in control of the quality of its projects. The backward integration model includes, Sobha Interiors Division, one of the largest wood working / joinery facilities in India (established in 1999); Sobha's Glazing & Metal Works Division, (set up in 2000) and Concrete Products Division (set up in 2005), which manufactures concrete blocks pavers, kerbs, water drainage channels and paving slabs.



Established in 1999, Sobha Contracts has developed numerous state-of-the-art facilities for corporates. MEP is a strategic business unit of the contractual side that designs, estimates, tenders and manages costing, execution and superior inspection of the projects for electrical, plumbing, fire fighting, HVAC and related ancillary building services.



Architectural design expertise at Sobha revolves around developing structures that are functionally efficient, aesthetically appealing and inline with high engineering standards. It is the thoughtful integration of architecture with electrical, mechanical and structural engineering

The Company is a market leader in 3BHK housing in its area of operations as it provides premium products which have an aspirational value. Sobha's strategy of launching products in a phased manner and maintaining a healthy volume-profitability balance has helped it meet its realisation and targeted EBITDA (Earning Before Interest Taxes and Amortization) margins, while building the growth momentum.

Excellence in delivery is a hallmark of Sobha, which it will continue to live up to. The Company's delivery momentum has shifted to a higher trajectory with deliveries scaling up to an annual sustainable rate of 6 million square feet per annum.

#### **Of value-oriented operations and deals**

On the contractual side, the Company provides effective value proposition - which targets at providing high quality, well-designed products at competitive prices.

The contractual orders, although niche, help boost our scalability. They validate our core mantras of Quality, Cost, Time, and Safety.

Higher capacity utilisation in factories is something that Sobha has always channelised its efforts into and will continue to do.

#### **Banking on lands**

The business also expects to benefit largely from the low-cost land parcels as these help generate better margins. The Company adopts selective land monetisation policies in its debt reduction programme.

#### **Financial Stability**

The strategy of the Company is to maintain a balanced debt-equity ratio to raise more funds to expand its land bank and fuel the slew of new launches on the anvil.

The debt-equity ratio has improved from 0.64 in FY 2010-11 to a modest 0.53 in FY 2011-12. The Company will be maintaining its debt-equity ratio in the range of 0.50 to 0.55 in the coming years to augment its growth and sustain a healthy balance sheet.

Sobha continues to maintain strong operating margins for its Real Estate and contractual verticals. In spite of cost pressures due to the increase in the prices of input materials, Sobha has continued to maintain an operating margin of above 35% for Real Estate and above 15% for contracts. The Company plans to abide by its laid down margins so that it can effectively factor in changes in the macroeconomic environment and expand its footprint.

#### **Recruitment and Training**

Sobha has a structured recruitment process so that genuine talent is identified and nurtured. The Company continues to nurture its talent pool with a myriad of skills and capabilities.

The Sobha Academy is a strong pillar of support for the execution team as it imparts well-focused training to in-house technicians and tradesmen. All engineers and supervisors of Civil, Plant and Machinery, Planning, Quality and Safety departments are put through in-depth training modules.

The Technician Supervisor Model adopted by the Academy for on-the-job training stresses on the importance of hands-on-experience so that excellence in delivery is achieved within the set timelines.

When it comes to its employees, Sobha stands for something beyond simply increasing profits. The Company makes every effort to provide an inclusive workplace to its employees by investing more in them

by addressing their needs so that they give their best to work every day. Be it designing a work environment that is safe, comfortable and appealing to work in or tapping their creativity through Company fests - Sobha does it all.

#### **Innovation and Value Engineering**

Sobha uses Value Engineering as an effective tool to improve the total value of key operations across all levels within the organisation.

Sobha also has plans to press forward its sustainability initiatives so that it can be a harbinger of green developments.

The Company aims to contribute considerably by planning, designing and executing environment-friendly development across the country.

The Company wishes to maximise its efficiency with cutting edge approaches. Profitable innovation for Sobha is a dynamic process of continually creating effective business models, improving customer experience, and opening new markets.

Sobha stimulates creativity through Genesis, an annual celebration of innovative ideas and its R&D initiatives, so that it can capitalise on the sweet spot between emerging trends, organisational capabilities, and unmet market needs.

# Sustainability Performance

With a footprint in 22 cities and 13 states across India, Sobha prides itself in being one of the largest Real Estate developers in the country, which is committed to achieving 'sustainable' growth. Leveraging on its unique backward integration model, Sobha has been able to integrate eco-friendly measures into every stage of development thus bringing about a balance between financial, environmental and social impacts of the project activity. The Company's commitment to sustainability comes to life through a well-structured management process that is pivoted around the PDCA principle "Plan - Do - Check - Act".

Sobha has already been awarded with the ISO 9001, ISO 14001 and OHSAS 18001 certifications for its quality, safety and environment management systems respectively, making it one of the few construction companies in India to achieve this feat.

Some of the key areas where Sobha places strong emphasis are discussed at length below:

## 1. Environment

### a. Green homes:

A green building can have tremendous benefits, both tangible and intangible.

The most tangible benefits are reduction in water and energy consumption right from day one of occupancy. The energy savings could range from 20 to 30 % and the water saving measures up to 30% to 50%. The intangible benefits of green homes include enhanced air quality, excellent day lighting resulting in health benefits of the occupants and conservation of scarce national resources.

Some of the common sustainable practices are elaborated below:

- Genius Loci
- Natural ventilation and lighting
- Insulation
- Top soil conservation
- Rain water harvesting
- Sewage treatment plant
- Organic Waste Converter (OWC)
- Fly ash blended cementations materials

Different levels of green building certification are awarded based on the total points earned. The various levels of rating, which are awarded include:

- 'Certified' - in recognition of best practices
- 'Silver' - in recognition of outstanding performance
- 'Gold' - in recognition of national excellence
- 'Platinum' - in recognition of global leadership

One of the Company's projects, Sobha Turquoise, has been bestowed with a pre-certified 'Platinum' rating. It is the highest level of certification issued by the Indian Green Building Council (IGBC) under the residential category.



IGBC pre-certification for Sobha Turquoise

For more information on  
Green building and  
Genius loci - refer glossary

As a conscious effort, many of Sobha's future projects will be certified by the IGBC.

#### **b. Water management:**

Water is a precious resource and to ensure its judicious use the following practices are diligently implemented:

- The Company installs, manages and maintains a Sewage Treatment Plant (STP) during the construction phase of all its projects. The STP is used to treat the domestic sewage generated from labour camps. The treated sewage is subsequently reused for curing and landscaping.
- A Water Treatment Plant (WTP) is also installed at all project sites to treat the raw water to maintain the desired quality parameters for domestic consumption.
- Though Rainwater Harvesting System (RHS) is mandated by law since 2012, RHS has been a common feature of all projects developed by Sobha for more than a decade. Run-off water from hard-paved areas of the property is channeled to rainwater percolation pits through the external drain to recharge the ground water table.

#### **c. Waste management:**

Waste is an unavoidable outcome of any activity, but effective management practices can significantly help in minimising waste generation and reducing the impact caused by its disposal. Waste management practices are typically based on the 3R principle - Reduce, Reuse and Recycle. Some of the waste management measures followed by Sobha are:

- Segregation of waste at the point of generation
- Useful packaging materials, recyclables and surplus building materials are recovered and given to authorised recyclers for reprocessing and reuse

- Hazardous waste is sent to the State Pollution Control Board (SPCB) authorised agencies for recycling or disposal as applicable
- Organic Waste Converters (OWC) are installed at project sites to convert organic waste into compost. This approach clearly has two realisable benefits. First, it is an environment-friendly alternative to chemical fertilisers. Second, it saves the cost of purchasing fresh chemical fertilisers
- In addition to this, OWCs are also used to process sludge from STP mixed with garden waste to produce rich organic manure, which too is an effective replacement for chemical fertilisers

#### **d. Energy conservation:**

Some of the energy conservation measures adopted by Sobha for all its projects are:

- Solar water heating and landscape lighting
- Solar lighting for all common areas within the project site
- Only energy efficient CFL lamps are used for lighting in landscape, terrace, corridor and lobby areas
- VFDs are installed to reduce the plumbing load
- Gearless lifts have been installed to reduce power consumption

#### **e. Monitoring:**

Monitoring is an integral part of any management process. For ensuring effective management, key environmental aspects like ambient air quality, DG stack emissions, soil contamination, noise levels and water quality are monitored and documented periodically during the construction phase and up to the warranty period in the operational phase. All samples are tested in the Company's very own fully equipped Environmental Laboratory at Sobha Academy, Bangalore.

In addition to internal monitoring, quarterly monitoring is carried out by an independent KSPCB approved external agency. Appropriate mitigation or control measures are immediately adopted if any monitored parameter records an increase above the permissible limits prescribed by KSPCB.

Apart from this, the Company closely reviews all its environment-friendly measures to ensure that these initiatives result in a positive impact on the environment. A stringent quarterly review is carried out at all sites during the pre-construction and construction phases. Every year, based on the results of the quarterly review, the Company rewards the personnel at respective project sites for following the 'Best Sustainable Practices'.

## 2. Social

### a. Workers' welfare

The following workers' welfare initiatives are undertaken by Sobha to help the workers lead a balanced, rewarding and productive life:

- Medical Care Center (MCC) / first aid center / ambulance room and an emergency vehicle are made available at all sites. The Company ties-up with hospitals which are located near the sites to ensure that the best medical facilities along with a trained first aid person are available anytime to take care of the workers
- A well-equipped clinic is mandatory on every Sobha site to treat cases of minor accidents and illness
- Occupational health-related medical evaluation is undertaken at regular intervals through quarterly medical camps, which are organised for the benefit of all site workers and their families

- Day-care centers are provided at labour camps to take care of the children of the labourers. Where along with elementary education, quality food is also provided to them
- Superior sanitation practices are followed at all project sites. The workers are also educated to follow good personal hygiene practices
- Regular pest-control activities are undertaken to prevent the outbreak of any vector borne diseases at labour camps
- Separate water tanks are installed for bathing and drinking facilities for the workers in the labour camps

### b. Safety of workers

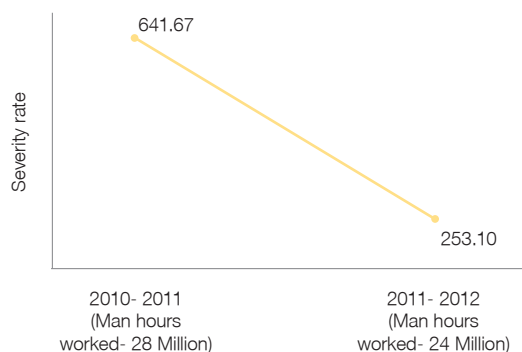
At Sobha, safety is one of the highest priority. Some of the safety initiatives undertaken during FY 2011 -12 are discussed below:

- Five times during the fiscal year, Sobha's in-house projects were recognised as 'zero accident sites', a record achievement for Sobha
- Safety Day was celebrated at all the in-house projects of the Company this year. The winners and the runner-ups were awarded for following all the safety protocols and achieving zero accidents at their sites
- Scaffold systems and signages were introduced. These are extremely effective in reducing accidents and increasing awareness among workers
- After implementing safety penalty systems, the Company managed to control many unsafe practices and minimised accidents
- The Company has banned the use of 4-inch wood cutting machines at the sites to prevent accidents
- A separate power tool room and a carpentry yard were introduced. Only authorised

operators with special identify cards have access to these areas

- Exclusive P&M check lists have been introduced for each phase of the project activity
- Fire fighting and first aid training are conducted periodically for contractors and various execution teams
- Hygienic labour camps installed with CFL lights, sockets and switchboards, were introduced

Accident Severity rate statistics (Real Estate)



Sl. No.	Year	Total man-hours worked (Million)	Accidents			
			Minor	Major	Fatal	Total
1	2010 - 2011	28	9	17	3	29
2	2011 - 2012	24	2	11	1	14

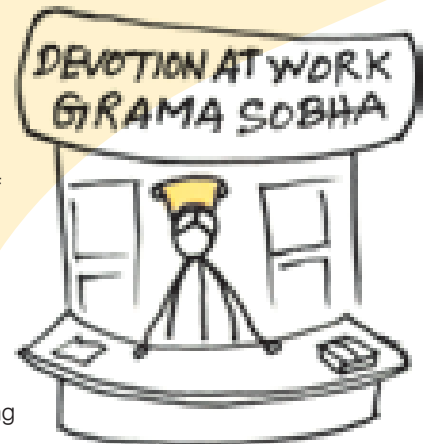


# Corporate Social Responsibility

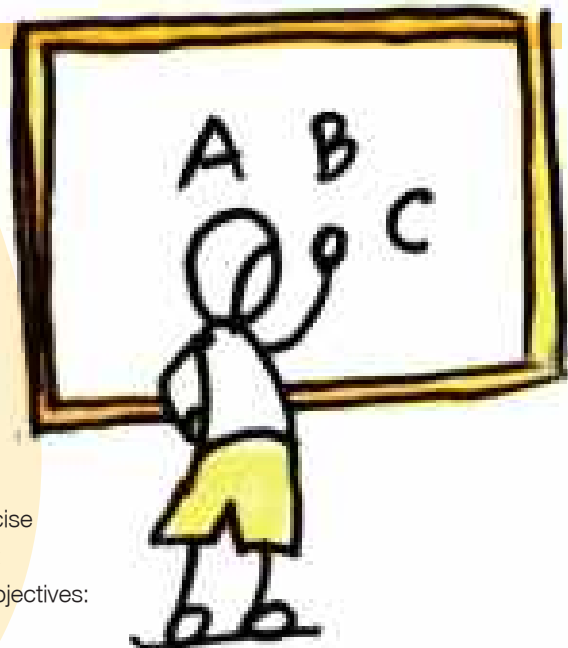
At Sobha, we believe some of our finest achievements do not just refrain to our growth figures. They also extend to Vadakkenchery and Kizhakkenchery - two small panchayaths in Palakkad district of Kerala.

To usher in holistic growth at the grass-root level, the Company, under the aegis of its CSR arm, Sri Kurumba Trust, initiated Graamasobha - a unique social development initiative for the two graama panchayaths in the year 2006.

In order to make a difference, our Chairman, Mr. P.N.C. Menon, wanted to reinvent the timeless Gandhian concept of 'Gram Swaraj' by developing world-class infrastructure and effective strategies to improve the quality of life of the rural masses, thus making the villages self-reliant. For this, specific information on the socio-economic dynamics of the poor living in the two panchayaths was required.







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

- 1 To identify and enlist genuine beneficiary families from the two panchayaths using clear-cut norms and terms.
- 2 To generate qualitative and multi-dimensional 'Baseline Reports' on the target families, so that specific programmes and activities could be implemented for their benefit.
- 3 To devise target-based, area-specific empowerment programmes and activities for key human development verticals like education, health, employment, housing, and water.
- 4 To design an effective mechanism to measure and monitor processes and the pace of the empowerment programmes of the Trust.

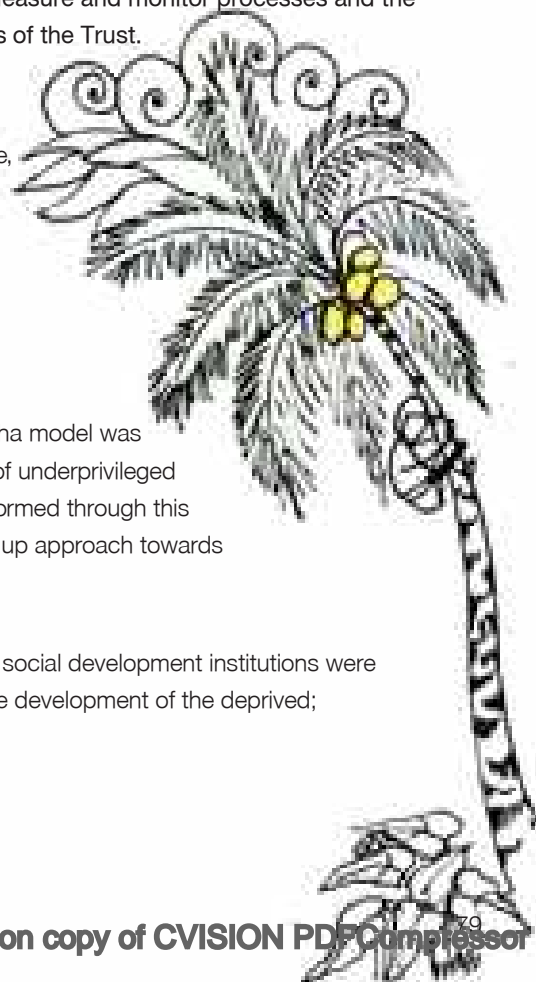


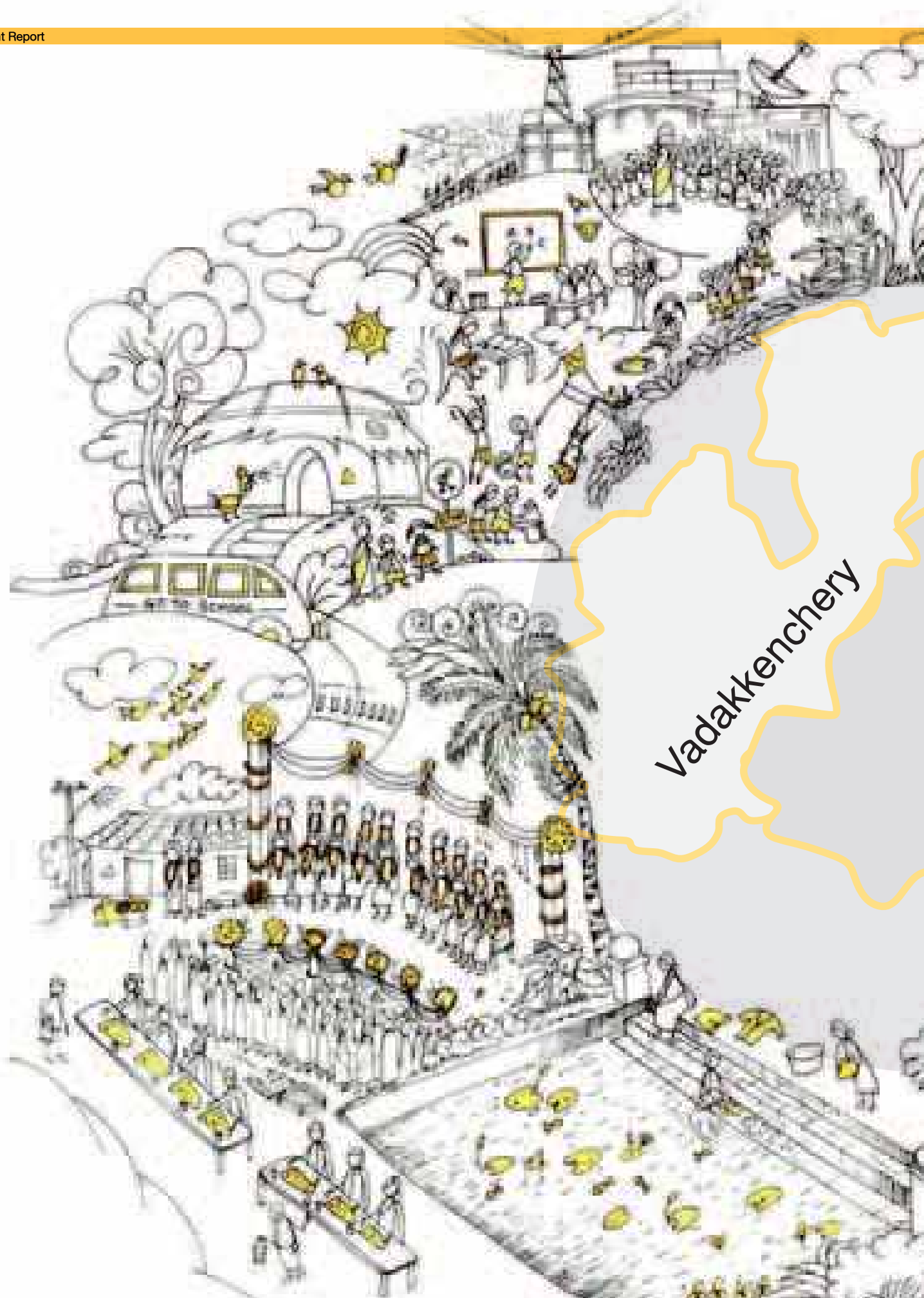
In 2008, the Trust selected trained and deployed 20 people on a full-time basis to complete the exercise. For about a year, they studied the incidence, depth, and severity of poverty of the beneficiaries with the help of various mapping methods.

The Trust covered more than 15,000 families and identified nearly 2,500 families (around 11,000 people) from the BPL bracket. Individual photo identity cards were issued to each member of the adopted families.

Based on the data, the Graamasobha model was developed. The lives of thousands of underprivileged citizens are getting positively transformed through this growth model, which has a bottom-up approach towards poverty alleviation.

The following key social development institutions were established for the development of the deprived;





Vadakkenchery

Kizhakkenchery



Over one lakh patients have been treated at Sobha Health Care since February 2007

More than 400 people, on an average, are treated in a week at Sobha Health Care

Sobha Hermitage houses 18 young mothers and 28 children

### Sobha Academy

The Sobha Academy was started to empower and enable the rural poor to break away from the vicious circle of poverty, ignorance, deprivation, and exclusion by providing their children with high-quality education.

Selection to the Academy is done through an open draw from a list of eligible candidates short-listed after intense research. More than 650 children have access to free, quality education due to this initiative.

Once admitted, all the requirements of the children, including food, transportation, uniforms, books, medical care, etc. are met at no cost. The school, whose first session commenced on June 1, 2007, follows the ICSE curriculum.

Another educational initiative of the Trust is 'Sobha Icon', which aims at creating 'Icons for India' by making high-quality learning opportunities available for meritorious students who have exceptional skills but not the opportunities to grow. Regular academic professionals have been engaged to enhance the performance of more than 100 students. The project is carried out with the help of various school authorities, teachers, parents and other stakeholders in the education sector.

A new initiative, 'Sobha Medals for Academic Excellence', is being envisaged. It will reward all the toppers of SSLC examinations from the academic year 2012-13 onwards in the project area.

### Sobha Health Care

The Sobha Health Care Centre has redefined the limits of primary healthcare institutions anywhere in the country. The target group comprises the 2,500 BPL families of the adopted panchayats, senior citizens of Sobha Hermitage, students of the Academy and their parents. The facilities include

free consultation, diagnosis, tests, treatment, and medicines. The Centre has also set up outreach counters to reach out to the needy at their doorsteps. Gynaecology and paediatric wards are also going to be launched soon. Besides, a comprehensive medical insurance scheme covering every member of the BPL families is being envisaged.

A School Health Programme (SHP) has been initiated through which comprehensive medical screening is carried out for the students, and preventive care is provided.

The Graamasobha initiatives are also playing an instrumental role in raising awareness about personal hygiene practices, particularly among the children studying in the Sobha Academy and their families, thanks to the stringent cleanliness guidelines laid down by the Trust for its beneficiaries and staff members. The families now strive towards keeping themselves and their living and working conditions clean to prevent diseases and maintain good health.

### Sobha Hermitage

Sobha Hermitage, located on 23 acres of verdant green estates, is the most benevolent home one can hope to find for the deprived. It is the epitome of humanity, offering love, care, and support to the neglected sections of the society - senior citizens as well as young widows, referred to as 'young mothers,' and their children. The residents stay in a secular and secure environment where they are provided with food, clothing, shelter and premium resources and services along with the best facilities, all on the house.

### Other Initiatives

#### Sobha Vocational Training Centre

The Sobha Vocational Training Centre (SVTC) has advanced resources and facilities. It aims at providing functional vocational training, and paid

apprenticeships in carpentry to youth from poor families. Plans are afoot to add more trades in the near future. Direct and indirect employment is provided to hundreds through SVTC.

Besides this, various other centres have been established for imparting training in computers, music and tailoring.

### Sobha Community Centre

The Sobha Community Centre is a beautiful and spacious edifice for the deprived. It comprises a dining hall that has a seating capacity of 300. While it is open for public use for a nominal fee, its core purpose lies in feeding the poor, several of whom are fed free of cost every day. Special community feeding of about 30 aged and destitute women is organised daily.

The Centre also plays host to various community mobilisation programmes including medical camps, orientation and training classes, and social weddings. It will soon be expanded into a full-fledged social development centre at par with international standards.

### Rural Women Empowerment

The Trust has also undertaken a series of Women Empowerment initiatives. It has already unveiled a programme for comprehensive rehabilitation of young mothers living at the Hermitage. While they are presently employed on a salary basis in the Academy, they all have to complete graduation, for which the Trust will offer the necessary support and resources. After graduation, they will be placed in suitable positions in the institutions of the Trust. Separate living apartments are being constructed for them which they can move into, as their children grow older. Support will also be provided if they want to get married. In yet another widow assistance programme, more

than 48 widowed mothers and their 90 school-going children, selected from the designated project area, have been brought under the safety net since 2007. They are provided with resources and facilities, besides a monthly living allowance of ₹1,000 per month. Special tuition classes are arranged for their children. The Trust also plans to provide them with a housing complex in the future through a social housing and employment initiative.

The Trust's emphasis is on providing maximum employment opportunities for women. In fact, 90% of the staff comprises female members. All girl staffers, when they get married, are given a special marriage allowance of ₹60,000 to meet their expenses in addition to the other entitlements.

The Social Wedding Programme is a constructive response of the Trust to help extremely poor families to get their daughters married. The Trust has been conducting dowry-less mass social weddings for the past five years. Pre and post marriage counselling is carried out for all the couples. Forty girls from both the panchayats are selected every year for this bi-annual social initiative. The Trust sponsors the wedding attires for the couples, four and a half sovereign of gold for each girl and household utensils. In addition to this, each couple is entitled to invite 50 people to the wedding. The average wedding expense for each girl amounts to ₹1,25,000.

Sobha Group strongly believes that if an initiative like Graamasobha can be taken up by other organisations too, it could change India's poverty equation forever and bring about a sea change in the social fabric of this country.

Over 75 people have been trained in computer graphics at the Sobha Vocational Training Centre till date

As of March 31, 2012, 331 couples have been married as part of the Social Wedding Programme

# Research and Development

The demand for new housing and infrastructure in India is increasing rapidly. This growth must be constantly fuelled with innovative approaches and latest methods in construction, which take into account the social, economic and environmental imperatives.



Sobha's online innovation portal



Think, Act, Share, Celebrate

Sobha always strives for perfection and continual improvement. Most of the projects developed, designed and built by the Company incorporate R&D initiatives and newer processes thereby creating added value for clients.

To Sobha, advancing construction activities with the help of R&D directly translates into improving productivity to save time and cost; enhancing quality, value engineering, exceeding customer expectations, delivering greater value and increasing the skill set of the workforce.

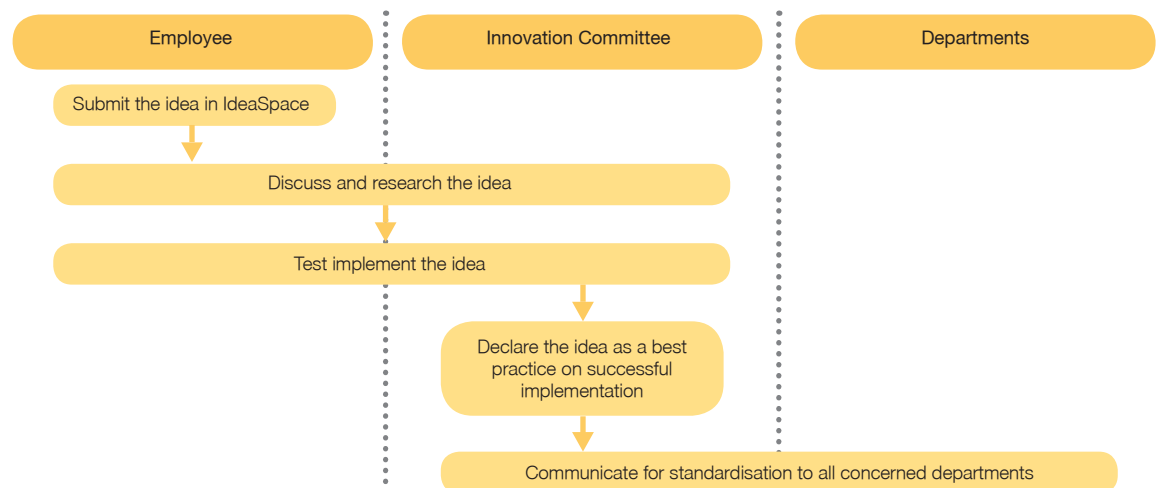
## Innovation management as key success factor

The organisation uses innovation to spot and develop new growth segments.

The Company's motto for innovation is 'Think, Act, Share, Celebrate', which translates to Think individually; Act team wise; Share with the employee fraternity; and Celebrate Sobha's success as a family.

Sobha has a structured way of receiving ideas from its employees - through an in-house online application called IdeaSpace. This provides a platform for virtual discussion of the idea which ensures organisational participation in identifying the best practices. Ideas pertaining to different areas of operations are invited and judged on the following four parameters: quality, feasibility, safety and customer orientation. Models that can lead to improved business performance are implemented. They are also showcased in an exhibition, Genesis, which is organised by the Company every year to celebrate creativeness and innovation.

## Process for evaluating and implementing innovative ideas



Monthly Value Engineering workshops addressing concern areas are organised to help the participants analyse and suggest innovative and practical solutions.

Sobha drives innovation at three levels:

- Central Innovation
- Division Innovation
- Project-specific Innovation

## 1. Central Innovation

### Process and IT

On the process front, the Process and Information Technology department of Sobha develops processes as Standard Work Process Procedures (SWPPs), wherein each activity, spanning every department of work, is extensively documented.

The process development procedures have helped the Company in upgrading its Enterprise Resource Planning (ERP) system. ERP facilitates the flow of information across all functions within the Company and helps effectively manage external communication with the stakeholders. Our ERP system has helped improve efficiency, simplify work processes and improve customer experience.

Some of the successes with our ERP and other Information Technology applications during the year have been:

- Sales and construction agreements as well as the sale deed can be generated using the ERP system
- Providing a customer portal to help customers login and view their accounts
- Sending SMSs through ERP to customers for payment reminders and receipt
- Sending SMSs through ERP to sales team members with details on prospective customer

allocations

- Constantly enhancing the Company's home-grown ERP to manage the budgeting and capital expenditure request process for the Plant and Machinery Department and managing the sales invoicing process for the mattress division
- Working with the design team to adopt 'Revit' as an architectural design software
- Implementing an office automation and surveillance system at Sobha's new Corporate office

### Green initiatives

Designing projects as per the LEED and IGBC guidelines result in better lighting and ventilation.

### Creating in-house expertise

Network rendering technology and render farms have been implemented to create in-house walk-throughs for projects.

### Bar bending schedule

Bar Bending Schedule (BBS) can be produced accurately from the structural drawings using the newly implemented Rebar CAD software. Using the software, the reinforcement wastage of the project can be brought down from 3% to 1%.

### Introduction of LED light fixtures

The Company has introduced LED light fixtures in place of normal Metal Halide (MH) & CFL light fixtures. LED light fixtures consume very less power and save up to 60% of electricity. They also last ten times longer when compared to other fixtures.

### Lighting management system

Introduction of Lighting Management System (LMS) with the following features for energy conservation:

For further information about IGBC Guidelines refer Sustainability on page 74



### Daylight harvesting

Daylight sensors help in actively managing the amount of artificial light in a room when natural sunlight is available. They can substantially decrease lighting power consumption depending on the amount of natural light available and the accuracy of the daylight harvesting device.

### Occupancy sensors

The occupancy and movement sensors are introduced in meeting rooms, cabins and toilets of various contractual projects as they help conserve energy. They also cut down on the use of light fixtures during non-working and unoccupied hours at the workspace.

### Introduction of heat pump for hot water

An air-sourced heat pump works by absorbing heat from the outside air and transferring it to water in a tank.

The heat pump is an all-in-one device that discharges hot water according to the desired requirement up to a water temperature of 60° celsius. It is one of the most economical systems to heat water for domestic use. This highly efficient unit uses free renewable energy from the air and is three to four times more convenient than a conventional electric heater.

The heat pump is a safe and eco-friendly device, which can be installed outside a house or on the terrace. It is best suited for row houses and villas.

### Construction technology

#### New formwork system proposed using H-Beams and brackets

The new formwork system proposed using H-Beams and brackets will help remove the usage of silver oak (a type of timber) for primary and secondary runners.

The lack of availability, increasing costs and quality issues of the silver oak wood were the main concerns, which necessitated the use of factory made H-Beams. The use of this system can qualitatively improve the column beam framework and subsequently reduce the thickness of external rendering.

### Introduction and implementation of Debris Crusher

The Debris Crusher is a machine that works with the jack load method and a 10 bhp motor. It is a compressor used to compress blocks, rocks, concrete moulds and debris. It crushes up to 25 mm. These compressed materials are later used for screed concrete and backfilling.

The output capacity of the machine is 8 tonnes/ hour. About 3% of the debris generated is recycled and used for backfilling. Hence the cost of carting the debris outside the site premises is considerably saved.

### Implementation of the thin bed mortar system

A thin bed mortar system has been implemented to reduce the environmental impact, save water, improve energy efficiency, reduce maintenance and maximise a building's life. This methodology helps save labour, time, water and energy. One unique and distinct advantage is that it is free from curing post application.

## 2. Divisional Innovation

### Introduction of automatic spraying machine

The automatic spraying machine helps in reducing the limitations of the traditional way of spraying like high lacquer consumption, low coverage area, large drying time and high material wastage. As the amount of lacquer being used in the work piece is less, it reduces the material consumption by 10 to 20% and increases the coverage area by 20 to 40%.



#### **Boltable spring corner cleat for window and ventilators**

The innovative idea of Window Cleat allows one to make a perfect corner connection, which is controlled by an in-built key and pins. This is implemented in the toilet ventilators of our residential units.

#### **Polyester fibres into concrete**

Adding polyester fibres to concrete during the production of kerb stones and paving slabs (of less than 100 mm thickness) acts as a secondary reinforcement measure. It also helps in the reduction of cement content and reduces the amount of CO<sub>2</sub> released into the atmosphere.

#### **Thermal insulating blocks**

EPS (Expanded Polystyrene Foam) has lower thermal conductivity and a high ability to resist heat transfer, and hence, making it a good insulating material. It is also lightweight and environmentally-friendly due to its minimal processing energy.

### **3. Project-specific Innovation**

#### **Secant pile wall system**

Secant pile walls are constructed by drilling overlapping vertical shafts and backfilling them with lean concrete. In alternate shafts, a steel pile section is installed, and the lean concrete provides soil retention between piles. This system provides water cutoff and even helps in earth retention. Lateral bracing is often required as this system is generally used for deeper excavations and in cases of high water table conditions. The secant pile wall system is ideal for sites, which are nearer to residential complexes as it helps cut down on noise pollution.

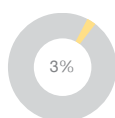
#### **A more accurate concrete finishing methodology**

A high-quality, dual operation screed vibrator accompanied with a rotating laser instrument allows a 100 mm thick layer of freshly poured concrete to be compacted, levelled and smoothened in one operation. The laser is used for transferring and checking reference levels to a 1 mm accuracy thereby delivering a perfectly levelled floor, on which tiling can be directly laid upon.

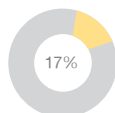
# Employees

Percentage of employees  
in age groups

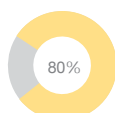
Age in Years



Above 50 years



35 - 50 years



Up to 35 years

## Excellent image as an employer

One of the key reasons for Sobha's sustained growth is its employees. The Company's focus on establishing and maintaining a good workplace environment, introducing training programs to equip the workforce to handle their on-the-job challenges and taking steps to inspire leadership have gone a long way in making it an attractive employer. Sobha has been able to garner top slots for campus recruitment at some of the leading engineering colleges and management institutes across South India.

Sobha recruits candidates based on their technical, functional and behavioural competencies. Beginning with a comprehensive induction programme, right from the time of entry of a new recruit, the Company provides the right inputs to ensure seamless integration of young minds and expertise in the organisation - a workplace where talent can blossom and realise its full potential.

Sobha believes in nurturing its employees, without any discrimination. As a responsible corporate citizen, the Company encourages persons with disabilities in its candidate pool.

As of March 31, 2012, Sobha has employed a workforce of 2,502, up 12.5% (278 in absolute number) from 2,224 in March 31, 2011.

## Recognised as a top employer

Sobha Developers Ltd. has been honoured with the 'Employer of the year in Real Estate' award at the Realty Plus Excellence Awards 2012.

## Empowering young minds

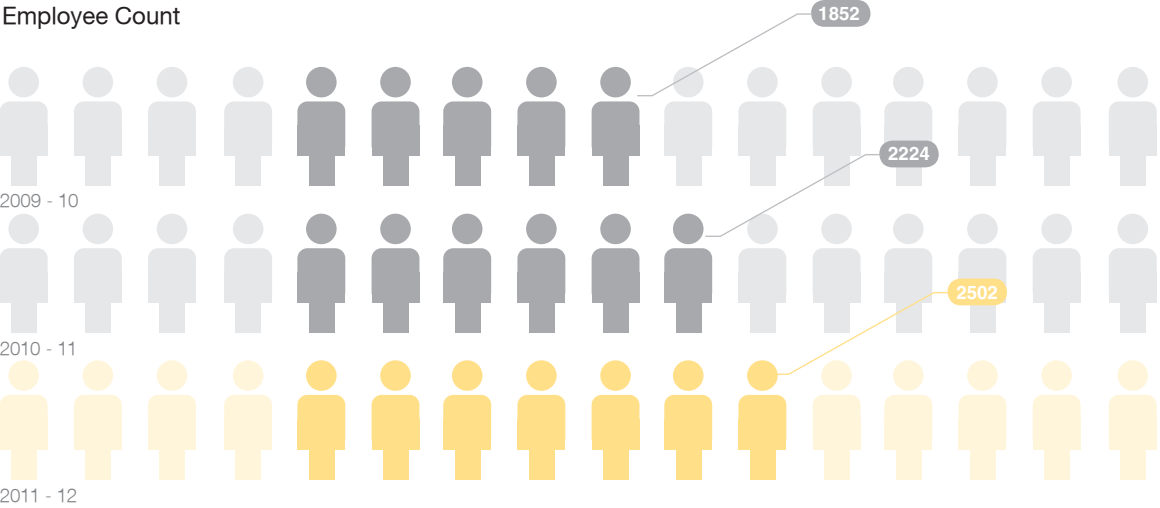
Around 80% of Sobha's workforce comprises young people, who are under 35 years of age. They bring about a fresh perspective to the Company's work environment and foster the innovation culture of Sobha. Young employees also seek out creative challenges and view their seniors as vast resources from whom they can gain knowledge.

The professional development of employees is fuelled through various training and development modules. High performers with a potential to grow in the organisation are provided with challenging opportunities for taking up higher responsibilities in line with their career aspirations.

The Company has a Management Trainee Scheme, through which it hires bright civil engineers from leading institutes and grooms them to become future leaders. They are equipped to deal with the most critical project management and delivery functions.

The Company also provides a first taste of job experience to several interns who are given hands-on training. The integrated work processes at Sobha give them a wide exposure to world-class construction practices.

Employee Count



Growth-oriented work environment

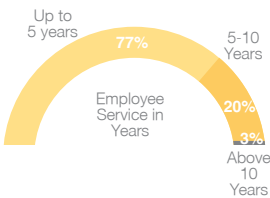
In addition to offering attractive career and development opportunities for employees, Sobha also believes in compensating them based upon their performance, merit and competitively in relation with the market. The Human Resource Department of the Company conducts a compensation survey periodically to benchmark Sobha's remuneration against the market.

Key metrics such as cost and revenue per employee are tracked closely to measure the efficiency of the employees and attractive performance linked incentives are given if the desired targets are achieved.

Employee retention

Working on the holistic development of employees through initiatives like providing honest feedback for improvement or appreciating them for their achievements help in employee retention.

The transparent Company culture, which is built on values, such as respect, support, and recognition of achievements has always been a source of motivation for our talent pool. The staff-centric policies are the key differentiators, which give Sobha a competitive advantage over the others.



## Employee-friendly initiatives

### Creative Club

Sobha has a Creative Club, which adds value to every Sobhaite's life. The Club actively celebrates important occasions like Earth Day, World Plumbing Day, Earth Hour and Environment Day besides days of national significance like Independence Day and New Year's Day and all festivals. It also plays an active role in fostering creativity among all employees.

### Employee Welfare Fund

The Creative Club has also set up a 'Sobha Employee Welfare Fund'. Sobhaite's across various divisions can voluntarily contribute to this fund. The funds raised are used to help a Sobhaite in his or her medical emergencies.

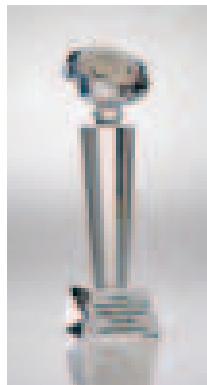
### Innerv

The Company publishes its in-house magazine, Innerv, every quarter. It updates employees on the latest Company information and all people-related activities. Following are the key objectives of the magazine:

1. To be the most effective means of internal communication
2. To enhance employee belongingness and engagement
3. To create a sense of pride and association among employees

### Thanks to employees

The good reputation of our high-quality products is due to our employees' commitment, performance and loyalty. Sobha's workforce was instrumental in helping the Company achieve another excellent result in FY 2011-12. We express our sincere thanks to all our staff members who have contributed to our success.



The 'Employer of the Year' (2012) award by Realty Plus

## Training

### Staff development at the forefront

People are our strength, so employee training programmes and initiatives are an integral part of Sobha's growth vision. The training modules are driven by technology and enhanced by innovation. They have been a major driving force of our success.

The challenging business scenario necessitates continuous development of employees in terms of skills and competencies in line with the work requirements.

Sobha has a technologically well-equipped Academy where both technical and behavioural training is provided. The trainings are structured in the following way:

1. At the time of joining, an induction program is conducted to familiarise the employees with various business units, departments and work processes.
2. After joining, all employees have to undergo annually three days of behavioural training besides three days of technical or work-related training.
3. Reverse trainings are conducted at the project sites. It's a platform for the Company's employees to unleash their hidden potential as a trainer and share their knowledge with others within the Sobha family. Through this, the staff gets an opportunity to learn more about their lines of work as they teach their peers about their technical know-how and share their experiences.
4. Workers' development training programs are conducted to address the needs and concerns of the construction workers with the aim to improve their well-being.

### Sobha Academy - where knowledge meets know-how

Sobha Academy is an inter-company training centre that offers world-class training in construction with state-of-the-art facilities. Artisans like Mason, brick-layer, tile-layer and carpenter are trained in batches of 25-30 at the Academy. Quality, safety and cleanliness are the three words the Academy promises to add to the trainees' vocabulary and make sure they learn to practice it.

The technical training structure at Sobha is divided into two parts - supervision and inspection. The Company has identified 28 activities, which go into the execution of a project. To execute each activity there is a laid down sequence and procedure using the right tools and methodology. These kinds of activity-specific trainings help in delivering high-quality products.

Similarly, each of the technicians is trained to carry out all the activities related to his trade in a sequential manner. For instance, a worker who is recruited from a village is extensively trained to acquire the skills required to execute the simplest task related to his trade. He is given minimum theoretical and maximum practical training for a period of over four weeks. This is followed by another eight weeks of on-the-job training under senior and experienced technicians at the project sites. His skills are then put to test based on the proficiency achieved in executing the laid down activities. Next, he is provided execution training rigorously for nine months. Following which he is trained on higher skill sets; thereby the training process becomes an ongoing one.

The Sobha Academy has conducted a total of 55,816 hours of structured training for 4,364 employees and technicians during this fiscal year.

The Academy plays a large role in ensuring that the artisans and employees are rightly skilled and well-oriented.

Sobha's employees are encouraged to attend outstation as well as external trainings to keep themselves up-to-date with the latest skills and knowledge pertaining to their area of work.

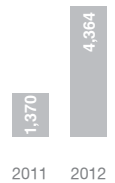
Every year several new training modules are introduced to cater to all sorts of delivery and execution functions.

Some of the new technical training programmes introduced in FY 2011-12 include concreting, scaffolding, masonry, plastering, water-proofing, painting, tiling, marble & granite work, metal work, aluminum fixtures & glazing works, project management, reinforcement, construction safety, pre-cast buildings and green building orientation. While the behavioural ones comprise communication skills, etiquette and mannerism, man-management, leadership skills, administration at sites, stress management, industrial relations and interviewing skills.

Number of Training Hours



Number of people trained



Training Cost (₹)



# Risk Management Report

Risk Management is a continuous and dynamic process that involves identification, assessment, analysis, and measurement of all potential threats, events, and associated risks which may have a bearing on the achievement of stated objectives or on the operations of the Company. The Board of Directors and Audit Committee of the Company have been entrusted with the responsibility of establishing and implementing an effective risk management system.

The following are the key risks faced by the Company:

## **Strategic and Market Related Risks**

### **Industry Specific Risk**

The Real Estate market is affected significantly by changes in economic conditions, demographic trends, employment, and income levels, among other factors. The Company's business is dependent on the availability of Real Estate financing in India. Recession in the economy may cause the Company to experience limited availability of funds in the future.

### **Sales Market Risk**

A decline in the Real Estate market may cause the property buyers to remain risk averse and the market spending may turn more cautious because of it. These factors could have adverse effects on the Company's business and future growth, or could otherwise decrease the revenue generated from some or all of the Company's residential, commercial, and contractual businesses.

### **Customer Relation Risk**

A substantial portion of revenues from contractual projects is generated from one major client operating

in the Information Technology sector. If the said client either reduces or stops providing the Company with contractual projects or if there is a slowdown in the IT sector, it could have a material adverse effect on the Company's business and its results of operations.

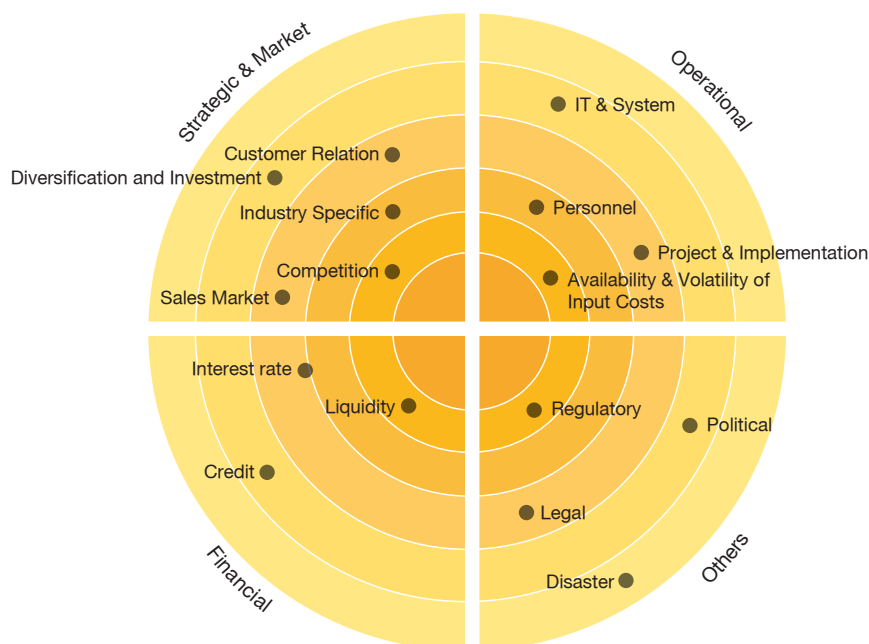
### **Competition Risk**

The Company may face significant competition from other Real Estate developers which undertake similar projects within the same regional markets as the Company. Due to the fragmented nature of the Real Estate business, adequate information about the competitors' projects may not be available and accordingly the Company runs the risk of underestimating the supply in the market.

### **Diversification and Investment Risk**

Expansion into new geographies exposes the Company to risks such as low level of familiarity with the development of properties in the new geographies, attracting potential customers in the new markets, etc. The impairment of intangible assets that may arise out of acquisition, such as goodwill, can also cause additional financial burden to the Company. Investments usually have a gestation period spanning several years. The associated risks include those related to obtaining requisite regulatory approvals for the projects. Changing government policies may also impose restrictions or prohibitions on investments.

The strategic risks described above are inherent to the sector in which the Company operates. The demand for housing in India is huge and the potential for growth in cities due to migration will definitely present more opportunities to the sector in the years



to come. The Company believes that quality is the key differentiator wherein the customers get complete value for the investments made. As per the internal estimates of the Company, majority of the homebuyers are less dependent on debt finance. The Company has also been adding new customers in the area of contractual projects, so that the dependency on one major client is reduced.

### Operational Risks

#### Project Implementation Risk

One of the primary inputs for a construction company is the availability of land. The uncertainty of underlying title of the land in India is a major factor and involves the risk of legal disputes and related costs. The other

inherent risks in the project implementation phase include delays in implementation, supply chain issues, migratory labour, accidents, cost and quality control.

#### Availability and Volatility of Input Costs Risk

Fluctuating input costs is a risk inherent to the Real Estate business. The Company's operations are subject to increase in expenses due to a number of factors such as increase in construction, repair and maintenance costs, sub-contracted service costs and labour costs.

#### Personnel Risk

The Company's performance depends to a significant extent on the abilities of its senior management personnel and loss of services of such personnel could have a material adverse impact on the

Company's business. Also, if the Company is unable to identify, attract, and retain competent manpower such as engineers and architects, the business could be adversely affected.

#### **IT and System Risk**

The Company uses an Enterprise Resource Planning (ERP) system known as R Construct for integrating its core and back-end activities such as architecture, engineering, projects and costing. Any disruption of the existing IT systems or a delay in implementation could disrupt the Company's ability to track, record, and analyse the work in progress or cause loss of data.

The Company employs well-governed processes to ensure that project-level implementation risks are minimised. The Company has an in-house Quality, Safety and Technology (QST) department to address quality issues of the end product. The Company has effective policies to retain and motivate key personnel to contain the risk of attrition. The Company owns the intellectual property associated with the ERP System and has an in-house IT Department which caters to the development and maintenance of the IT Systems, ERP framework and the associated IT related issues. The Company engages in negotiating long-term contracts for the purchase of key material, and it also follows a backward integration model wherein the key inputs for the final product are sourced in-house, thereby reducing the dependency on external suppliers.

#### **Financial Risks**

##### **Interest Rate Risk**

The Company has incurred floating rate indebtedness for its projects to a certain extent. Changes in interest rates, which are highly sensitive to factors such as governmental, monetary and tax policies,

may increase the Company's cost of borrowing and impact its profitability.

##### **Liquidity Risk**

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

##### **Credit Risk**

The Company undertakes certain projects in cooperation with various other parties. Credit risk arises when they do not perform their obligations as in such circumstances, the Company may be required to make additional investments in the joint venture or become liable for its obligations.

The Company has managed its gearing levels efficiently during the last three financial years. The gearing ratio has come down from 1.72 in 2008-09 to 0.53 in 2011-12. The management is of the view that the present level of debt is optimum for the Company for ensuring sustained growth in the future. The Company has adopted an effective method for purchase of land, and due diligence of joint development partners is conducted before entering into any joint development agreements.

##### **Other Risks**

##### **Legal Risk**

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



### Regulatory Risk

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

Company has constituted a Risk Council comprising personnel from cross-departmental functions, which meets at regular intervals to address the risks faced by the Company, mapped in terms of probability along with the impact. The Risk Council advises the management on key mitigation related issues for better decision-making.

### Political Risk

The Company's business may be affected by changes in Government policy, social and civil unrest and political or other developments in or affecting India. Specific laws and policies affecting Real Estate, foreign investment, and other matters affecting investment in the Company's securities could change. Such changes could adversely affect the Company's business.

The Audit Committee and Board of Directors of the Company are aware of the aforementioned risks faced by the Company and have adopted adequate and timely risk management measures to counteract the risks.

### Disaster Risk

The occurrence of natural disasters, including earthquakes, fires, pandemic diseases and man-made disasters, including acts of terrorism and military actions, could adversely affect the Company's results of operations or financial condition.

The Company has a strong in-house legal department and engages outside experts to mitigate legal and regulatory risks. It is an active member of trade associations like CREDAI and FICCI and makes joint representations to the Government and Regulators on common issues being faced by the sector. The Company takes adequate insurance coverage for managing disaster related risks and adopts sufficient measures to reduce the incidence of man-made disasters.

### Overall Risk Mitigation Mechanism

The Company has well-governed systems and processes in place to identify and take steps to mitigate or minimise the Company related risks. The

# Operational and Financial Analysis

## Execution and Delivery

Sobha is one of the few Real Estate developers in India, which has executed 51.80 million square feet of developed area since inception. The Company has completed 79 Real Estate projects covering 25.45 million square feet and 209 contractual projects measuring 26.35 million square feet. Sobha has a strong community of over 10,000 customers.

In the financial year 2011-12, the Company has completed and handed over 5.22 million square feet of developed area comprising 9 Real Estate projects covering 3.14 million square feet and 18 contractual projects covering 2.08 million square feet of developed area.

Sobha is currently executing 38 Real Estate projects covering 23.04 million square feet and 47 contractual

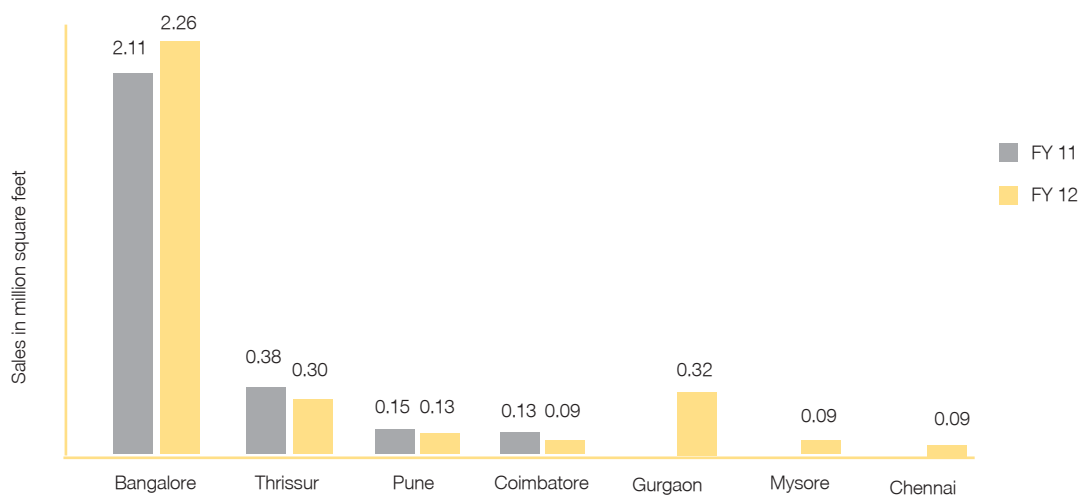
projects comprising 10.05 million square feet of developable area.

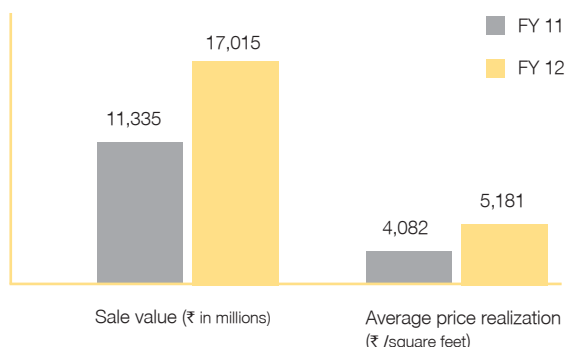
During the past five years, Sobha has executed an average of 6.62 million square feet of developed area and 5.80 million square feet of Super Built-up area annually, thus indicating a strong delivery capability.

## New Sales

Despite a challenging macroeconomic environment, the Company, during the FY 2011-12, achieved Real Estate sales of 3.28 million square feet compared to 2.78 million square feet of saleable area in 2010-11.

The summarised Real Estate sales performance of various cities where the Company has its operations in for the financial year 2011-12 is given as under:





The value of the new sales achieved during the financial year is ₹17.01 billion. During the financial year 2011-12, the overall price realisation has improved from ₹4,082 per square feet to ₹5,181 per square feet, up by 27%. The sales value also increased from ₹11.33 billion to ₹17.01 billion, up by 50% and fresh sales volume increased from 2.78 million square feet to 3.28 million square feet, up by 18%.

### Operating Margins

During FY 2011-12, the Company has earned an EBITDA margin of 31.38% compared to 25.74% in the previous financial year. The higher margins are mainly due to the increase in the Real Estate sales when compared to the contractual projects and higher price realisations.

### New Launches

The Company had launched new projects in Bangalore, Chennai, Gurgaon, Pune, Coimbatore

and Mysore aggregating to a total development of 10.45 million square feet, which will be completed in a phased manner.

### New Markets

During the year, the Company has increased its footprint in three new cities namely Gurgaon, Chennai and Mysore. Despite a few challenges in new markets like variations in customer preferences and local laws, the Company was able to sell 0.50 million square feet of new sales indicating a great promise in the years to come.

### Future Launches

Sobha, during the financial year 2012-13, is planning to launch residential projects with an eclectic product mix of multi-storied apartments, row houses, super luxury villas, commercial development and plotted development in Bangalore, Coimbatore, Thrissur and Mysore covering a total Super Built-up area of 5.86 million square feet wherein the Company has an economic interest of 4.30 million square feet.

### Cash Flows

During the financial year 2011-12, the Company generated net positive cash flows of ₹5,302.44 million against ₹4,131.32 million during the previous year indicating an increase of 28.35% on a year over year basis.

### Cash Flows (₹ in million)

Profit before Tax	2,952.36	2,435.96
Depreciation	387.78	277.73
Changes in Working Capital	1,499.66	1,043.23
Net Interest	941.51	752.92
Others	(478.87)	(378.52)
<b>Operating Cash Flow</b>	<b>5,302.44</b>	<b>4,131.22</b>

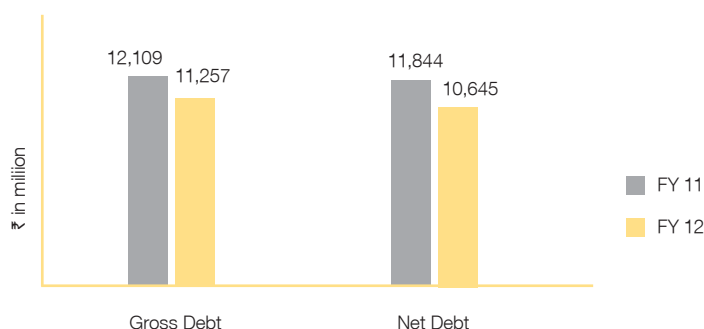
### Land Monetisation

The Company has divested some of its non-strategic land parcels for an amount of ₹1,365.36 million during the financial year ended March 31, 2012 compared to ₹1,539.62 million during the financial year ended March 31, 2011.

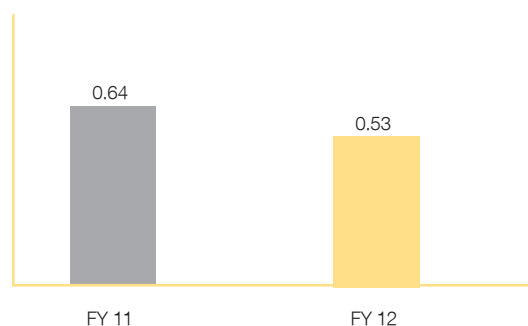
### Financial Indebtedness

As on March 31, 2012, the Company has outstanding loans of ₹11,257.70 million compared to ₹12,109.65

million as on March 31, 2011. The net debt as on March 31, 2012 is ₹10,645.90 million compared to ₹11,844.30 million as on March 31, 2011. The net debt has decreased by ₹1,198.40 million during the financial year ended March 31, 2012. The reduction of debt is mainly on account of internal accruals and partly due to land monetisation. Consequently the Debt/ Equity ratio has reduced to 0.53. The graph depicts the financial indebtedness position of the Company for the last two financial years.

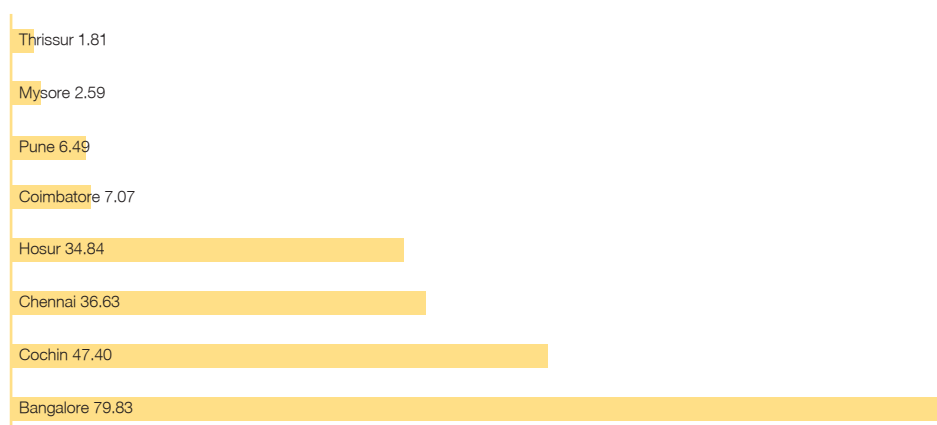


### Debt Equity Ratio



## Land Bank

The Company has an economic interest in land parcels spread over nine cities having a developable area of 216.66 million square feet. The average cost of land is ₹173 per square feet and ₹86 per square feet when factored on a FSI basis. The graph shows the distribution of land bank across the various cities.



Developable area in million square feet

## Key Ratios

	31.03.2012	31.03.2011
EBITDA Margin	31.38	25.74
Pre Tax Margin	21.05	17.62
Post Tax Margin	14.32	13.20
ROE	10.41	10.24
ROCE	9.91	8.57
Earnings per Share (₹)	20.48	18.61
Book Value (₹)	204	189.33
Debt / Equity Ratio	0.53	0.64
Price Equity	16.27	15.77
Price / Book Value	1.63	1.55

## CEO and CFO Certification

### Chief Executive Officer and Chief Financial Officer Certificate

(As per Clause 49 of the Listing Agreement)

We certify that:

1. We have reviewed the financial statements and cash flow statement of Sobha Developers Limited for the year ended 31st March 2012 and to the best of our knowledge and belief;
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. To the best of our knowledge and belief, there are, no transactions entered into by the Company during the year, which are fraudulent, illegal or violating the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls over financial reporting and we have evaluated the effectiveness of Internal Control Systems of the Company over financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls over financial reporting, if any, of which we are aware and the steps we have taken to rectify these deficiencies. In our opinion, there are adequate internal controls over financial reporting.
4. We have indicated to the auditors and the audit committee:
  - (i) significant changes / improvements in internal controls over financial reporting during the year.
  - (ii) significant changes in accounting policies made during the year, if any, have been disclosed in the notes to the financial statements.
  - (iii) That there are no instances of fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Dubai  
May 6, 2012



S Baaskaran  
Chief Financial Officer



J C Sharma  
Vice Chairman and  
Managing Director

## Auditors' Report

To

The Members of Sobha Developers Limited

1. We have audited the attached balance sheet of Sobha Developers Limited ('the Company') as at March 31, 2012 and also the statement of profit and loss and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - v. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:

a) In the case of the balance sheet, of the state of affairs of the Company as at March 31, 2012;

Annexure referred to in paragraph 3 of our report of even date

Re: Sobha Developers Limited

b) In the case of the statement of profit and loss, of the profit for the year ended on that date; and

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

c) In the case of cash flow statement, of the cash flows for the year ended on that date.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

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

per Adarsh Ranka  
Partner  
Membership No.: 209567

(c) There was no disposal of a substantial part of fixed assets during the year.

Dubai, UAE  
May 06, 2012

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) (a) The Company has granted loan to one party covered in the register maintained under section 301 of the Act. The maximum amount involved during the year



was ₹ 87.11 million and the year-end balance was ₹47.11 million.

- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (c) The loans granted are re-payable on demand. We are informed that the Company has not demanded repayment of any such loan or interest during the year, and thus, there has been no default on the part of the parties to whom the money has been lent.
- (d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) The Company has taken loan from two parties covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was ₹13.48 million and the year end balance was ₹Nil.
- (f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loan are prima facie not prejudicial to the interest of the Company.
- (g) The loans taken were re-payable on demand. The repayment of the principal amount was as demanded and payment of interest has been regular.

iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

- v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) In respect of transactions made in pursuance of such contracts or arrangements exceeding value of ₹0.50 million entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules

made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, related to the construction of buildings/ structures and other related activities, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, excise duty, wealth-tax, service tax, customs duty, cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, wealth-tax, service tax, sales-tax, income-tax, customs duty, excise duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

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

Name of the statute	Nature of due	Amount * (₹ in million)	Period to which amount relates	Forum where dispute is pending
Andhra Pradesh Sales Tax Act	Basis of charge of sales tax	5.25	2002-04	Sales Tax Appellate Tribunal
Andhra Pradesh Sales Tax Act	Basis of charge of sales tax	1.61	2005-08	Sales Tax Appellate Tribunal
Karnataka Sales Tax Act	Basis of charge of sales tax	30.68	1998-06	Joint Commissioner of Commercial Taxes
Karnataka Sales Tax Act	Basis of charge of sales tax	64.55	2003-05	High Court
Karnataka Sales Tax Act	Basis of charge of sales tax	46.55	2007-08	High Court
Income Tax Act	Differential tax treatment	3.54	1999-01	High Court
Income Tax Act	Disallowances	0.04	2008-09	Assessing officer
Income Tax Act	Disallowances	4.60	2007-11	Additional Commissioner of Income Tax
Finance Act, 1994 (Service Tax Provisions)	Basis of valuation	95.67	2006-08	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994 (Service Tax Provisions)	Disallowances	4.23	2002-07	Commissioner of Central Excise and Service Tax
Finance Act, 1994 (Service Tax Provisions)	Service tax demand	111.65	2008-11	Commissioner of Central Excise and Service Tax

\* Net of ₹ 112.72 million, paid under protest

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof in our opinion are not prima facie prejudicial to the interest of the Company considering Company's economic interest in such entities.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company has not issued any debentures during the year. The Company had created security or charge in respect of debentures issued in prior years, which were redeemed during the current year.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable to the Company.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

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

per Adarsh Ranka  
Partner  
Membership No.: 209567

Dubai, UAE  
May 06, 2012

## Balance Sheet as at March 31, 2012

	Notes	31.03.2012 (₹ in million)	31.03.2011 (₹ in million)
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	980.64	980.64
Reserves and surplus	4	19,024.23	17,585.59
		<b>20,004.87</b>	<b>18,566.23</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	244.40	20.70
Deferred tax liability (net)	13	330.37	-
Trade payables	6	177.62	177.62
Long-term provisions	7	20.68	25.72
		<b>773.07</b>	<b>224.04</b>
<b>Current liabilities</b>			
Short-term borrowings	8	1,973.38	3,251.17
Trade payables	9	3,358.27	2,841.76
Other current liabilities	9	13,366.70	12,262.85
Short-term provisions	7	1,236.27	904.23
		<b>19,934.62</b>	<b>19,260.01</b>
<b>TOTAL</b>		<b>40,712.56</b>	<b>38,050.28</b>
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	10	2,739.60	1,366.50
Intangible assets	11	57.93	6.27
Capital work-in-progress		12.75	646.51
Non-current investments	12	1,539.13	506.14
Deferred tax assets (net)	13	-	73.79
Long-term loans and advances	14	5,501.94	4,581.72
Inventories	17	13.50	19.69
Trade receivables	15.1	51.25	25.51
Other non-current assets	15.2	78.85	58.33
		<b>9,994.95</b>	<b>7,284.46</b>
<b>Current assets</b>			
Current investments	16	-	9.95
Inventories	17	14,351.87	9,706.66
Trade receivables	15.1	1,117.19	1,044.42
Cash and bank balances	18	532.95	217.02
Short-term loans and advances	14	12,573.67	16,943.77
Other current assets	15.2	2,141.93	2,844.00
		<b>30,717.61</b>	<b>30,765.82</b>
<b>TOTAL</b>		<b>40,712.56</b>	<b>38,050.28</b>

Summary of significant accounting policies

2.1

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

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

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

per Adarsh Ranka  
Partner  
Membership No.: 209567

P.N.C Menon  
Chairman  
  
S. Baaskaran  
Chief Financial Officer

Ravi Menon  
Co-Chairman  
  
Kishore Kayarat  
Company Secretary and  
Compliance Officer

J.C. Sharma  
Vice Chairman and  
Managing Director

Place: Dubai, UAE  
Date: May 6, 2012

Place: Dubai, UAE  
Date: May 6, 2012

## Statement of profit and loss for the year ended March 31, 2012

	Notes	31.03.2012 (₹ in million)	31.03.2011 (₹ in million)
<b>Income</b>			
Revenue from operations (gross)	19	14,020.79	13,799.30
Less : Excise duty		55.11	32.36
<b>Revenue from operations (net)</b>		<b>13,965.68</b>	<b>13,766.94</b>
Other income	20	62.73	59.02
<b>Total revenue</b>		<b>14,028.41</b>	<b>13,825.96</b>
<b>Expenses</b>			
Land purchase cost		2,586.68	1,297.29
Cost of raw material and components consumed	21	1,011.01	700.67
(Increase)/ decrease in inventories of building materials, finished goods, stock in trade -flats land stock and work-in-progress	22	(4,591.01)	466.26
Purchase of project materials		2,867.09	2,602.16
Subcontractor and labour charges		2,803.94	2,686.11
Employee benefits expense	23	1,267.49	1,035.17
Other expenses	24	3,681.36	1,479.12
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>		<b>4,401.85</b>	<b>3,559.18</b>
Depreciation and amortization expense	25	387.78	277.73
Finance costs	26	1,061.71	845.49
<b>Profit before tax</b>		<b>2,952.36</b>	<b>2,435.96</b>
<b>Tax expenses</b>			
Current tax		586.90	629.53
Deferred tax charge/ (credit)		404.16	(22.27)
MAT Credit utilisation/ (entitlement)		(47.20)	4.10
<b>Total tax expense</b>		<b>943.86</b>	<b>611.36</b>
<b>Profit for the year</b>		<b>2,008.50</b>	<b>1,824.60</b>

Earnings per equity share [nominal value of ₹10 (Previous year- ₹10)]

Basic and Diluted	28	20.48	18.61
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Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

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

per Adarsh Ranka  
Partner  
Membership No.: 209567

P.N.C Menon  
Chairman

Ravi Menon  
Co-Chairman

J.C. Sharma  
Vice Chairman and  
Managing Director

S. Baaskaran  
Chief Financial Officer

Kishore Kayarat  
Company Secretary and  
Compliance Officer

Place: Dubai, UAE  
Date: May 6, 2012

Place: Dubai, UAE  
Date: May 6, 2012

## Cash flow statement for the year ended March 31, 2012

	31.03.2012 (₹ in million)	31.03.2011 (₹ in million)
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>2,952.36</b>	<b>2,435.96</b>
Non-cash adjustment to reconcile profit before tax to net cash flows		
Share of profit from investment in partnership firm	(73.28)	(76.79)
Depreciation/ amortization	387.78	277.73
Profit on sale of fixed assets (net)	(0.82)	(3.06)
Provision for diminution in value of long term investment	26.70	-
Provision for doubtful debts and advances	67.00	-
Interest expense	975.82	768.52
Interest income	(34.31)	(15.60)
<b>Operating profit before working capital changes</b>	<b>4,301.25</b>	<b>3,386.76</b>
Movements in working capital :		
Increase/ (decrease) in trade payables	516.51	546.12
Increase/ (decrease) in other current liabilities	832.09	285.92
Decrease / (increase) in trade receivables	(165.51)	923.58
Decrease / (increase) in inventories	(4,639.02)	447.58
Decrease / (increase) in other assets	702.07	(671.71)
Decrease / (increase) in loans and advances	4,241.76	(495.40)
Increase / (decrease) in provisions	11.76	7.14
Cash generated from /(used in) operations	5,800.91	4,429.99
Direct taxes paid (net of refunds)	(498.47)	(298.67)
<b>Net cash flow from/ (used in) operating activities (A)</b>	<b>5,302.44</b>	<b>4,131.32</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, including capital work-in-progress and capital advances	(1,021.04)	(217.50)
Proceeds from sale of fixed assets	1.73	5.44
Purchase of non-current investments	(986.41)	-
Purchase of current investments	-	(9.95)
Proceeds from sale of current investments	9.95	-
Investments in bank deposits (having original maturity of more than three months)	(140.98)	(62.02)
Interest received	34.31	15.61
<b>Net cash flow from/ (used in) investing activities (B)</b>	<b>(2,102.44)</b>	<b>(268.42)</b>
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	7,083.12	2,956.43
Repayment of long-term borrowings	(6,657.28)	(5,948.84)
Proceeds from short-term borrowings	-	1,021.14
Repayment of short-term borrowings	(1,277.79)	(459.43)
Interest paid (gross)	(1,809.74)	(1,732.12)
Dividends paid on equity shares	(293.98)	(245.46)
Tax on equity dividend paid	(48.86)	(41.65)
<b>Net cash flow from/ (used in) financing activities (C)</b>	<b>(3,004.53)</b>	<b>(4,449.93)</b>

## Cash flow statement for the year ended March 31, 2012

	31.03.2012 (₹ million)	31.03.2011 (₹ million)
<b>Net increase/ (decrease) in cash and cash equivalents (A + B + C)</b>	<b>195.47</b>	<b>(587.03)</b>
Cash and cash equivalents at the beginning of the year	161.44	748.47
<b>Cash and cash equivalents at the end of the year</b>	<b>356.91</b>	<b>161.44</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	3.30	4.37
Cheques/ drafts on hand	53.52	15.12
With banks- on current account	299.32	141.38
- unpaid dividend accounts*	0.77	0.57
<b>Total cash and cash equivalents (note 18)</b>	<b>356.91</b>	<b>161.44</b>
Summary of significant accounting policies	2.1	

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

As per our report of even date

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

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

per Adarsh Ranka  
Partner  
Membership No.: 209567

P.N.C Menon  
Chairman

Ravi Menon  
Co-Chairman

J.C. Sharma  
Vice Chairman and  
Managing Director

S. Baaskaran  
Chief Financial Officer

Kishore Kayarat  
Company Secretary and  
Compliance Officer

Place: Dubai, UAE  
Date: May 6, 2012

Place: Dubai, UAE  
Date: May 6, 2012

## Notes to the financial statements for the year ended March 31, 2012

### 1. Corporate Information

Sobha Developers Limited ('Company' or 'SDL') was incorporated on August 7, 1995. SDL is a leading real estate developer engaged in the business of construction, development, sale, management and operation of all or any part of townships, housing projects, commercial premises and other related activities. The Company is also engaged in manufacturing activities related to interiors, glazing and metal works and concrete products which also provides backward integration to SDL's turnkey projects.

### 2. Basis of preparation

The financial statements have been prepared to comply in all material respects with the accounting standards notified by Companies (Accounting Standards) Rules 2006, (as amended) and the relevant provisions of the Companies Act, 1956 ("the Act"). The financial statements have been prepared under the historical cost convention on an accrual basis in accordance with accounting principles generally accepted in India. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year, except for the change in accounting policy explained in note 2.1 (a) below.

#### 2.1 Summary of significant accounting policies

##### a) Change in accounting policy

###### *Presentation and disclosure of financial statements*

During the year ended March 31, 2012 the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed by the Company for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

##### b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current

events and actions, actual results could differ from these estimates. Significant estimates used by the management in the preparation of these financial statements include computation of percentage completion for projects in progress, project cost, revenue and saleable area estimates, classification of assets and liabilities into current and non-current, estimates of the economic useful lives of fixed assets, provisions for bad and doubtful debts. Any revision to accounting estimates is recognised prospectively.

### c) Tangible and Intangible fixed assets

#### i. Tangible fixed assets

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

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

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

#### ii. Intangible fixed 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 are amortized on a straight line basis over a period of 3 years, which is estimated to be the useful life of the asset.

### d) Depreciation on tangible fixed assets

Depreciation on assets, other than those described below, is provided using written down value method at the rates prescribed under schedule XIV of the Companies Act, 1956, which is also estimated by the management to be the estimated useful lives



of the assets.

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

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

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

#### e) Impairment of tangible and intangible assets

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

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

#### f) Leases

##### Where the Company is lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased asset, are capitalized at the lower of the fair value and present

value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognized as finance costs in the statement of profit and loss.

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

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

#### g) Investments

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

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

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

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

#### h) Inventories

##### *Related to contractual and real estate activity*

Direct expenditure relating to construction activity is

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

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

***Related to manufacturing activity***

- i. Raw materials are valued at lower of cost and net

realisable value. Cost is determined based on a weighted average basis.

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

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

**i) Revenue recognition**

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

**i. Recognition of revenue from contractual projects**

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

**ii. Recognition of revenue from real estate projects**

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

**a. Recognition of revenue from property development**

#### **Recognition of revenue from construction activity**

Revenue from real estate under development/ sale of developed property is recognised upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/ agreements, except for contracts where the Company still has obligations to perform substantial acts even after the transfer of all significant risks and rewards. In such cases, the revenue is recognised on percentage of completion method, when the stage of completion of each project reaches a reasonable level of progress. Revenue is recognised in proportion that the contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs. Land costs are not included for the purpose of computing the percentage of completion.

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

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

#### **Recognition of revenue from sale of villa plots**

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

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

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

Revenue from sale of land and development rights is recognised upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts entered into with

buyers, which generally coincides with the firming of the sales contracts/ agreements.

#### **iii. Recognition of revenue from manufacturing division**

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

#### **iv. Dividend income**

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

#### **v. Share in profits of partnership firm investments**

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

#### **vi. Interest income**

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

#### **j) Foreign currency translation**

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

**k) Taxes**

Tax expense comprises of current and deferred tax.

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

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

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

Minimum Alternative tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the

carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

**l) Retirement and other employee benefits**

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

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

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

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

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

**m) Earnings per share**

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

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

**n) Provisions**

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

**o) Contingent liabilities**

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

**p) Cash and cash equivalents**

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

**q) Borrowing costs**

Borrowing costs directly attributable to acquisition/ construction of qualifying assets are capitalised until

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

**r) Land**

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

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

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

**s) Measurement of EBITDA**

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.

### 3. Share Capital

	31.03.2012 (₹ million)	31.03.2011 (₹ million)
<b>Authorised shares</b>		
150,000,000 (Previous year - 150,000,000) equity shares of ₹10 each	1,500.00	1,500.00
5,000,000 (Previous year - 5,000,000 ) 7% redeemable preference shares of ₹100 each	500.00	500.00
<b>Issued, subscribed and fully paid-up shares</b>		
98,063,868 (Previous year - 98,063,868) equity shares of ₹10 each fully paid up	980.64	980.64
Total issued, subscribed and fully paid-up share capital	<b>980.64</b>	<b>980.64</b>

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

	31.03.2012		31.03.2011	
	No of Shares	₹ in million	No of Shares	₹ in million
Equity shares				
At the beginning of the year	98,063,868	980.64	98,063,868	980.64
Issued during the year	-	-	-	-
Outstanding at the end of the year	98,063,868	980.64	98,063,868	980.64

#### (b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share.

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

#### (c) Aggregate number of bonus shares issued, share issued for consideration other than cash and shares bought back during the period of five years:

	31.03.2012 No of Shares	31.03.2011 No of Shares
Equity shares allotted as fully paid bonus shares by capitalization of free reserves in June 2006	-	42,280,960

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

Name of shareholder	31.03.2012		31.03.2011	
	No of Shares in million	Holding percentage (%)	No of Shares in million	Holding percentage(%)
Equity shares of ₹10 each fully paid up				
Mrs. Sobha Menon	41.35	42.16	41.35	42.16
Mr. P.N.C. Menon	12.49	12.74	12.49	12.74
Mr. P.N.C. Menon and Mrs. Sobha Menon (Jointly)	5.49	5.60	5.49	5.60

Note : As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares

**4. Reserves and surplus**

	31.03.2012 (₹ in million)	31.03.2011 (₹ in million)
<b>Capital redemption reserve</b>		
Balance as per the last financial statements	87.29	87.29
Closing balance	87.29	87.29
<b>Securities premium account</b>		
Balance as per the last financial statements	10,497.27	10,497.27
Closing balance	10,497.27	10,497.27
<b>Debenture redemption reserve</b>		
Balance as per the last financial statements	162.30	203.65
Less: Transfer to general reserve	(162.30)	(41.35)
Closing balance	-	162.30
<b>General reserve</b>		
Balance as per the last financial statements	1,341.14	1,116.79
Add: Transfer from statement of profit and loss	201.00	183.00
Add: Transfer from debenture redemption reserve	162.30	41.35
Closing balance	1,704.44	1,341.14
<b>Surplus in the statement of profit and loss</b>		
Balance as per last financial statements	5,497.59	4,199.04
Profit for the year	2,008.50	1,824.60
Less: Appropriations		
Proposed final equity dividend (amount per share ₹5 (Previous year ₹3))	(490.32)	(294.19)
Tax on proposed equity dividend	(79.54)	(48.86)
Transfer to general reserve	(201.00)	(183.00)
Total appropriations	(770.86)	(526.05)
Net surplus in the statement of profit and loss	6,735.23	5,497.59
<b>Total reserves and surplus</b>	<b>19,024.23</b>	<b>17,585.59</b>

## 5. Long term borrowings

(₹ in million)

	Current maturities		Non current portion	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
<b>Secured debentures</b>				
Nil (Previous year - 75) 12% redeemable non-convertible debentures of ₹10 million each	-	750.00	-	-
<b>Secured term loans</b>				
From banks	6,452.36	5,553.92	-	-
From financial institutions	2,423.75	2,526.24	-	-
<b>Other secured loans</b>				
Finance lease obligations	151.30	-	225.24	-
Equipment loans	12.51	7.62	19.16	20.70
	9,039.92	8,837.78	244.40	20.70
Amount disclosed under the head "other current liabilities" (refer note 9)	(9,039.92)	(8,837.78)		
Net amount	-	-	244.40	20.70

i) 12% redeemable non-convertible debentures were redeemable at par in three installments of ₹ 250 million on June 11, 2011, September 11, 2011 and December 11, 2011 and have been redeemed accordingly. The debentures were secured by equitable mortgage of certain lands of the Company.

## ii) Secured term loans

Particulars	Amount outstanding		Interest rate	Security details	Repayment terms
	31.03.2012 (₹ in million)	31.03.2011 (₹ in million)			
<b>From banks</b>					
Term Loan	-	410.00	12%-13%	Secured by equitable mortgage of certain land and building of the Company. Further, the loan has been guaranteed by the personal guarantee of chairman of the Company.	Two equal installments due on February 1, 2011 and May 1, 2011.
Term Loan	-	333.50	13%-15%	Secured by equitable mortgage of certain land of the Company. Further, the loan has been guaranteed by the personal guarantee of chairman of the Company.	Six equal quarterly installments of ₹166.67 million commencing from May 31, 2010.
Term Loan	-	157.50	14%-15%	Secured by equitable mortgage of certain project specific inventory and receivables and certain lands of the Company.	Five equal quarterly installments of ₹80 million commencing from August 2, 2010 and two equal quarterly installments of ₹90 million commencing from February 21, 2010
Term Loan	-	1,500.00	14%-16%	Secured by equitable mortgage of certain land of the Company.	Three equal monthly installments of ₹500 million commencing from November 30, 2011
Term Loan	-	87.47	10%-12%	Secured by equitable mortgage of certain project specific inventory and receivables and certain lands of the Company. Further, the loan has been guaranteed by the personal guarantee of chairman of the Company.	Twelve equal monthly installments of ₹29.16 million commencing from July 31, 2010.
Term Loan	-	1,000.00	10%-12%	Secured by equitable mortgage of certain project specific inventory and land of the Company. Further, the loan has been guaranteed by the personal guarantee of chairman of the Company	Fourteen equal monthly installments of ₹83.33 million commencing from January 31, 2011 and last installment of ₹83.38 million due on March 31, 2012.



Particulars	Amount outstanding		Interest rate	Security details	Repayment terms
	31.03.2012 (₹ in million)	31.03.2011 (₹ in million)			
Term Loan	510.00	505.00	13%-15%	Secured by equitable mortgage of certain project specific inventory and receivables and certain lands of the Company. Further, the loan has been guaranteed by way of corporate guarantee given by certain group Companies.	Three equal monthly installments of ₹60 million from January 31, 2011 to March 31, 2011, three equal monthly installments of ₹30 million from April 30, 2011 to June 30, 2011, three equal monthly installments of ₹50 million from April 30, 2012 to June 30, 2012 and six equal monthly installments of ₹60 million commencing from July 31, 2012.
Term Loan	-	85.00	13%-15%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Company. Further, the loan has been guaranteed by the personal guarantee of chairman and relative of such chairman of the Company.	Four equal quarterly installments of ₹42.50 million commencing from October 31, 2010
Term Loan	957.36	1,240.45	12%-14%	Secured by equitable mortgage of certain project specific inventory and hypothecation of project specific receivables and maintaining of Debt Service Reserve account equal to three months interest. Further, the loan has been guaranteed by the personal guarantee of chairman of the Company.	Twenty five monthly installments in accordance with repayment schedule mentioned by the bank commencing from March 15, 2011.
Term Loan	280.00	130.00	13%-15%	Secured by equitable mortgage of certain project specific inventory. Further, the loan has been guaranteed by way of corporate guarantee given by certain group Companies.	Four equal quarterly installments of ₹50 million commencing from December 31, 2012 and last installment of ₹80 million due on December 31, 2013.
Term Loan	255.00	105.00	13%-15%	Secured by equitable mortgage of certain project specific inventory and receivables of the Company.	Two half yearly installments of ₹145 million commencing from February 14, 2014.
Term Loan	619.00	-	13%-14%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Company and maintaining of Debt Service Reserve account equal to three months interest. Further, the loan has been guaranteed by the personal guarantee of chairman of the Company.	Quarterly installments of amounts as mentioned in the repayment schedule commencing from eleven month from the date of disbursement of loan.
Term Loan	770.00	-	14%-15%	Secured by equitable mortgage of certain land, building, project specific inventory and receivables of the Company and maintaining of Debt Service Reserve account equal to three months interest. Further, the loan has been guaranteed by the personal guarantee of chairman of the Company.	Eleven equal monthly installments of ₹50 million commencing from January 15, 2013 and ten monthly installments of ₹25 million commencing from July 15, 2013.
Term Loan	350.00	-	13%-15%	Secured by equitable mortgage of certain land of the Company.	One single installment within 12 months from the date of first availment.
Term Loan	741.00	-	13%-14%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Company. Further, the loan has been guaranteed by the personal guarantee of chairman of the Company.	Quarterly installments of amounts as mentioned in the repayment schedule commencing from two years from the date of disbursement of loan.
Term Loan	1,000.00	-	14%-15%	Secured by equitable mortgage of certain land and inventory of the Company. Further, the loan has been guaranteed by the personal guarantee of chairman of the Company.	Three quarterly installments of ₹750 million, ₹900 million and ₹1,350 million after a moratorium of twenty seven months from the date of first disbursement.
Term Loan	970.00	-	12%-15%	Secured by equitable mortgage of certain project specific inventory of the Company. Further, the loan has been guaranteed by the personal guarantee of chairman and relative of such chairman of the Company.	Eight equal quarterly installments of ₹125 million commencing from September 30, 2013.

Particulars	Amount outstanding		Interest rate	Security details	Repayment terms
	31.03.2012 (₹ in million)	31.03.2011 (₹ in million)			
From financial institutions					
Term Loan	1,680.00	2,000.34	12%-14%	Secured by equitable mortgage of certain leasehold land and project land and building of the Company. Further, the loan has been guaranteed by the personal guarantee of chairman of the Company.	Twelve quarterly installments of ₹160 million commencing from October, 2011 and last installment of ₹80 million due in October 2014
Term Loan	-	281.50	13%-15%	Secured by equitable mortgage of certain land of the Company.	Monthly installments from May 30, 2010 to March 31, 2012.
Term Loan	-	244.40	13%-15%	Secured by equitable mortgage of certain land of the Company. Further, the loan has been guaranteed by the personal guarantee of chairman and relative of such chairman of the Company.	Twenty one equal monthly installments of ₹20.50 million starting from June 15, 2010 to February 15, 2010 and last installment due on March 15, 2012.
Term Loan	500.00	-	15%-16%	Secured by equitable mortgage of certain land of the Company. Further, the loan has been guaranteed by the personal guarantee of chairman of the Company.	Twenty five equal monthly installments of ₹20 million starting from April 15, 2012.
Term Loan	243.75	-	13%-14%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Company.	Quarterly installments of amounts as mentioned in the repayment schedule commencing from eleven month from the date of disbursement of loan.

**iii) Other secured loans**

Finance lease obligations	376.54	-	13%-15%	Secured by hypothecation of plant and machinery taken on lease.	Thirty five monthly installments commencing from the month the loan is availed.
Equipment loan	31.67	28.32	13%-15%	Hypothecation against specific equipment	Thirty five monthly installments commencing from the month the loan is availed.

**iv) Details of collateral securities offered by related Companies in respect of loans availed by the Company**

Nature of Loan	Amount outstanding (₹ in million)		Name of the Company	Nature of security
	31.03.2012	31.03.2011		
Term loans	-	410.00	Sobha Glazing & Metal Works Private Limited	Equitable mortgage of leasehold rights in respect of factory, land & building
Term loans	1,680.00	2,000.34	Vayaloor Properties Private Limited	Equitable mortgage of land
Term loans	1,680.00	2,000.34	Vayaloor Builders Private Limited	Equitable mortgage of land
Term loans	1,680.00	2,000.34	Vayaloor Developers Private Limited	Equitable mortgage of land
Term loans	1,680.00	2,000.34	Vayaloor Real Estate Private Limited	Equitable mortgage of land
Term loans	1,680.00	2,000.34	Valasai Vettikadu Realtors Private Limited	Equitable mortgage of land
Term loans	510.00	505.00	Megatech Software Private Limited	Equitable mortgage of land
Term loans	510.00	505.00	Tirur Cyber City Developers Private Limited	Equitable mortgage of land
Term loans	510.00	505.00	Thakazhi Developers Private Limited	Equitable mortgage of land
Term loans	280.00	1,437.79	Sri Kanakadurga Property Developers Private Limited	Equitable mortgage of land
Term loans	280.00	130.00	Sri Durga Devi Property Management Private Limited	Equitable mortgage of land

**6. Other long term liabilities**

	31.03.2012 (₹ in million)	31.03.2011 (₹ in million)
Trade payables (refer note 37 for details of dues to micro and small enterprises)		
Land cost payable	177.62	177.62
	<b>177.62</b>	<b>177.62</b>

**7. Provisions**

	Short Term		Long Term	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
<b>Provision for employee benefits</b>				
Provision for gratuity (note 32)	20.60	5.00	20.68	25.72
Provision for leave benefits	43.27	42.07	-	-
	63.87	47.07	20.68	25.72
<b>Other provisions</b>				
Provision for taxation (net of advance tax payments)	602.49	513.45	-	-
Provision for wealth tax (net of advance tax payments)	0.05	0.66	-	-
Proposed equity dividend	490.32	294.19	-	-
Tax on proposed equity dividend	79.54	48.86	-	-
	1,172.40	857.16		
	<b>1,236.27</b>	<b>904.23</b>	<b>20.68</b>	<b>25.72</b>

**8. Short term borrowings**

	31.03.2012 (₹ in million)	31.03.2011 (₹ in million)
<b>Secured</b>		
Cash credit from banks	1,903.38	3,167.69
	1,903.38	3,167.69
<b>Unsecured</b>		
Loan and advances from related parties repayable on demand (Refer note 27)	-	13.48
From parties other than bank	70.00	70.00
	70.00	83.48
	<b>1,973.38</b>	<b>3,251.17</b>

Particulars	Amount outstanding		Interest rate	Security details	Repayment terms
	31.03.2012 (₹ in million)	31.03.2011 (₹ in million)			
Cash credit	23.85	499.37	12%-15%	Secured by way of equitable mortgage of certain land and project specific receivables of the Company. Further, the facility has been guaranteed by the personal guarantee of chairman and relative of such chairman of the Company.	Repayable on demand
Cash credit	230.62	619.49	13%-15%	Secured by charge on specific project inventory, current assets and receivables of the Company. Further, the facility has been guaranteed by the personal guarantee of chairman and relative of such chairman of the Company and by way of corporate guarantee given by certain group Companies.	Repayable on demand
Cash credit	1,480.39	1393.30	13%-14%	Secured by equitable mortgage of certain land, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company. Further, the loan has been guaranteed by the personal guarantee of chairman and relative of such chairman of the Company.	Repayable on demand
Cash credit	6.54	396.40	13%-15%	Secured by equitable mortgage of certain project specific inventory and receivables and certain lands of the Company. Further, the facility has been guaranteed by the personal guarantee of chairman and relative of such chairman of the Company and by way of corporate guarantee given by certain group Companies.	Repayable on demand
Cash credit	12.74	3.52	13%-15%	Secured by lien on fixed deposits of the Company.	Repayable on demand
Cash credit	116.91	-	13%-15%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Company.	Repayable on demand
Cash credit	-	220.32	13%-15%	Secured by equitable mortgage of certain project specific inventory of the Company.	Repayable on demand
Cash credit	7.47	8.91	13%-15%	Secured by charge on specific project inventory, current assets and receivables of the Company. Further, the facility has been guaranteed by the personal guarantee of chairman and relative of such chairman of the Company.	Repayable on demand
Cash credit	13.80	10.24	13%-15%	Secured by charge on specific project inventory, current assets and receivables of the Company. Further, the facility has been guaranteed by the personal guarantee of chairman and relative of such chairman of the Company and by way of corporate guarantee given by certain group Companies.	Repayable on demand
Cash credit	4.33	9.55	13%-15%	Secured by charge on specific project inventory, current assets and receivables of the Company. Further, the facility has been guaranteed by the personal guarantee of chairman and relative of such chairman of the Company and by way of corporate guarantee given by certain group Companies.	Repayable on demand
Cash credit	3.12	-	13%-15%	Secured by lien on fixed deposits of the Company.	Repayable on demand
Cash credit	3.61	6.59	13%-15%	Secured by charge on specific project inventory, current assets and receivables of the Company. Further, it has been guaranteed by the personal guarantee of chairman and relative of such chairman of the Company.	Repayable on demand

**Details of collateral securities offered by related companies in respect of loans availed by the Company**

Nature of Loan	Amount outstanding (₹ in million)		Name of the Company	Nature of security
	31.03.2012	31.03.2011		
Cash credit	23.84	499.37	Sobha Innercity Technopolis Private Limited	Equitable mortgage of land & building
Cash credit	258.10	949.00	Allapuzha Fine Real Estate Private Limited	Equitable mortgage of land
Cash credit	258.10	949.00	Rusoh Modern Properties Private Limited	Equitable mortgage of land
Cash credit	258.10	949.00	Mapedu Realtors Private Limited	Equitable mortgage of land
Cash credit	258.10	949.00	Chikmangaloor Properties Private Limited	Equitable mortgage of land
Cash credit	258.10	949.00	Rusoh Marina Properties Private Limited	Equitable mortgage of land
Cash credit	258.10	949.00	Mapedu Real Estates Private Limited	Equitable mortgage of land
Cash credit	258.10	949.00	Chikmangaloor Realtors Private Limited	Equitable mortgage of land
Cash credit	258.10	949.00	Rusoh Fine Builders Private Limited	Equitable mortgage of land
Cash credit	258.10	949.00	Mannur Real Estate Private Limited	Equitable mortgage of land
Cash credit	258.10	949.00	Kilai Builders Private Limited	Equitable mortgage of land
Cash credit	258.10	949.00	Kilai Properties Private Limited	Equitable mortgage of land
Cash credit	258.10	949.00	Thirur Cyber Real Estates Private Limited	Equitable mortgage of land
Cash credit	258.10	949.00	Thakazhi Realtors Private Limited	Equitable mortgage of land
Cash credit	258.10	949.00	Kilai Super Developers Private Limited	Equitable mortgage of land
Cash credit	258.10	949.00	Thakazhi Developers Private Limited	Equitable mortgage of land

**9. Other current liabilities**

	31.03.2012 (₹ in million)	31.03.2011 (₹ in million)
<b>Trade payables</b>		
(refer note 37 for details of dues to micro and small enterprises)		
Land cost payable	1,162.11	1,291.64
Others	2,196.16	1,550.12
	<b>3,358.27</b>	<b>2,841.76</b>
<b>Other liabilities</b>		
Current maturities of long-term borrowings* (refer note 5)		
(Includes current maturity of finance lease obligation ₹151.30 million (Previous year ₹ Nil))	9,039.92	8,837.78
Book overdraft from scheduled banks	31.93	87.71
Advance from customers	3,058.50	2,088.77
Interest accrued but not due on borrowings	54.91	52.37
Investor protection & education fund shall be credited for unclaimed dividends when due	0.92	0.71
Others		
Service tax payable	19.62	135.68
VAT Payable	17.77	86.22
Security deposit towards maintenance services	950.69	842.23
Payable to related parties (note 27)	93.23	93.79
Payable for purchase of fixed assets	79.15	12.28
Withholding taxes payable	19.84	18.62
Others	0.22	6.69
	<b>13,366.70</b>	<b>12,262.85</b>
	<b>16,724.97</b>	<b>15,104.61</b>

\* Current maturities of long-term borrowings represents amount repayable within the operating cycle. Amount payable within twelve months ₹ 3,111.17 million  
(Previous year - ₹ 6,010.76 million)

## 10. Tangible assets

	Freehold land	Leasehold land, Note 1	Factory buildings	Other buildings	Plant and machinery	Scaffolding items	Furniture and fixtures	Vehicles	Computers	Office equipments	Total
	(₹ in million)										
<b>Cost - At 1 April 2010</b>	42.72	26.49	340.15	90.92	1,171.67	932.16	41.19	72.77	115.16	44.92	2,878.15
Additions	-	-	-	91.54	76.33	25.58	4.78	0.09	14.51	3.59	216.42
Disposals	-	-	-	-	-	-	(0.11)	(17.23)	(0.82)	-	(18.16)
<b>At 31 March 2011</b>	42.72	26.49	340.15	182.46	1,248.00	957.74	45.86	55.63	128.85	48.51	3,076.41
Additions	-	-	12.24	766.91	311.64	414.92	32.35	0.45	35.32	6.24	1,580.07
Disposals	-	-	-	-	-	-	(0.30)	(4.99)	(0.01)	(0.05)	(5.35)
Other adjustments - Borrowing costs	-	-	-	178.16	-	-	-	-	-	-	178.16
<b>At 31 March 2012</b>	42.72	26.49	352.39	1,127.53	1,559.64	1,372.66	77.91	51.09	164.16	54.70	4,829.29
<b>Depreciation At 1 April 2010</b>	-	-	103.82	4.88	507.36	651.59	23.72	48.39	93.85	20.86	1,454.47
Charge for the year	-	-	23.64	5.58	100.88	116.99	3.63	6.09	10.59	3.82	271.22
Disposals	-	-	-	-	-	-	-	(15.01)	(0.77)	-	(15.78)
<b>At 31 March 2011</b>	-	-	127.46	10.46	608.24	768.58	27.35	39.47	103.67	24.68	1,709.91
Charge for the year	-	-	22.29	23.00	135.99	169.69	5.76	4.28	18.70	4.51	384.22
Disposals	-	-	-	-	-	-	(0.12)	(4.31)	(0.01)	-	(4.44)
<b>At 31 March 2012</b>	-	-	149.75	33.46	744.23	938.27	32.99	39.44	122.36	29.19	2,089.69
<b>Net Block</b>											
<b>At 31 March 2011</b>	42.72	26.49	212.69	172.00	639.76	189.16	18.51	16.16	25.18	23.83	1,366.50
<b>At 31 March 2012</b>	42.72	26.49	202.64	1,094.07	815.41	434.39	44.92	11.65	41.80	25.51	2,739.60

1. On April 13, 2005, Karnataka Industrial Areas Development Board (KIADB) allotted land to the Company on a lease cum sale basis until December 17, 2010 (further extended till September 29, 2012), to be sold to the Company at the end of lease period upon fulfillment of certain conditions. The lease has been registered in favour of the Company. The Company is confident of fulfilling the conditions. Accordingly, the initial and subsequent lease payments in this regard have been capitalised as leasehold land.

2. Amount of borrowing cost aggregating ₹85 million (Previous year - ₹30 million) incurred during the year, is included under capital work in progress (CWIP). The amount of borrowing cost shown as other adjustment reflects the accumulated borrowing cost transferred from CWIP on capitalisation.

## 3. Assets taken on finance lease

	Plant & machinery		Scaffolding items	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Gross block	166.24	-	292.15	-
Depreciation charge for the year	30.20	-	62.86	-
Accumulated depreciation	30.20	-	62.86	-
Net book value	136.04	-	229.29	-

## 11. Intangible assets

	(₹ in million)		
	Software	Intellectual property rights	Total
<b>Gross block At 1 April 2010</b>	63.96	-	63.96
Purchase	7.32	-	7.32
<b>At 31 March 2011</b>	71.28	-	71.28
Purchase	5.22	50.00	55.22
<b>At 31 March 2012</b>	76.50	50.00	126.50
<b>Amortization At 1 April 2010</b>	58.50	-	58.50
Charge for the year	6.51	-	6.51
<b>At 31 March 2011</b>	65.01	-	65.01
Charge for the year	3.51	0.05	3.56
<b>At 31 March 2012</b>	68.52	0.05	68.57
<b>Net Block</b>			
<b>At 31 March 2011</b>	<b>6.27</b>	-	<b>6.27</b>
<b>At 31 March 2012</b>	<b>7.98</b>	<b>49.95</b>	<b>57.93</b>

## 12. Non-current investments

	(₹ in million)	
	31.03.2012	31.03.2011
<b>Trade investments (valued at cost unless stated otherwise)</b>		
<b>Unquoted instruments</b>		
<i>Investment in subsidiaries</i>		
70% (Previous year - 70%) share in the profits of partnership firm;		
Sobha City - Capital account	200.00	200.00
Sobha City - Current account	352.44	279.16
526,320 (Previous year - 100,000) equity shares of ₹1 each fully paid-up in Sobha Developers (Pune) Private Limited *	986.41	-
10,000 (Previous year - Nil) equity shares of ₹10 each fully paid-up in Sobha Assets Private Limited	0.10	-
<i>Investment in associates</i>		
526,320 (Previous year - 100,000) equity shares of ₹1 each fully paid-up in Sobha Developers (Pune) Private Limited*	-	0.10
	<b>1,538.95</b>	<b>479.26</b>

\* With effect from July 1, 2011 Sobha Developers (Pune) Private Limited has ceased to be an associate of the Company and has become a subsidiary of the Company.

	31.03.2012	31.03.2011
(₹ in million)		
<b>Non-trade investments (valued at cost unless stated otherwise)</b>		
<i>Investment in equity instruments (unquoted)</i>		
2,680,000 (Previous year - 2,680,000) equity shares of ₹10 each fully paid-up in Sobha Renaissance and Information Technology Private Limited	26.80	26.80
Less: Provision for diminution in value of investment	(26.70)	-
	0.10	26.80
<i>Government and trust securities (unquoted)</i>		
National savings certificates	0.08	0.08
	0.08	0.08
	<b>1,539.13</b>	<b>506.14</b>
Aggregate amount of unquoted investments	<b>1,539.13</b>	<b>506.14</b>
Aggregate provision for diminution in value of investments	<b>26.70</b>	-

**Details of investments in partnership firms***Investment in Sobha City*

Name of Partner	Share of partner in profits(%)	
	31.03.12	31.03.11
Sobha Developers Limited	70	70
Tree Hill Estates Private Limited	30	30
<b>Total capital of the firm (₹ in million)</b>	<b>400.00</b>	<b>400.00</b>

**13. Deferred tax assets/ Liability (net)**

	31.03.2012	31.03.2011
(₹ in million)		
<b>Deferred tax liability</b>		
Expenses allowed for tax purposes on payment basis but chargeable to the statement of profit and loss in future years	409.52	-
<b>Gross deferred tax liability</b>	<b>409.52</b>	<b>-</b>
<b>Deferred tax asset</b>		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	17.68	27.38
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	39.73	46.41
Provision for doubtful debts and advances	21.74	-
<b>Gross deferred tax asset</b>	<b>79.15</b>	<b>73.79</b>
<b>Net deferred tax asset</b>	<b>-</b>	<b>73.79</b>
<b>Net deferred tax liability</b>	<b>330.37</b>	<b>-</b>



## 14. Loans and Advances

(₹ in million)

	Current		Non- Current	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
<b>Capital advances</b>				
Unsecured, considered good			14.72	21.50
			14.72	21.50
<b>Security deposit</b>				
<i>Unsecured, considered good</i>				
Refundable deposit towards joint development agreement	2,906.35	2,550.58	79.32	-
Security deposit - Others	15.98	16.02	532.50	518.39
	2,922.33	2,566.60	611.82	518.39
<b>Inter-corporate deposit to related party (note 27)</b>				
Unsecured, considered good	47.11	87.11	-	-
<b>Land advance *</b>				
Unsecured, considered good	8,646.29	13,747.69	4,705.58	4,003.08
<b>Advances recoverable in cash or kind</b>				
Unsecured considered good	793.30	420.02	23.20	8.61
	793.30	420.02	23.20	8.61
<b>Other loans and advances</b>				
Prepaid expenses	74.51	55.69	122.12	5.64
MAT Credit entitlement	47.20	-	-	-
Balances with statutory / government authorities	42.93	66.66	24.50	24.50
	164.64	122.35	146.62	30.14
<b>Total</b>	<b>12,573.67</b>	<b>16,943.77</b>	<b>5,501.94</b>	<b>4,581.72</b>

\* 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.

(₹ in million)

**Loans and advances due by directors or other officers, etc.**

	Current		Non- Current	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
<b>Advances recoverable in cash or kind</b>				
Dues from Sobha Projects & Trade Private Limited, in which the Company's director is a director and a member	448.23	96.58	-	-
Dues from Sobha Puravankara Aviation Private Limited, in which the Company's director is a member	71.04	-	-	-
Dues from Sobha Assets Private Limited, in which the Company's director is a director	-	-	11.52	-
Dues from Sobha Contracting LLC (Dubai), in which the Company's director is a director	-	-	5.15	4.94
Dues from Hill and Menon Securities Private Limited, in which the Company's director is a director	-	-	-	0.01
<b>Inter-corporate deposit to related party</b>				
Dues from Sobha Renaissance Information Technology Private Limited, in which the Company's director is a member	47.11	87.11	-	-

**15. Trade receivables and other assets**

(₹ in million)

	Current		Non- Current	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
<b>15.1 Trade receivable</b>				
<i>Outstanding for a period exceeding six months from the date they are due for payment</i>				
Unsecured, considered good	344.77	285.35	-	-
Doubtful	-	-	67.00	-
	344.77	285.35	67.00	-
Provision for doubtful trade receivables	-	-	67.00	-
	344.77	285.35	-	-
<i>Other receivables</i>				
Unsecured, considered good	772.42	759.07	51.25	25.51
	772.42	759.07	51.25	25.51
	<b>1,117.19</b>	<b>1,044.42</b>	<b>51.25</b>	<b>25.51</b>
<b>15.2 Other assets</b>				
<b>Unsecured, considered good unless stated otherwise</b>				
Non-current bank balances (note 18)			78.85	58.33
<b>Others</b>				
Unbilled revenue	2,141.93	2,844.00	-	-
<b>Total other assets</b>	<b>2,141.93</b>	<b>2,844.00</b>	<b>78.85</b>	<b>58.33</b>
	<b>3,259.12</b>	<b>3,888.42</b>	<b>130.10</b>	<b>83.84</b>

**Trade receivables include:**

	Current		Non- Current	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Due from executive director	-	14.50	-	-
Dues from Sri Kurumba Trust in which the Company's director is a trustee	16.65	12.25	-	-

(₹ in million)

**16. Current investments**

	31.03.2012	31.03.2011
<b>Current investments (valued at lower of cost and fair value)</b>		
Unquoted equity instruments		
Nil (Previous year - 995,000) equity shares of ₹10 each fully paid up in Sobha Puravankara Aviation Private Limited	-	9.95
	-	<b>9.95</b>
Aggregate amount of unquoted investments	-	9.95

(₹ in million)

**17. Inventories (valued at lower of cost and net realizable value)**

	Current		Non- Current	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Raw materials and components	226.40	178.39	-	-
Building materials	17.49	23.75	-	-
Land stock	5,501.91	5,764.83	13.50	19.69
Work-in-progress	8,525.35	3,409.39	-	-
Stock in trade - flats	61.69	317.45	-	-
Finished goods	19.03	12.85	-	-
	<b>14,351.87</b>	<b>9,706.66</b>	<b>13.50</b>	<b>19.69</b>

(₹ in million)

**18. Cash and bank balances**

	Current		Non- Current	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
<b>Cash and cash equivalents</b>				
Balances with banks:				
- On current accounts	299.32	141.38		
- On unpaid dividend account	0.77	0.57		
Cheques/ drafts on hand	53.52	15.12		
Cash on hand	3.30	4.37		
	<b>356.91</b>	<b>161.44</b>		

(₹ in million)

	Current		Non- Current	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
(₹ in million)				
<b>Other bank balances</b>				
- Deposits with maturity for more than 12 months	2.97	5.16	0.12	0.11
- Deposits with maturity for more than 3 months but less than 12 months	0.62	-	-	-
- Margin money deposit	172.45	50.42	78.73	58.22
	176.04	55.58	78.85	58.33
Less: Amount disclosed under non-current assets (note 15.2)			(78.85)	(58.33)
	<b>532.95</b>	<b>217.02</b>	-	-

**Margin money deposits given as security**

Margin money deposits with a carrying amount of ₹251.18 million (Previous year - ₹108.64 million) are subject to first charge to secure the company's borrowings.

**19. Revenue from operations**

	(₹ in million)	
	31.03.2012	31.03.2011
<b>Revenue from operations</b>		
Sale of products/finished goods		
Income from property development	7,292.31	8,194.83
Income from sale of land and development rights	1,365.36	1,539.62
Income from glazing works	762.81	476.22
Income from interior works	558.12	340.07
Income from concrete blocks	135.44	56.49
Sale of services		
Income from contractual activity - Subsidiaries/ associates	1,502.17	987.39
Income from contractual activity - Others	2,306.96	2,104.64
Other operating revenue		
Share in profits of partnership firm investments (post tax)	73.28	76.79
Scrap sales	24.34	23.25
<b>Revenue from operations (gross)</b>	<b>14,020.79</b>	<b>13,799.30</b>
Less: Excise duty#	55.11	32.36
<b>Revenue from operations (net)</b>	<b>13,965.68</b>	<b>13,766.94</b>

# Excise duty on sales amounting to ₹55.11 million (Previous year - ₹32.36 million) has been reduced from sales in statement of profit and loss and excise duty on decrease in inventory of finished goods amounting to ₹0.55 million (Previous year - ₹0.53 million has been considered as (income)/expense in note 24 of financial statements.

**20. Other income**

	31.03.2012	31.03.2011
	(₹ in million)	
Interest income on		
Bank deposits	10.77	15.60
Others	23.54	-
Foreign exchange fluctuation (net)	0.53	0.51
Profit on sale of fixed assets (net)	0.82	3.06
Other non-operating income (net of expenses directly attributable to such income of ₹Nil (Previous year - ₹Nil))	27.07	39.85
	<b>62.73</b>	<b>59.02</b>

**21. Cost of raw material and components consumed**

	31.03.2012	31.03.2011
	(₹ in million)	
Inventory at the beginning of the year:		
Glazing material	79.65	69.36
Interior material	81.17	72.80
Concrete block material	17.57	17.56
	<b>178.39</b>	<b>159.72</b>
Add: Purchases		
Glazing material	534.45	385.07
Interior material	399.99	270.13
Concrete block material	124.58	64.14
	<b>1,059.02</b>	<b>719.34</b>
Less: inventory at the end of the year		
Glazing material	96.45	79.65
Interior material	114.53	81.17
Concrete block material	15.42	17.57
	<b>226.40</b>	<b>178.39</b>
Cost of raw material and components consumed		
Glazing material	517.65	374.78
Interior material	366.63	261.76
Concrete block material	126.73	64.13
	<b>1,011.01</b>	<b>700.67</b>

**22. (Increase)/ decrease in inventories**

	31.03.2012	31.03.2011 (Increase/decrease)	(₹ in million)
Inventories at the end of the year			31.03.12
Building materials	17.49	23.75	6.26
Land stock	5,515.41	5,784.52	269.11
Work-in-progress	8,525.35	3,409.39	(5,115.96)
Stock in trade - flats	61.69	317.45	255.76
Finished goods	19.03	12.85	(6.18)
	<b>14,138.97</b>	<b>9,547.96</b>	<b>(4,591.01)</b>
Inventories at the beginning of the year			31.03.11
Building materials	23.75	12.96	(10.79)
Land stock	5,784.52	6,267.49	482.97
Work-in-progress	3,409.39	3,614.90	205.51
Stock in trade - flats	317.45	101.22	(216.23)
Finished goods	12.85	17.65	4.80
	<b>9,547.96</b>	<b>10,014.22</b>	<b>466.26</b>
	<b>(4,591.01)</b>	<b>466.26</b>	

**23. Employee benefits expense**

	31.03.2012	31.03.2011	(₹ in million)
Salaries, wages and bonus	1,154.95	952.02	
Contribution to provident and other fund	28.37	29.48	
Gratuity expense (Note 32)	15.56	15.58	
Compensated absence	17.88	0.12	
Staff welfare expenses	50.73	37.97	
	<b>1,267.49</b>	<b>1,035.17</b>	

**24. Other expenses**

	31.03.2012	31.03.2011	(₹ in million)
Excise duty on (increase)/ decrease in inventory	0.55	0.53	
License fees and plan approval charges	2,005.43	130.87	
Power and fuel	182.12	131.59	
Water charges	30.43	26.31	
Freight and forwarding charges	87.83	61.14	
Rent	150.20	128.08	
Rates and taxes	26.87	94.78	
Insurance	24.20	20.41	
Property maintenance expenses	88.60	74.74	
Repairs and maintenance			
Plant and machinery	24.47	15.33	
Others	30.03	18.16	
Advertising and sales promotion	291.48	228.53	

	31.03.2012	31.03.2011
	(₹ in million)	
Donation	65.67	36.21
Travelling and conveyance	120.96	85.59
Legal and professional fees	141.58	112.15
Directors' commission and sitting fees	6.04	3.50
Payment to auditor (Refer details below)	7.69	7.53
Provision for diminution in value of long term investment	26.70	-
Bad debts / advances written off	-	18.25
Provision for doubtful debts and advances	67.00	-
Miscellaneous expenses	303.51	285.42
	<b>3,681.36</b>	<b>1,479.12</b>

**Payment to auditor \***

	31.03.2012	31.03.2011
	(₹ in million)	
As auditor:		
Audit fee	4.50	3.80
Limited review	3.00	2.70
In other capacity:		
Other services	-	0.90
Reimbursement of expenses	0.19	0.13
	<b>7.69</b>	<b>7.53</b>

\* Net of service tax of ₹0.71 million (Previous year - ₹0.69 million)

**25. Depreciation and amortization expense**

	31.03.2012	31.03.2011
	(₹ in million)	
Depreciation of tangible assets	384.22	271.22
Amortization of intangible assets	3.56	6.51
	<b>387.78</b>	<b>277.73</b>

**26. Finance costs**

	31.03.2012	31.03.2011
	(₹ in million)	
Interest		
- On borrowings	1,756.70	1,835.14
- On finance lease obligation	23.45	-
- Others	32.13	5.82
Bank charges	85.89	76.97
	1,898.17	1,917.93
Less: Interest cross charged and interest inventorised/capitalised to qualifying land advances and capital work-in-progress	(836.46)	(1,072.44)
	<b>1,061.71</b>	<b>845.49</b>

## 27. Related party disclosure

### a. List of related parties

#### Subsidiaries

##### *Direct Subsidiaries*

Sobha City  
Sobha Developers (Pune) Private Limited  
[With effect from July 1, 2011 Sobha Developers (Pune) Private Limited has ceased to be an associate of the Company and has become a subsidiary of the Company.]  
Sobha Assets Private Limited [Subsidiary incorporated on March 13, 2012]

##### *Subsidiaries of Sobha City*

Vayaloor Properties Private Limited  
Vayaloor Builders Private Limited  
Vayaloor Developers Private Limited  
Vayaloor Real Estate Private Limited  
Vayaloor Realtors Private Limited  
Valasai Vettikadu Realtors Private Limited

#### Key Management Personnel

Mr. P. N. C. Menon  
Mr. Ravi Menon  
Mr. J. C. Sharma  
Mr. P. Ramakrishnan  
Mr. S. Baaskaran  
Mr. Kishore Kayarat

#### Relatives of key management personnel

Mrs. Sobha Menon [a key shareholder, refer note 3 (d)]  
Mrs. Sudha Menon  
Mr. P. N. Haridas

#### Other Related Parties [Enterprise owned or significantly influenced by key management personnel]

Al Barakah Financial Services Limited  
Allapuzha Fine Real Estate Private Limited  
Architectural Metal Works FZCO  
Bikasa Properties Private Limited  
Bikasa Realtors Private Limited  
Chikmangaloor Realtors Private Limited  
Chikmangaloor Properties Private Limited

Cochin Cyber City Private Limited  
Cochin Cyber Golden Properties Private Limited  
Cochin Cyber Value Added Properties Private Limited  
Cochin Super City Developers Private Limited  
Daram Cyber Developers Private Limited  
Daram Cyber Properties Private Limited  
Daram Land Real Estate Private Limited  
Greater Cochin Cyber City Private Limited  
Greater Cochin Developers Private Limited  
Greater Cochin Properties Private Limited  
Greater Cochin Realtors Private Limited  
HBR Consultants Private Limited  
Hill and Menon Securities Private Limited  
Kilai Builders Private Limited  
Kilai Properties Private Limited  
Kilai Super Developers Private Limited  
Kuthavakkam Developers Private Limited  
Kuthavakkam Properties Private Limited  
Mannur Real Estate Private Limited  
Mapedu Real Estates Private Limited  
Mapedu Realtors Private Limited  
Megatech Software Private Limited  
Moolamcode Traders Private Limited  
Oman Builders Private Limited.  
Padmalochana Enterprises Private Limited  
Pallavur Projects Private Limited  
Perambakkam Builders Private Limited  
PNC Technologies Private Limited  
Punkunnam Builders and Developers Private Limited  
Puzhakkal Developers Private Limited  
Red Lotus Realtors Private Limited  
Royal Interiors Private Limited  
Rusoh Fine Builders Private Limited  
Rusoh Marina Properties Private Limited  
Rusoh Modern Properties Private Limited  
SBG Housing Private Limited  
Sengadu Builders Private Limited  
Sengadu Developers Private Limited  
Sengadu Properties Private Limited  
Services and Trading Co. LLC  
Sobha Aviation and Engineering Services Private Limited  
Sobha Contracting LLC (Dubai)  
Sobha Electro Mechanical Private Limited



Sobha Glazing & Metal Works Private Limited  
Sobha Innercity Technopolis Private Limited  
Sobha Interiors Private Limited  
Sobha Jewellery Private Limited  
Sobha Maple Tree Developers Private Limited  
Sobha Projects & Trade Private Limited  
Sobha Puravankara Aviation Private Limited  
Sobha Renaissance Information Technology Private Limited  
Sobha Space Private Limited  
Sobha Technocity Private Limited  
Sobha Ventures Limited  
Sri Durga Devi Property Management Private Limited  
Sri Kanakadurga Property Developers Private Limited  
Sri Kurumba Trust  
Sunbeam Projects Private Limited  
Technobuild Developers Private Limited  
Thakazhi Developers Private Limited  
Thakazhi Realtors Private Limited  
Tirur Cyber City Developers Private Limited  
Tirur Cyber Real Estates Private Limited

**b. Transactions with related parties**

			(₹ in million)	
Description of the nature of transaction	Description of relationship	Related party	31.03.2012	31.03.2011
Income from contractual activity	Subsidiary	Sobha City	1100.02	765.49
		Sobha Developers (Pune) Private Limited	402.15	221.90
	Other related parties	Sri Kurumba Trust	4.01	7.70
Other Income	Other related parties	Services and Trading Co. LLC	1.62	-
Income from glazing works	Subsidiary	Sobha City	2.03	-
Income from Interior works	Subsidiary	Sobha City	4.22	-
	Key Management Personnel	Mr. S. Baaskaran	0.46	-
Income from concrete block material	Subsidiary	Sobha City	1.93	-
Income from Sale of Land	Key Management Personnel	Mr. Ravi Menon	-	59.14
Income from property development	Key Management Personnel	Mr. J. C. Sharma	0.70	1.19
		Mr. P. Ramakrishnan	-	2.66
Interest recharge	Other related parties	Technobuild Developers Private Limited	-	140.66
		SBG Housing Private Limited	22.50	9.00
Purchase of building	Other related parties	Sobha Ventures Limited	24.42	-
Purchase of Intellectual property rights	Other related parties	Sobha Renaissance Information Technology Private Limited	50.00	-
Purchase of project items	Other related parties	Sobha Projects & Trade Private Limited	47.98	86.46
Share in profits of partnership firm	Subsidiary	Sobha City	73.28	76.79
	Subsidiary	Sobha Assets Private Limited	0.10	-
Investment in equity Share Capital	Other related parties	Sobha Puravankara Aviation Private Limited	-	9.95
Sale of investment in Equity Share Capital of Sobha Puravankara Aviation Private Limited	Relatives of key management personnel	Mrs. Sobha Menon	9.75	-
		Mrs. Sudha Menon	0.20	-
Directors' remuneration	Key Management Personnel	Mr. P. N. C. Menon	-	33.07
		Mr. J. C. Sharma	50.04	44.25
		Mr. Ravi Menon	43.62	31.26
		Mr. P. Ramakrishnan	6.34	9.26
Dividend paid	Key management personnel	Mr. P. N. C. Menon	37.46	16.49
		Mr. P. N. C. Menon and Mrs. Sobha Menon (Jointly held shares)	16.48	5.49
		Mr. J. C. Sharma	0.22	0.07
	Relatives of key Management Personnel	Mrs. Sobha Menon	124.04	41.35
Salary (including perquisites)	Key Management Personnel	Mr. S. Baaskaran	5.37	4.77
		Mr. Kishore Kayarat	1.98	1.26
	Relatives of key management personnel	Mr. P. N. Haridas	0.73	0.69

			₹ in million	
Description of the nature of transaction	Description of relationship	Related party	31.03.2012	31.03.2011
Loan taken	Other related parties	Sobha Puravankara Aviation Private Limited	-	8.95
Loan repaid	Other related parties	Sobha Puravankara Aviation Private Limited	8.95	-
	Relatives of key management personnel	Mrs. Sobha Menon	4.50	-
Interest paid	Relatives of key management personnel	Mrs. Sobha Menon	0.53	0.54
Repayment of Inter-corporate deposit by the related party	Other related parties	Sobha Renaissance Information Technology Private Limited	40.00	-
Donation paid	Other related parties	Sri Kurumba Trust	55.10	31.30
Purchase of land	Other related parties	Technobuild Developers Private Limited	-	23.70
		Sobha Space Private Limited	-	87.30
Reimbursement from related party	Other related parties	Sobha Contracting LLC (Dubai)	0.21	-
		Sobha Glazing & Metal Works Private Limited	0.98	-
		Sobha Interiors Private Limited	2.86	-
		Sobha Puravankara Aviation Private Limited	0.47	-
Advance paid towards purchase of land, goods or services	Other related parties	Technobuild Developers Private Limited	3.59	-
		Sobha Maple Tree Developers Private Limited	10.10	-
		Sobha Puravankara Aviation Private Limited	70.57	-
	Subsidiary	Sobha Assets Private Limited	11.52	-
		Sobha Developers (Pune) Private Limited	-	4.05
Rent paid	Other related parties	Sobha Interiors Private Limited	12.14	12.14
		Sobha Glazing & Metal Works Private Limited	4.76	4.29
	Relatives of key management personnel	Mrs. Sobha Menon	0.67	0.67
Guarantees given	Subsidiary	Sobha City	495.00	250.00
	Other related parties	Sobha Developers (Pune) Private Limited	655.00	310.00

## c. Closing balance

			(₹ in million)	
Description of the nature of transaction	Description of relationship	Related party	31.03.2012	31.03.2011
Inter-corporate deposit	Other related parties	Sobha Renaissance Information Technology Private Limited	47.11	87.11
		Technobuild Developers Private Limited	7,987.21	7,983.62
Land advance	Other related parties	Sobha Maple Tree Developers Private Limited	10.10	-
		SBG Housing Private Limited*	17.89	230.01
Rent deposit	Other related parties	Sobha Glazing & Metal Works Private Limited	99.07	103.56
		Sobha Interiors Private Limited	247.42	258.91
Investment in subsidiaries - Current Account	Subsidiary	Sobha City - Partner current account	352.44	279.16
	Subsidiary	Sobha Assets Private Limited	11.52	-
		Sobha Projects & Trade Private Limited	448.23	96.58
		Sobha Puravankara Aviation Private Limited	71.04	-
Advances recoverable in cash or in kind	Other related parties	Puzhakkal Developers Private Limited	2.90	2.90
		Architectural Metal Works FZCO	0.29	0.29
		Hill and Menon Securities Private Limited	-	0.01
		Punkunnam Builders and Developers Private Limited	0.03	0.03
		Sobha Contracting LLC (Dubai)	5.15	4.94
		Sobha Interiors Private Limited	3.30	0.44
Sundry debtors	Other related parties	Sri Kurumba Trust	16.65	12.25
	Key management personnel	Mr. Ravi Menon	-	14.50
		Royal Interiors Private Limited	9.70	9.79
		Oman Builders Private Limited	15.36	15.30
		Services and Trading Co. LLC	-	0.03
Payables	Other related parties	Sobha Glazing & Metal Works Private Limited	9.21	10.19
		Sobha Inncity Technopolis Private Limited	1.82	1.34
		Sobha Technocity Private Limited	0.77	0.77
		Sobha Space Private Limited	56.37	56.37
Unsecured loans	Other related parties	Sobha Puravankara Aviation Private Limited	-	8.95
	Relatives of key management personnel	Mrs. Sobha Menon	-	4.53
Capital creditors	Other related parties	Sobha Renaissance Information Technology Private Limited	50.00	-
Advance from customers	Subsidiary	Sobha Developers (Pune) Private Limited	728.84	57.80
		Sobha City	66.75	281.18
Trade payable	Key management personnel	Mr. J. C. Sharma	40.60	43.06
	Relatives of key management personnel	Mrs. Sobha Menon	1.78	7.24

Also, refer note 5 and 8 as regards guarantees received from key management personnel and relative of key management personnel and collateral securities offered by related companies in respect of loans availed by the Company.

\* Reduced pursuant to settlement of land advance on transfer of development rights by the Company to a customer.

## 28. Earnings per share ['EPS']

Particulars	31.03.2012	(₹ in million) 31.03.2011
Profit after tax attributable to shareholders	2,008.50	1,824.60
Weighted average number of equity shares of ₹ 10 each outstanding during the period used in calculating basic and diluted EPS	98,063,868	98,063,868

## 29. Leases

### a. Finance lease: Company as lessee

The Company has acquired plant and machinery and scaffolding items under finance lease with the respective underlying assets as security. These leases have an average life of 3 to 5 years with renewal option included in the contract. Minimum lease payments (MLP) outstanding in respect of these assets are as follows (Figures in brackets are in respect of the previous year) :

Particulars	Total MLP outstanding as on 31.03.2012	Interest	(₹ in million) Present Value of MLP
Within one year	182.32 (-)	31.02 (-)	151.30 (-)
After one year but not more than five years	242.49 (-)	17.25 (-)	225.24 (-)
More than five years	- (-)	- (-)	- (-)
	424.81 (-)	48.27 (-)	376.54 (-)

### b. Operating lease: Company as lessee

Operating lease obligations: The Company has taken office, other facilities and other equipments under cancelable and non-cancelable operating leases, which are renewable on a periodic basis with escalation as per agreement.

Particulars	31.03.2012	(₹ in million) 31.03.2011
Lease payments recognised as an expense in statement of profit and loss	150.20	128.08

Minimum lease payments outstanding in respect of these lease for non-cancelable period are as follows:-

Particulars	(₹ in million)	
	31.03.2012	31.03.2011
Not later than one year	32.78	29.62
Later than one year and not later than five years	109.42	87.50
Later than five years	249.10	267.74
	<b>391.30</b>	<b>384.86</b>

### 30. Contingent liabilities and commitments (to the extent not provided for)

#### i. Contingent Liabilities

Particulars	(₹ in million)	
	31.03.2012	31.03.2011
i. Guarantees given by the Company	1,715.12	1,193.39
ii. Claims against the Company, not acknowledged as debts *	846.72	846.72
iii. Income tax matters in dispute	3.94	209.63
iv. Sales tax matters in dispute	252.58	125.06
v. Service tax matters in dispute	1,182.31	1,078.06
	<b>4,000.67</b>	<b>3,452.86</b>

The Company does not expect any reimbursement in respect of the above contingent liability and it is not practicable to estimate the timings of the cash outflows, if any, in respect of matters above pending resolution of the arbitration/ appellate proceedings and it is not probable that an outflow of resources will be required to settle the above obligations/claims.

\* During the year ended March 31, 2011, a customer has initiated arbitration proceedings against the Company for ₹ 846.72 million for breach of contractual obligation for which the Company has filed a statement of objection and counter claim for non payment. Based on legal advice obtained by the management the Company is confident of recovering full dues. Pending settlement, the claims made against the Company have been disclosed as contingent liability.

#### Note:

The Company is also involved in certain litigation for lands acquired by it for construction purposes, either through joint development agreements or through outright purchases. These cases are pending with various courts and are scheduled for hearings. After considering the circumstances and legal advice received, management believes that these cases will not adversely effect its financial statements.

#### ii. Commitments

(a) The estimated amount of contracts, net of advances remaining to be executed on capital account is ₹33.90 million (Previous year- ₹227.16 million)

(b) At March 31, 2012, the Company has given ₹13,351.87 million (Previous year: ₹17,750.77 million) as advances for purchase of land. Under the agreements executed with the land owners, the Company is required to make further payments under the agreements based on the terms/ milestones stipulated under the agreement.

(c) The Company has entered into joint development agreements with owners of land for its construction and development. Under the agreements the Company is required to pay deposits to the owners of the land and share in area/ revenue from such development in exchange of undivided share in land as stipulated under the agreements. As of March 31, 2012 the Company has paid ₹2,985.67 million (Previous year- ₹2,550.58 million) as refundable deposit against the joint development agreements.

(d) The Company has entered into an aircraft usage agreement with a party wherein the Company along with certain other parties has committed minimum usage of aircraft.

(e) For commitments relating to lease arrangements, please refer note 29

**31. Donation to political parties**

Particulars	₹ in million	
	31.03.2012	31.03.2011
Congress (I)	0.73	0.51
Communist Party of India (M)	0.20	-
Others (comprising of communist party of India, Janatadal United, United Democratic Front, Left Democratic Front, Bahujan Samaj Party)	0.05	0.02
	<b>0.98</b>	<b>0.53</b>

**32. Employee benefits**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service subject to a maximum of ₹1,000,000. The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for gratuity benefit.

**Statement of profit and loss**

Net employee benefit expense (recognised in employee benefits expense)

Particulars	₹ in million	
	31.03.2012	31.03.2011
Current service cost	14.72	11.80
Interest cost on benefit obligation	4.21	2.87
Expected return on plan assets	(1.76)	(1.86)
Net actuarial loss/ (gain) recognised	(1.61)	2.77
Net benefit expense	<b>15.56</b>	<b>15.58</b>

**Balance Sheet**

(₹ in million)

Particulars	31.03.2012	31.03.2011
Defined benefit obligation	62.03	52.67
Fair value of plan assets	20.75	21.95
<b>Plan (asset)/ liability</b>	<b>41.28</b>	<b>30.72</b>
<b>Changes in the present value of the defined benefit obligation</b>		
Opening defined benefit obligation	52.67	38.21
Interest cost	4.21	2.87
Current service cost	14.72	11.80
Benefits paid	(7.74)	(2.72)
Actuarial (gains)/ losses on obligation	(1.83)	2.51
<b>Closing defined benefit obligation</b>	<b>62.03</b>	<b>52.67</b>
<b>Changes in the fair value of plan assets</b>		
Opening fair value of plan assets	21.95	23.07
Expected return	1.76	1.86
Contributions by employer	5.00	-
Benefits paid	(7.74)	(2.72)
Actuarial gains/ (losses)	(0.22)	(0.26)
<b>Closing fair value of plan assets</b>	<b>20.75</b>	<b>21.95</b>
<b>Actual return on plan assets</b>		
Expected return on plan assets	1.76	1.86
Actuarial gain/ (loss) on plan assets	(0.22)	(0.26)
<b>Actual return on plan assets</b>	<b>1.54</b>	<b>1.60</b>

Particulars	31.03.2012	31.03.2011
<b>Investment details of plan assets</b>		
Investment with insurer - 100% in debt instruments		
<b>The principal assumptions used in determining gratuity obligation</b>		
Discount rate	8.50%	7.50%
Expected rate of return on assets	8.00%	8.00%
The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.		
Increase in compensation cost	5.00%	5.00%

Experience adjustment	31.03.2012	31.03.2011	31.03.2010	31.03.2009	31.03.2008
Defined benefit obligation	62.03	52.67	38.21	37.70	25.08
Plan assets	20.75	21.95	23.07	21.38	23.04
Surplus / (deficit)	41.28	30.72	15.14	16.32	2.04
Experience adjustments on plan liabilities	(0.24)	3.86	9.97	(2.13)	(6.98)
Experience adjustments on plan assets	(0.22)	(0.45)	1.65	(0.70)	0.36

(₹ in million)



**Notes:**

- i. The Company expects to contribute ₹20.60 million (Previous year - ₹5.00 million) to the trust towards gratuity fund in 2012-13.
- ii. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other several factors such as supply and demand factor in the employment market. Employee turnover varies based on various age groups.

**33. Segment reporting**

As the Company operates on a backward integration model and its business activity primarily falls within a single business segment which constitutes real estate development, there are no additional disclosures to be provided under Accounting Standard 17 'Segment Reporting'. The Company operates primarily in India and there is no other significant geographical segment.

**34. Supplementary statutory information****a. Expenditure in foreign currency [on accrual basis]**

Particulars	(₹ in million)	
	31.03.2012	31.03.2011
Salaries, wages and bonus	10.02	-
Travelling and conveyance	7.23	3.05
Legal and professional charges	0.11	-
Miscellaneous expenses	8.26	15.00
	<b>25.62</b>	<b>18.05</b>

**b. Value of imports calculated on CIF basis**

Particulars	(₹ in million)	
	31.03.2012	31.03.2011
Raw materials (including project items)	104.52	107.28
Capital goods	22.94	22.70
	<b>127.46</b>	<b>129.98</b>

**c. Imported and indigenous raw materials consumption**

Particulars	(₹ in million)			
	31.03.2012		31.03.2011	
	%	Amount	%	Amount
Raw Materials				
Imported	6.88%	69.51	6.89%	48.25
Indigenously obtained	93.12%	941.50	93.11%	652.42
	100.00%	1,011.01	100.00%	700.67

**35. Construction contracts**

(₹ in million)

Particulars	31.03.2012	31.03.2011
Contract revenue recognised as revenue for the year ended March 31, 2012	8,838.10	8,803.65
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to March 31, 2012 for all the contracts in progress	14,071.10	13,442.48
The amount of customer advances outstanding for contracts in progress as at March 31, 2012	2,106.64	1,352.29
The amount of retentions due from customers for contracts in progress as at March 31, 2012	156.46	128.18

**36. Derivative instruments and unhedged foreign currency exposure**

(₹ in million)

Particulars	31.03.2012	31.03.2011
Foreign currency exposure that are not hedged by derivative instruments or otherwise:		
Payables	2.32	5.20
Receivables	29.27	-

37. Based on the information available with the Company, there are no suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as at March 31, 2012.

**38. Prior year comparatives**

Till the year ended March 31, 2011, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended March 31, 2012, the revised Schedule VI notified

under the Companies Act 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed by the Company for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

As per our report of even date

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

per Adarsh Ranka  
Partner  
Membership No.: 209567

Place: Dubai, UAE  
Date: May 6, 2012

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

P.N.C Menon  
Chairman  
  
S. Baaskaran  
Chief Financial Officer

Place: Dubai, UAE  
Date: May 6, 2012

Ravi Menon  
Co-Chairman

Kishore Kayarat  
Company Secretary and  
Compliance Officer

J.C. Sharma  
Vice Chairman and  
Managing Director

## Auditors' Report

To

The Board of Directors of Sobha Developers Limited

1. We have audited the attached consolidated balance sheet of Sobha Developers Limited ('the Company') and its subsidiaries and associate (collectively referred to as 'the Group'), as at March 31, 2012, and also the consolidated statement of profit and loss and the consolidated cash flow statement for the year ended on that date annexed there to (collectively referred to as 'consolidated financial statements') which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the three subsidiaries (including an associate Company which became a subsidiary effective July 1, 2011 and whose financial statements include Group's share of total profit of ₹Nil million for the period April 1, 2011 to June 30, 2011), whose financial statements reflect total assets of ₹4,129.88 million as at March 31, 2012, the total revenues (including other income) of ₹1,658.39 million, total expenditure of ₹1,262.50 million and net cash inflow amounting to ₹45.89 million for the year then ended (before adjustments on consolidation). These financial statements and other financial information have been audited by other auditors whose report has been furnished to us, and our opinion on the consolidated financial statements is based solely on the report of other auditors.
4. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the

accounting principles generally accepted in India:

- (a) In the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2012;
- (b) In the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and
- (c) In the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

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



per Adarsh Ranka  
Partner  
Membership No.: 209567

Dubai, UAE  
May 6, 2012

## Consolidated Balance Sheet as at March 31, 2012

	Notes	31.03.2012 (₹ in million)	31.03.2011 (₹ in million)
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	980.64	980.64
Reserves and surplus	4	19,016.87	17,527.19
		<b>19,997.51</b>	<b>18,507.83</b>
Minority interest		355.32	324.02
<b>Non-current liabilities</b>			
Long-term borrowings	5	244.40	20.70
Deferred tax liability (net)	13	330.37	-
Trade payables	6	177.62	177.62
Long-term provisions	7	20.68	25.72
		<b>773.07</b>	<b>224.04</b>
<b>Current liabilities</b>			
Short-term borrowings	8	1,973.38	3,251.17
Trade payables	9	3,798.22	3,263.53
Other current liabilities	9	14,109.38	12,460.16
Short-term provisions	7	1,365.52	915.79
		<b>21,246.50</b>	<b>19,890.65</b>
<b>TOTAL</b>		<b>42,372.40</b>	<b>38,946.54</b>
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	10	2,739.60	1,366.50
Intangible assets	11	57.93	6.27
Goodwill on consolidation		42.01	-
Capital work-in-progress		12.75	646.51
Non-current investments	12	0.18	27.16
Deferred tax assets (net)	13	-	73.79
Long-term loans and advances	14	5,501.85	4,581.72
Inventories	17	13.50	19.69
Trade receivables	15.1	51.25	25.51
Other non-current assets	15.2	101.85	58.33
		<b>8,520.92</b>	<b>6,805.48</b>
<b>Current assets</b>			
Current investments	16	-	9.95
Inventories	17	16,745.94	10,664.89
Trade receivables	15.1	1,128.63	1,055.85
Cash and bank balances	18	587.76	230.13
Short-term loans and advances	14	12,766.52	17,009.99
Other current assets	15.2	2,622.63	3,170.25
		<b>33,851.48</b>	<b>32,141.06</b>
<b>TOTAL</b>		<b>42,372.40</b>	<b>38,946.54</b>

Summary of significant accounting policies

2.1

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

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

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

per Adarsh Ranka  
Partner  
Membership No.: 209567

P.N.C Menon  
Chairman  
  
S. Baaskaran  
Chief Financial Officer

Ravi Menon  
Co-Chairman  
  
Kishore Kayarat  
Company Secretary and  
Compliance Officer

J.C. Sharma  
Vice Chairman and  
Managing Director

Place: Dubai, UAE  
Date: May 6, 2012

Place: Dubai, UAE  
Date: May 6, 2012

**Consolidated Statement of profit and loss  
for the year ended March 31, 2012**

	Notes	31.03.2012 (₹ in million)	31.03.2011 (₹ in million)
<b>Income</b>			
Revenue from operations (gross)	19	14,134.13	13,977.23
Less : Excise duty		55.11	32.36
<b>Revenue from operations (net)</b>		<b>14,079.02</b>	<b>13,944.87</b>
Other income	20	64.70	51.26
<b>Total revenue</b>		<b>14,143.72</b>	<b>13,996.13</b>
<b>Expenses</b>			
Land purchase cost		2,590.65	1,375.10
Cost of raw material and components consumed	21	1,011.01	700.67
(Increase) / decrease in inventories of building materials, finished goods, stock in trade - flats, land stock and work-in-progress	22	(4,852.42)	435.45
Purchase of project materials		2,867.09	2,602.16
Subcontractor and labour charges		2,830.28	2,663.66
Employee benefits expense	23	1,267.49	1,035.17
Other expenses	24	3,699.37	1,532.34
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>		<b>4,730.25</b>	<b>3,651.58</b>
Depreciation and amortization expense	25	387.78	277.73
Finance costs	26	1,165.39	859.67
<b>Profit before tax</b>		<b>3,177.08</b>	<b>2,514.18</b>
<b>Tax expenses</b>			
Current tax		719.59	686.73
Deferred tax charge / (credit)		404.16	(22.27)
MAT Credit utilisation / (entitlement)		(47.20)	4.10
<b>Total tax expense</b>		<b>1,076.55</b>	<b>668.56</b>
<b>Profit after tax</b>		<b>2,100.53</b>	<b>1,845.62</b>
Minority interest		40.99	32.90
Share of (profit) / loss of associate		-	(0.20)
<b>Profit after minority interest and share of (profit)/ loss of associate</b>		<b>2,059.54</b>	<b>1,812.92</b>
Earnings per equity share [nominal value of ₹10 (Previous year - ₹10)]			
Basic and Diluted	28	21.00	18.49
Summary of significant accounting policies	2.1		

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

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

per Adarsh Ranka  
Partner  
Membership No.: 209567

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

P.N.C Menon  
Chairman  
  
S. Baaskaran  
Chief Financial Officer

Ravi Menon  
Co-Chairman  
  
Kishore Kayarat  
Company Secretary and  
Compliance Officer

J.C. Sharma  
Vice Chairman and  
Managing Director

Place: Dubai, UAE  
Date: May 6, 2012

Place: Dubai, UAE  
Date: May 6, 2012

## Consolidated cash flow statement for the year ended March 31, 2012

	31.03.2012 (₹ in million)	31.03.2011 (₹ in million)
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>3,177.08</b>	<b>2,514.18</b>
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/ amortization	387.78	277.73
Profit on sale of fixed assets (net)	(0.82)	(3.06)
Provision for diminution in value of long term investment	26.70	-
Provision for doubtful debts and advances	67.00	-
Interest expense	1,079.49	780.98
Interest income	(35.46)	(15.66)
<b>Operating profit before working capital changes</b>	<b>4,701.77</b>	<b>3,554.17</b>
Movements in working capital:		
Increase/ (decrease) in trade payables	534.69	558.94
Increase/ (decrease) in other current liabilities	376.54	140.94
Decrease / (increase) in trade receivables	(165.52)	1,176.23
Decrease / (increase) in inventories	(4,900.37)	416.77
Decrease / (increase) in other assets	550.55	(997.94)
Decrease / (increase) in loans and advances	4,289.50	(477.04)
Increase / (decrease) in provisions	11.76	7.14
Cash generated from /(used in) operations	5,398.92	4,379.21
Direct taxes paid (net of refunds)	(537.97)	(356.37)
<b>Net cash flow from/ (used in) operating activities (A)</b>	<b>4,860.95</b>	<b>4,022.84</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, including capital work-in-progress and capital advances	(1,021.04)	(217.50)
Proceeds from sale of fixed assets	1.73	5.44
Consideration paid on acquisition of subsidiary	(986.31)	-
Purchase of current investments	-	(9.95)
Proceeds from sale of current investments	9.95	-
Investments in bank deposits (having original maturity of more than three months)	(159.79)	(66.73)
Interest received	34.50	15.65
<b>Net cash flow from/ (used in) investing activities (B)</b>	<b>(2,120.96)</b>	<b>(273.09)</b>
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	7,927.12	3,262.43
Repayment of long-term borrowings	(6,907.28)	(5,948.84)
Proceeds from short-term borrowings	-	1,021.14
Repayment of short-term borrowings	(1,277.79)	(659.43)
Interest paid (gross)	(1,906.18)	(1,741.86)
Dividends paid on equity shares	(293.98)	(245.46)
Tax on equity dividend paid	(48.86)	(41.65)
<b>Net cash flow from/ (used in) financing activities (C)</b>	<b>(2,506.97)</b>	<b>(4,353.67)</b>

	31.03.2012 (₹ in million)	31.03.2011 (₹ in million)
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>233.02</b>	<b>(603.92)</b>
Cash and cash equivalents at the beginning of the year	169.84	773.76
Cash inflow due to acquisition of subsidiary	8.34	-
<b>Cash and cash equivalents at the end of the year</b>	<b>411.20</b>	<b>169.84</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	3.68	4.37
Cheques/ drafts on hand	53.52	15.12
With banks- on current account	350.66	149.78
- on deposit account	2.57	-
- unpaid dividend accounts*	0.77	0.57
<b>Total cash and cash equivalents (note 18)</b>	<b>411.20</b>	<b>169.84</b>

Summary of significant accounting policies

2.1

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

As per our report of even date

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

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

per Adarsh Ranka  
Partner  
Membership No.: 209567

P.N.C Menon  
Chairman  
  
S. Baaskaran  
Chief Financial Officer

Ravi Menon  
Co-Chairman  
  
Kishore Kayarat  
Company Secretary and  
Compliance Officer

J.C. Sharma  
Vice Chairman and  
Managing Director

Place: Dubai, UAE  
Date: May 6, 2012

Place: Dubai, UAE  
Date: May 6, 2012



## Notes to the consolidated financial statements for the year ended March 31, 2012

### 1. Corporate Information

Sobha Developers Limited ('Company' or 'SDL') was incorporated on August 7, 1995. SDL together with its subsidiaries and associate (herein after collectively referred to as 'the Group') is a leading real estate developer engaged in the business of construction, development, sale, management and operation of all or any part of townships, housing projects, commercial premises and other related activities. The Group is also engaged in manufacturing activities related to interiors, glazing and metal works and concrete products which also provides backward integration to SDL's turnkey projects.

The consolidated financial statements have been prepared under the historical cost convention on an accrual basis. The consolidated financial statements have been prepared to comply in all material respects with Accounting Standard (AS) 21 - 'Consolidated Financial Statements', AS 23 - 'Accounting for Investments in Associates in Consolidated Financial Statements' and other applicable accounting standards as applicable, notified by the Companies Accounting Standards Rules, 2006 (as amended) to reflect the financial position and the results of operations of the Group.

The financial statements of the subsidiary are drawn upto the same reporting date as that of the Company i.e March 31, 2012. The consolidated financial statements of the Group have been prepared based on line-by-line consolidation of the balance sheet, statement of profit and loss and cash flows of the Company and its subsidiaries. Inter-company balances and intra-company transactions and resulting unrealised profits have been eliminated on consolidation.

### 2. Basis of preparation

The accompanying consolidated financial statements include the accounts of SDL, its subsidiaries and associate. All the subsidiaries and associate have been incorporated in India.

The details of subsidiaries and associate are as follows:

Name of subsidiary	Percentage of holding	
	31.03.2012	31.03.2011
Sobha City ['Partnership firm']	70% [Profit sharing ratio]	70% [Profit sharing ratio]
Sobha Developers (Pune) Private Limited [Associate until June 30, 2011 and subsidiary effective July 1, 2011]	100%	19%
Sobha Assets Private Limited [Subsidiary incorporated on March 13, 2012]	100%	-
<b>Subsidiaries of Sobha City</b>		
Vayaloor Properties Private Limited	99.99%	99.99%
Vayaloor Builders Private Limited	99.99%	99.99%
Vayaloor Developers Private Limited	99.99%	99.99%
Vayaloor Real Estate Private Limited	99.99%	99.99%
Vayaloor Realtors Private Limited	99.99%	99.99%
Valasai Vettikadu Realtors Private Limited	99.99%	99.99%

In case of an associate, they are accounted for using equity method. The Group accounts for its share in the change in the net assets of the associate, post acquisition, after eliminating unrealised profits and losses resulting from transactions between the Company and its associate to the extent of its share.

The excess of cost of the parent company of its investment in the subsidiary over its portion of equity in the subsidiary, on the date of investments is recognised in the financial statements as goodwill. The parent portion of equity in such subsidiary is determined on the basis of book values of assets and liabilities as per the financial statement of the subsidiary as on the date of investment. Goodwill is amortised over a period of 5 years from date of acquisition/investment. The accounting policies have been consistently applied by the Group and are consistent with those used in previous year, except for the change in accounting policy explained in note 2.1 (a) below.

## 2.1 Summary of significant accounting policies

### a) Change in accounting policy

#### *Presentation and disclosure of consolidated financial statements*

During the year ended March 31, 2012 the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed by the Group for preparation of consolidated financial statements. However, it has significant impact on presentation and disclosures made in the consolidated financial statements. The Group has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

### b) Use of estimates

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

## c) Tangible and Intangible fixed assets

### i. Tangible fixed assets

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

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

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

### ii. Intangible fixed 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 are amortized on a straight line basis over a period of 3 years, which is estimated to be the useful life of the asset.

## d) Depreciation on tangible fixed assets

Depreciation on assets, other than those described below, is provided using written down value method at the rates prescribed under schedule XIV of the Companies Act, 1956, which is also estimated by the management to be the estimated useful lives of the assets.

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

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

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

## e) Impairment of tangible and intangible assets

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

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

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

#### f) Leases

##### Where the Group is lessee

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

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

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

#### g) Investments

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

On initial recognition, all investments are measured at cost.

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

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

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

#### h) Inventories

##### *Related to contractual and real estate activity*

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

i. Work-in-progress - Contractual: Cost of work yet to be certified/ billed, as it pertains to contract costs that relate to future activity on the contract, are recognised as contract work-in-progress provided it is probable that they will be recovered. Contractual work-in-progress is valued at lower of cost and net realisable value.

ii. Work-in-progress - Real estate projects (including land inventory): Represents cost incurred in respect of unsold area of the real estate development projects or cost incurred on projects where the revenue is yet to be recognised. Real estate work-in-progress is valued at lower of cost and net realisable value.

iii. Finished goods - Flats: Valued at lower of cost and net realisable value.

iv. Finished goods - Plots: Valued at lower of cost and net realisable value.

v. Building materials purchased, not identified with any specific project are valued at lower of cost and net realisable value. Cost is determined based on a weighted average basis.

vi. Land inventory: Valued at lower of cost and net realisable value. Land inventory which is under development or held for development/ sale in near future is classified as current asset. Land which held for undetermined use or for future development is classified as non current asset.

***Related to manufacturing activity***

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

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

**l) Revenue recognition**

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

**i. Recognition of revenue from contractual projects**

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

**ii. Recognition of revenue from real estate projects**

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

**a. Recognition of revenue from property development**

**Recognition of revenue from construction activity**

Revenue from real estate under development/ sale of developed property is recognised upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/ agreements, except for contracts where the Group still has obligations to perform substantial acts even after the transfer of all significant risks and rewards. In such cases, the revenue is recognised on percentage of completion method, when the stage of completion of each project reaches a reasonable level of progress. Revenue is recognised in proportion that the contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs. Land costs are not included for the purpose of computing the percentage of completion.

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

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

**Recognition of revenue from sale of villa plots**

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

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

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

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

**iii. Recognition of revenue from manufacturing division**

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

**iv. Dividend income**

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

**v. Interest income**

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

**j) Foreign currency translation**

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

**k) Taxes**

Tax expense comprises of current and deferred tax.

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets

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

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

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

**l) Retirement and other employee benefits**

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

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

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

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

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

#### **m) Earnings per share**

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

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

#### **n) Provisions**

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

#### **o) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an

outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

#### **p) Cash and cash equivalents**

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

#### **q) Borrowing costs**

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

#### **r) Land**

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

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

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

#### **s) Measurement of EBITDA**

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Group has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Group measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Group does not include depreciation and amortization expense, finance costs and tax expense.

### 3. Share Capital

	31.03.2012 (₹ in million)	31.03.2011 (₹ in million)
<b>Authorised shares</b>		
150,000,000 (Previous year - 150,000,000) equity shares of ₹10 each	1,500.00	1,500.00
5,000,000 (Previous year - 5,000,000 ) 7% redeemable preference shares of ₹100 each	500.00	500.00
<b>Issued, subscribed and fully paid-up shares</b>		
98,063,868 (Previous year - 98,063,868) equity shares of ₹10 each fully paid up	980.64	980.64
Total issued, subscribed and fully paid-up share capital	<b>980.64</b>	<b>980.64</b>

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

	31.03.2012		31.03.2011	
	No of Shares	₹ in million	No of Shares	₹ in million
<i>Equity shares</i>				
At the beginning of the year	98,063,868	980.64	98,063,868	980.64
Issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>98,063,868</b>	<b>980.64</b>	<b>98,063,868</b>	<b>980.64</b>

#### (b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share.

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

#### (c) Aggregate number of bonus shares issued, share issued for consideration other than cash and shares bought back during the period of five years:

	31.03.2012 No of Shares	31.03.2011 No of Shares
Equity shares allotted as fully paid bonus shares by capitalization of free reserves in June 2006	-	42,280,960



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

Name of shareholder	31.03.2012		31.03.2011	
	No of Shares in million	Holding percentage (%)	No of Shares in million	Holding percentage (%)
<i>Equity shares of ₹10 each fully paid up</i>				
Mrs. Sobha Menon	41.35	42.16	41.35	42.16
Mr. P.N.C. Menon	12.49	12.74	12.49	12.74
Mr. P.N.C. Menon and Mrs. Sobha Menon (Jointly)	5.49	5.60	5.49	5.60

Note : As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

## 4. Reserves and surplus

(₹ in million)

	31.03.2012	31.03.2011
<b>Capital redemption reserve</b>		
Balance as per the last financial statements	87.29	87.29
Closing balance	87.29	87.29
<b>Securities premium account</b>		
Balance as per the last financial statements	10,497.27	10,497.27
Closing balance	10,497.27	10,497.27
<b>Debenture redemption reserve</b>		
Balance as per the last financial statements	162.30	203.65
Less: Transfer to general reserve	(162.30)	(41.35)
Closing balance	-	162.30
<b>General reserve</b>		
Balance as per the last financial statements	1,341.14	1,116.79
Add: Transfer from statement of profit and loss	201.00	183.00
Add: Transfer from debenture redemption reserve	162.30	41.35
Closing balance	1,704.44	1,341.14
<b>Surplus in the statement of profit and loss</b>		
Balance as per last financial statements	5,439.19	4,152.32
Profit for the year	2,059.54	1,812.92
Less: Appropriations		
Proposed final equity dividend (amount per share ₹5 (Previous year - ₹3))	(490.32)	(294.19)
Tax on proposed equity dividend	(79.54)	(48.86)
Transfer to general reserve	(201.00)	(183.00)
Total appropriations	(770.86)	(526.05)
Net surplus in the statement of profit and loss	6,727.87	5,439.19
<b>Total reserves and surplus</b>	<b>19,016.87</b>	<b>17,527.19</b>



## 5. Long term borrowings

(₹ in million)

	Current maturities		Non current portion	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
<b>Secured debentures</b>				
Nil (Previous year - 75) 12% redeemable non-convertible debentures of ₹10 million each	-	750.00	-	-
<b>Secured term loans</b>				
From banks	7,602.36	5,859.92	-	-
From financial institutions	2,423.75	2,526.24	-	-
<b>Other secured loans</b>				
Finance lease obligations	151.30	-	225.24	-
Equipment loans	12.51	7.62	19.16	20.70
	10,189.92	9,143.78	244.40	20.70
Amount disclosed under the head "other current liabilities" (refer note 9)	(10,189.92)	(9,143.78)		
Net amount	-	-	244.40	20.70

i) 12% redeemable non-convertible debentures were redeemable at par in three installments of ₹ 250 million on June 11, 2011, September 11, 2011 and December 11, 2011 and have been redeemed accordingly. The debentures were secured by equitable mortgage of certain lands of the Company.

## ii) Secured term loans

Particulars	Amount outstanding (₹ in million)		Interest rate (%)	Security details	Repayment terms
	31.03.2012	31.03.2011			
<b>From banks</b>					
Term Loan	-	410.00	12%-13%	Secured by equitable mortgage of certain land and building of the Group. Further, the loan has been guaranteed by the personal guarantee of chairman of the Company.	Two equal installments due on February 1, 2011 and May 1, 2011.
Term Loan	-	333.50	13%-15%	Secured by equitable mortgage of certain land of the Group. Further, the loan has been guaranteed by the personal guarantee of chairman of the Company.	Six equal quarterly installments of ₹166.67 million commencing from May 31, 2010.
Term Loan	-	157.50	14%-15%	Secured by equitable mortgage of certain project specific inventory and receivables and certain lands of the Group.	Five equal quarterly installments of ₹80 million commencing from August 2, 2010 and two equal quarterly installments of ₹90 million commencing from February 21, 2010.
Term Loan	-	1,500.00	14%-16%	Secured by equitable mortgage of certain land of the Group.	Three equal monthly installments of ₹500 million commencing from November 30, 2011.
Term Loan	-	87.47	10%-12%	Secured by equitable mortgage of certain project specific inventory and receivables and certain lands of the Group. Further, the loan has been guaranteed by the personal guarantee of chairman of the Company.	Twelve equal monthly installments of ₹29.16 million commencing from July 31, 2010.
Term Loan	-	1,000.00	10%-12%	Secured by equitable mortgage of certain project specific inventory and land of the Group. Further, the loan has been guaranteed by the personal guarantee of chairman of the Company.	Fourteen equal monthly installments of ₹83.33 million commencing from January 31, 2011 and last installment of ₹83.38 million due on March 31, 2012.

Particulars	Amount outstanding (₹ in million)		Interest rate (%)	Security details	Repayment terms
	31.03.2012	31.03.2011			
Term Loan	510.00	505.00	13%-15%	Secured by equitable mortgage of certain project specific inventory and receivables and certain lands of the Group. Further, the loan has been guaranteed by way of corporate guarantee given by certain group Companies.	Three equal monthly installments of ₹60 million from January 31, 2011 to March 31, 2011, three equal monthly installments of ₹30 million from April 30, 2011 to June 30, 2011, three equal monthly installments of ₹50 million from April 30, 2012 to June 30, 2012 and six equal monthly installments of ₹60 million commencing from July 31, 2012.
Term Loan	-	85.00	13%-15%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Group. Further, the loan has been guaranteed by the personal guarantee of chairman and relative of such chairman of the Company.	Four equal quarterly installments of ₹42.50 million commencing from October 31, 2010.
Term Loan	957.36	1,240.45	12%-14%	Secured by equitable mortgage of certain project specific inventory and hypothecation of project specific receivables and maintaining of Debt Service Reserve account equal to three months interest. Further, the loan has been guaranteed by the personal guarantee of chairman of the Company.	Twenty five monthly installments in accordance with repayment schedule mentioned by the bank commencing from March 15, 2011.
Term Loan	280.00	130.00	13%-15%	Secured by equitable mortgage of certain project specific inventory. Further, the loan has been guaranteed by way of corporate guarantee given by certain group Companies.	Four equal quarterly installments of ₹50 million commencing from December 31, 2012 and last installment of ₹80 million due on December 31, 2013.
Term Loan	255.00	105.00	13%-15%	Secured by equitable mortgage of certain project specific inventory and receivables of the Group.	Two half yearly installments of ₹145 million commencing from February 14, 2014.
Term Loan	619.00	-	13%-14%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Group and maintaining of Debt Service Reserve account equal to three months interest. Further, the loan has been guaranteed by the personal guarantee of chairman of the Company.	Quarterly installments of amounts as mentioned in the repayment schedule commencing from eleven month from the date of disbursement of loan.
Term Loan	770.00	-	14%-15%	Secured by equitable mortgage of certain land, building, project specific inventory and receivables of the Group and maintaining of Debt Service Reserve account equal to three months interest. Further, the loan has been guaranteed by the personal guarantee of chairman of the Company.	Eleven equal monthly installments of ₹50 million commencing from January 15, 2013 and ten monthly installments of ₹25 million starting from July 15, 2013.
Term Loan	350.00	-	13%-15%	Secured by equitable mortgage of certain land of the Group.	One single installment within 12 months from the date of first availment.
Term Loan	741.00	-	13%-14%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Group. Further, the loan has been guaranteed by the personal guarantee of chairman of the Company.	Quarterly installments of amounts as mentioned in the repayment schedule commencing from two years from the date of disbursement of loan.
Term Loan	1,000.00	-	14%-15%	Secured by equitable mortgage of certain land and inventory of the Group. Further, the loan has been guaranteed by the personal guarantee of chairman of the Company.	Three quarterly installments of ₹750 million, ₹900 million and ₹1,350 million after a moratorium of twenty seven months from the date of first disbursement.
Term Loan	970.00	-	12%-15%	Secured by equitable mortgage of certain project specific inventory of the Group. Further, the loan has been guaranteed by the personal guarantee of chairman and relative of such chairman of the Company.	Eight equal quarterly instalments of ₹125 million commencing from September 30, 2013.

Particulars	Amount outstanding (₹ in million)		Interest rate (%)	Security details	Repayment terms
	31.03.2012	31.03.2011			
Term Loan	655.00	-	12%-15%	Secured by equitable mortgage of certain project specific inventory and receivables of the Group and maintaining of Debt Service Reserve account equal to three months interest.	Eighteen monthly installments in accordance with repayment schedule mentioned by the bank commencing from January 15, 2013.
Term Loan	170.00	306.00	13%-15%	Secured by equitable mortgage of certain land of the Group.	Two equal installments on January 1, 2012 and April 1, 2012.
Term Loan	325.00	-	13%-15%	Secured by equitable mortgage of certain project specific inventory and receivables of the Group.	Two equal quarterly installments after moratorium period of thirty nine months.
<b>From financial institutions</b>					
Term Loan	1,680.00	2,000.34	12%-14%	Secured by equitable mortgage of certain leasehold land and project land and building of the Group. Further, the loan has been guaranteed by the personal guarantee of chairman of the Company.	Twelve quarterly installments of ₹160 million commencing from October, 2011 and last installment of ₹80 million due in October 2014.
Term Loan	-	281.50	13%-15%	Secured by equitable mortgage of certain land of the Group.	Monthly installments from May 30, 2010 to March 31, 2012.
Term Loan	-	244.40	13%-15%	Secured by equitable mortgage of certain land of the Group. Further, the loan has been guaranteed by the personal guarantee of chairman and relative of such chairman of the Company.	Twenty one equal monthly installments of ₹20.50 million starting from June 15, 2010 to February 15, 2012 and last installment due on March 15, 2012.
Term Loan	500.00	-	15%-16%	Secured by equitable mortgage of certain land of the Group. Further, the loan has been guaranteed by the personal guarantee of chairman of the Company.	Twenty five equal monthly installments of ₹20 million starting from April 15, 2012.
Term Loan	243.75	-	13%-14%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Group.	Quarterly installments of amounts as mentioned in the repayment schedule commencing from eleven month from the date of disbursement of loan.
<b>iii) Other secured loans</b>					
Finance lease obligations	376.54	-	13%-15%	Secured by hypothecation of plant and machinery taken on lease.	Thirty five monthly installments commencing from the month the loan is availed.
Equipment loan	31.67	28.32	13%-15%	Hypothecation against specific equipment	Thirty five monthly installments commencing from the month the loan is availed.

iv) Details of collateral securities offered by related Companies in respect of loans availed by the Group

Nature of Loan	Amount outstanding (₹ in million)		Name of the Company	Nature of security
	31.03.2012	31.03.2011		
Term loans	-	410.00	Sobha Glazing & Metal Works Private Limited	Equitable mortgage of leasehold rights in respect of factory, land & building
Term loans	510.00	505.00	Megatech Software Private Limited	Equitable mortgage of land
Term loans	510.00	505.00	Tirur Cyber City Developers Private Limited	Equitable mortgage of land
Term loans	510.00	505.00	Thakazhi Developers Private Limited	Equitable mortgage of land
Term loans	280.00	1,437.79	Sri Kanakadurga Property Developers Private Limited	Equitable mortgage of land
Term loans	280.00	130.00	Sri Durga Devi Property Management Private Limited	Equitable mortgage of land

## 6. Other long term liabilities

	31.03.2012 (₹ in million)	31.03.2011 (₹ in million)
Trade payables (refer note 36 for details of dues to micro and small enterprises)		
Land cost payable	177.62	177.62
	<b>177.62</b>	<b>177.62</b>

## 7. Provisions

	Short Term		Long Term	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
<b>Provision for employee benefits</b>				
Provision for gratuity (note 32)	20.60	5.00	20.68	25.72
Provision for leave benefits	43.27	42.07	-	-
	63.87	47.07	20.68	25.72
<b>Other provisions</b>				
Provision for taxation (net of advance tax payments)	731.74	525.01	-	-
Provision for wealth tax (net of advance tax payments)	0.05	0.66	-	-
Proposed equity dividend	490.32	294.19	-	-
Tax on proposed equity dividend	79.54	48.86	-	-
	1,301.65	868.72	-	-
	<b>1,365.52</b>	<b>915.79</b>	<b>20.68</b>	<b>25.72</b>

## 8. Short-term borrowings

	31.03.2012 (₹ in million)	31.03.2011 (₹ in million)
<b>Secured</b>		
Cash credit from banks	1,903.38	3,167.69
	1,903.38	3,167.69
<b>Unsecured</b>		
Loan and advances from related parties repayable on demand (Refer note 27)	-	13.48
From parties other than bank	70.00	70.00
	70.00	83.48
	<b>1,973.38</b>	<b>3,251.17</b>

Particulars	Amount outstanding (₹ in million)		Interest rate (%)	Security details	Repayment terms
	31.03.2012	31.03.2011			
Cash credit	23.85	499.37	12%-15%	Secured by way of equitable mortgage of certain land and project specific receivables of the Company. Further, the facility has been guaranteed by the personal guarantee of chairman and relative of such chairman of the Company.	Repayable on demand
Cash credit	230.62	619.49	13%-15%	Secured by charge on specific project inventory, current assets and receivables of the Company. Further, the facility has been guaranteed by the personal guarantee of chairman and relative of such chairman of the Company and by way of corporate guarantee given by certain group Companies.	Repayable on demand
Cash credit	1,480.39	1,393.30	13%-14%	Secured by equitable mortgage of certain land, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company. Further, the loan has been guaranteed by the personal guarantee of chairman and relative of such chairman of the Company.	Repayable on demand
Cash credit	6.54	396.40	13%-15%	Secured by equitable mortgage of certain project specific inventory and receivables and certain lands of the Company. Further, the facility has been guaranteed by the personal guarantee of chairman and relative of such chairman of the Company and by way of corporate guarantee given by certain group Companies.	Repayable on demand
Cash credit	12.74	3.52	13%-15%	Secured by lien on fixed deposits of the Company.	Repayable on demand
Cash credit	116.91	-	13%-15%	Secured by equitable mortgage of certain project specific inventory under joint development and receivables of the Company.	Repayable on demand
Cash credit	-	220.32	13%-15%	Secured by equitable mortgage of certain project specific inventory of the Company.	Repayable on demand
Cash credit	7.47	8.91	13%-15%	Secured by charge on specific project inventory, current assets and receivables of the Company. Further, the facility has been guaranteed by the personal guarantee of chairman and relative of such chairman of the Company.	Repayable on demand
Cash credit	13.80	10.24	13%-15%	Secured by charge on specific project inventory, current assets and receivables of the Company. Further, the facility has been guaranteed by the personal guarantee of chairman and relative of such chairman of the Company and by way of corporate guarantee given by certain group Companies.	Repayable on demand
Cash credit	4.33	9.55	13%-15%	Secured by charge on specific project inventory, current assets and receivables of the Company. Further, the facility has been guaranteed by the personal guarantee of chairman and relative of such chairman of the Company and by way of corporate guarantee given by certain group Companies.	Repayable on demand
Cash credit	3.12	-	13%-15%	Secured by lien on fixed deposits of the Company.	Repayable on demand
Cash credit	3.61	6.59	13%-15%	Secured by charge on specific project inventory, current assets and receivables of the Company. Further, it has been guaranteed by the personal guarantee of chairman and relative of such chairman of the Company.	Repayable on demand

## Details of collateral securities offered by related companies in respect of loans availed by the Group

Nature of Loan	Amount outstanding (₹ in million)		Name of the Company	Nature of security
	31.03.2012	31.03.2011		
Cash credit	23.84	499.37	Sobha Innercity Technopolis Private Limited	Equitable mortgage of land & building
Cash credit	258.10	949.00	Allapuzha Fine Real Estate Private Limited	Equitable mortgage of land
Cash credit	258.10	949.00	Rusoh Modern Properties Private Limited	Equitable mortgage of land
Cash credit	258.10	949.00	Mapedu Realtors Private Limited	Equitable mortgage of land
Cash credit	258.10	949.00	Chikmangaloor Properties Private Limited	Equitable mortgage of land
Cash credit	258.10	949.00	Rusoh Marina Properties Private Limited	Equitable mortgage of land
Cash credit	258.10	949.00	Mapedu Real Estates Private Limited	Equitable mortgage of land
Cash credit	258.10	949.00	Chikmangaloor Realtors Private Limited	Equitable mortgage of land
Cash credit	258.10	949.00	Rusoh Fine Builders Private Limited	Equitable mortgage of land
Cash credit	258.10	949.00	Mannur Real Estate Private Limited	Equitable mortgage of land
Cash credit	258.10	949.00	Kilai Builders Private Limited	Equitable mortgage of land
Cash credit	258.10	949.00	Kilai Properties Private Limited	Equitable mortgage of land
Cash credit	258.10	949.00	Thirur Cyber Real Estates Private Limited	Equitable mortgage of land
Cash credit	258.10	949.00	Thakazhi Realtors Private Limited	Equitable mortgage of land
Cash credit	258.10	949.00	Kilai Super Developers Private Limited	Equitable mortgage of land
Cash credit	258.10	949.00	Thakazhi Developers Private Limited	Equitable mortgage of land

## 9. Other current liabilities

	31.03.2012 (₹ in million)	31.03.2011 (₹ in million)
Trade payables (refer note 36 for details of dues to micro and small enterprises)		
Land cost payable	1,162.11	1,291.64
Others	2,636.11	1,971.89
	3,798.22	3,263.53
<b>Other liabilities</b>		
Current maturities of long-term borrowings* (refer note 5) (Includes current maturity of finance lease obligation ₹151.30 million (Previous year ₹Nil))	10,189.92	9,143.78
Bank overdraft from scheduled banks	31.93	87.71
Advance from customers	2,560.00	1,901.72
Interest accrued but not due on borrowings	136.25	126.48
Investor protection & education fund shall be credited for unclaimed dividends when due	0.92	0.71
Others		
Service tax payable	19.62	135.68
VAT Payable	17.77	86.22
Security deposit towards maintenance services	950.69	842.23
Payable to related parties (note 27)	93.23	93.79
Payable for purchase of fixed assets	79.15	12.28
Withholding taxes payable	29.68	22.87
Others	0.22	6.69
	14,109.38	12,460.16
	17,907.60	15,723.69

\* Current maturities of long-term borrowings represents amount repayable within the operating cycle. Amount payable within twelve months ₹ 3,401.17 million (Previous year - ₹ 6,180.76 million)

## 10. Tangible assets

	Freehold land	Leasehold land, Note 1	Factory buildings	Other buildings	Plant and machinery	Scaffolding items	Furniture and fixtures	Vehicles	Computers	Office equipments	Total
₹ in million											
<b>Cost -at 1 April 2010</b>	42.72	26.49	340.15	90.92	1,171.67	932.16	41.19	72.77	115.16	44.92	2,878.15
Additions	-	-	-	91.54	76.33	25.58	4.78	0.09	14.51	3.59	216.42
Disposals	-	-	-	-	-	-	(0.11)	(17.23)	(0.82)	-	(18.16)
<b>At 31 March 2011</b>	42.72	26.49	340.15	182.46	1,248.00	957.74	45.86	55.63	128.85	48.51	3,076.41
Additions	-	-	12.24	766.91	311.64	414.92	32.35	0.45	35.32	6.24	1,580.07
Disposals	-	-	-	-	-	-	(0.30)	(4.99)	(0.01)	(0.05)	(5.35)
Other adjustments - Borrowing costs	-	-	-	178.16	-	-	-	-	-	-	178.16
<b>At 31 March 2012</b>	42.72	26.49	352.39	1,127.53	1,559.64	1,372.66	77.91	51.09	164.16	54.70	4,829.29
<b>Depreciation At 1 April 2010</b>	-	-	103.82	4.88	507.36	651.59	23.72	48.39	93.85	20.86	1,454.47
Charge for the year	-	-	23.64	5.58	100.88	116.99	3.63	6.09	10.59	3.82	271.22
Disposals	-	-	-	-	-	-	-	(15.01)	(0.77)	-	(15.78)
<b>At 31 March 2011</b>	-	-	127.46	10.46	608.24	768.58	27.35	39.47	103.67	24.68	1,709.91
Charge for the year	-	-	22.29	23.00	135.99	169.69	5.76	4.28	18.70	4.51	384.22
Disposals	-	-	-	-	-	-	(0.12)	(4.31)	(0.01)	-	(4.44)
<b>At 31 March 2012</b>	-	-	149.75	33.46	744.23	938.27	32.99	39.44	122.36	29.19	2,089.69
<b>Net Block</b>											
<b>At 31 March 2011</b>	42.72	26.49	212.69	172.00	639.76	189.16	18.51	16.16	25.18	23.83	1,366.50
<b>At 31 March 2012</b>	42.72	26.49	202.64	1,094.07	815.41	434.39	44.92	11.65	41.80	25.51	2,739.60

1. On April 13, 2005, Karnataka Industrial Areas Development Board (KIADB) allotted land to the Company on a lease cum sale basis until December 17, 2010 (further extended till September 29, 2012), to be sold to the Company at the end of lease period upon fulfillment of certain conditions. The lease has been registered in favour of the Company. The Company is confident of fulfilling the conditions. Accordingly, the initial and subsequent lease payments in this regard have been capitalised as leasehold land.

2. Amount of borrowing cost aggregating ₹85 million (Previous year - ₹30 million) incurred during the year, is included under capital work in progress (CWIP). The amount of borrowing cost shown as other adjustment reflects the accumulated borrowing cost transferred from CWIP on capitalisation.

## 3. Assets taken on finance lease

	Plant & machinery		Scaffolding items	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Gross block	166.24	-	292.15	-
Depreciation charge for the year	30.20	-	62.86	-
Accumulated depreciation	30.20	-	62.86	-
Net book value	136.04	-	229.29	-

## 11. Intangible assets

(₹ in million)

	Software	Intellectual property rights	Total
<b>Gross block At 1 April 2010</b>	63.96	-	63.96
Purchase	7.32	-	7.32
<b>At 31 March 2011</b>	71.28	-	71.28
Purchase	5.22	50.00	55.22
<b>At 31 March 2012</b>	76.50	50.00	126.50
<b>Amortization At 1 April 2010</b>	58.50	-	58.50
Charge for the year	6.51	-	6.51
<b>At 31 March 2011</b>	65.01	-	65.01
Charge for the year	3.51	0.05	3.56
<b>At 31 March 2012</b>	68.52	0.05	68.57
<b>Net Block</b>			
<b>At 31 March 2011</b>	6.27	-	6.27
<b>At 31 March 2012</b>	7.98	49.95	57.93

## 12. Non-current investments

(₹ in million)

	31.03.2012	31.03.2011
<b>Trade investments (valued at cost unless stated otherwise)</b>		
<b>Unquoted instruments</b>		
<i>Investment in associates</i>		
526,320 (Previous year - 100,000) equity shares of ₹1 each fully paid-up in Sobha Developers (Pune) Private Limited (including share of post acquisition profit ₹0.2 million for the year ended March 31, 2011, excluding capital reserve arising on equity accounting ₹167.94 million) *	-	0.28
	-	0.28
 * With effect from July 1, 2011 Sobha Developers (Pune) Private Limited has ceased to be an associate of the Company and has become a subsidiary of the Company.		
<b>Non-trade investments (valued at cost unless stated otherwise)</b>		
<i>Investment in equity instruments (unquoted)</i>		
2,680,000 (Previous year - 2,680,000) equity shares of ₹10 each fully paid-up in Sobha Renaissance and Information Technology Private Limited	26.80	26.80
Less: Provision for diminution in value of investment	(26.70)	-
	0.10	26.80
<i>Government and trust securities (unquoted)</i>		
National savings certificates	0.08	0.08
	0.08	0.08
	<b>0.18</b>	<b>27.16</b>
Aggregate amount of unquoted investments	<b>0.18</b>	<b>27.16</b>
Aggregate provision for diminution in value of investments	<b>26.70</b>	-



**13. Deferred tax assets/ liability (net)**

(₹ In million)

	31.03.2012	31.03.2011
<b>Deferred tax liability</b>		
Expenses allowed for tax purposes on payment basis but chargeable to the statement of profit and loss in future years	409.52	-
<b>Gross deferred tax liability</b>	409.52	-
<b>Deferred tax asset</b>		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	17.68	27.38
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	39.73	46.41
Provision for doubtful debts and advances	21.74	-
<b>Gross deferred tax asset</b>	79.15	73.79
<b>Net deferred tax asset</b>	-	73.79
<b>Net deferred tax liability</b>	<b>330.37</b>	<b>-</b>

**14. Loans and advances**

(₹ In million)

	Current		Non- current	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
<b>Capital advances</b>				
Unsecured, considered good			14.72	21.50
			14.72	21.50
<b>Security deposit</b>				
<i>Unsecured, considered good</i>				
Refundable deposit towards joint development agreement	2,906.35	2,550.58	79.32	-
Security deposit - Others	16.04	16.07	543.93	518.39
	2,922.39	2,566.65	623.25	518.39
<b>Inter-corporate deposit to related party (note 27)</b>				
Unsecured, considered good	47.11	87.11	-	-
<b>Land advance *</b>				
Unsecured, considered good	8,646.29	13,747.69	4,705.58	4,003.08
<b>Advances recoverable in cash or kind</b>				
Unsecured considered good	791.43	422.16	11.68	8.61
	791.43	422.16	11.68	8.61
<b>Other loans and advances</b>				
Prepaid expenses	74.89	56.07	122.12	5.64
MAT Credit entitlement	47.20	-	-	-
Balances with statutory / government authorities	237.21	130.31	24.50	24.50
	359.30	186.38	146.62	30.14
<b>Total</b>	<b>12,766.52</b>	<b>17,009.99</b>	<b>5,501.85</b>	<b>4,581.72</b>

\* Advances for land though unsecured, are considered good as the advances have been given based on arrangements/ memorandum of understanding executed by the Group and the Group/ seller/ intermediary is in the course of obtaining clear and marketable title, free from all encumbrances, including for certain properties under litigation.

**15. Trade receivables and other assets**

(₹ in million)

	Current		Non- current	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
<b>15.1 Trade receivable</b>				
<i>Outstanding for a period exceeding six months from the date they are due for payment</i>				
Unsecured, considered good	356.21	285.35	-	-
Doubtful	-	-	67.00	-
	356.21	285.35	67.00	-
Provision for doubtful trade receivables	-	-	67.00	-
	356.21	285.35	-	-
<i>Other receivables</i>				
Unsecured, considered good	772.42	770.50	51.25	25.51
	772.42	770.50	51.25	25.51
	<b>1,128.63</b>	<b>1,055.85</b>	<b>51.25</b>	<b>25.51</b>

**15.2 Other assets****Unsecured, considered good unless stated otherwise**

Non-current bank balances (note18) 101.85 58.33

**Others**

Unbilled revenue 2,621.65 3,170.23 - -  
Interest accrued on fixed deposits 0.98 0.02 - -  
**2,622.63 3,170.25 - -**

**Total other assets**

**2,622.63 3,170.25 101.85 58.33**  
**3,751.26 4,226.10 153.10 83.84**

**16. Current investments**

(₹ in million)

	31.03.2012	31.03.2011
<i>Current investments (valued at lower of cost and fair value)</i>		
Unquoted equity instruments		
Nil (Previous year - 995,000) equity shares of ₹10 each fully paid up in Sobha Puravankara Aviation Private Limited	-	9.95
	-	9.95
Aggregate amount of unquoted investments	-	9.95

**17. Inventories (valued at lower of cost and net realizable value)**

(₹ in million)

	Current		Non- current	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Raw materials and components	226.40	178.39	-	-
Building materials	17.49	23.75	-	-
Land stock	5,501.91	5,764.83	13.50	19.69
Work-in-progress	10,919.42	4,367.62	-	-
Stock in trade - flats	61.69	317.45	-	-
Finished goods	19.03	12.85	-	-
	<b>16,745.94</b>	<b>10,664.89</b>	<b>13.50</b>	<b>19.69</b>

**18. Cash and bank balances**

(₹ in million)

	Current		Non- current	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
<b>Cash and cash equivalents</b>				
<i>Balances with banks:</i>				
- On current accounts	350.66	149.78		
- Deposits with less than three months maturity	2.57	-		
- On unpaid dividend account	0.77	0.57		
Cheques/ drafts on hand	53.52	15.12		
Cash on hand	3.68	4.37		
	<b>411.20</b>	<b>169.84</b>		
<b>Other bank balances</b>				
- Deposits with maturity for more than 12 months	2.97	5.16	23.12	0.11
- Deposits with maturity for more than 3 months but less than 12 months	1.14	4.71	-	-
- Margin money deposit	172.45	50.42	78.73	58.22
	176.56	60.29	101.85	58.33
Less: Amount disclosed under non-current assets (note 15.2)			(101.85)	(58.33)
	<b>587.76</b>	<b>230.13</b>	-	-

**Margin money deposits given as security**

Margin money deposits with a carrying amount of ₹251.18 million (Previous year - ₹108.64 million) are subject to first charge to secure the Group's borrowings.

**19. Revenue from operations**

(₹ in million)

	31.03.2012	31.03.2011
<b>Revenue from operations</b>		
Sale of products/finished goods		
Income from property development	8,948.33	9,199.72
Income from sale of land and development rights	1,365.36	1,539.62
Income from glazing works	760.78	476.22
Income from interior works	553.90	340.07
Income from concrete blocks	133.51	56.49
Sale of services		
Income from contractual activity - Associates	40.55	237.22
Income from contractual activity - Others	2,306.96	2,104.64
Other operating revenue		
Scrap sales	24.74	23.25
<b>Revenue from operations (gross)</b>	<b>14,134.13</b>	<b>13,977.23</b>
Less: Excise duty*	55.11	32.36
<b>Revenue from operations (net)</b>	<b>14,079.02</b>	<b>13,944.87</b>

\* Excise duty on sales amounting to ₹55.11 million (Previous year - ₹32.36 million) has been reduced from sales in statement of profit and loss and excise duty on decrease in inventory of finished goods amounting to ₹0.55 million (Previous year - ₹0.53 million), has been considered as (income)/expense in note 24 of financial statements.

**20. Other income**

(₹ in million)

	31.03.2012	31.03.2011
Interest income on		
Bank deposits	11.92	15.66
Others	23.54	-
Foreign exchange fluctuation (net)	0.53	0.51
Profit on sale of fixed assets (net)	0.82	3.06
Other non-operating income (net of expenses directly attributable to such income of ₹Nil (Previous year - ₹Nil))	27.89	32.03
	<b>64.70</b>	<b>51.26</b>

**21. Cost of raw material and components consumed**

	(₹ in million)	
	31.03.2012	31.03.2011
Inventory at the beginning of the year:		
Glazing material	79.65	69.36
Interior material	81.17	72.80
Concrete block material	17.57	17.56
	178.39	159.72
Add: Purchases		
Glazing material	534.45	385.07
Interior material	399.99	270.13
Concrete block material	124.58	64.14
	1,059.02	719.34
Less: inventory at the end of the year		
Glazing material	96.45	79.65
Interior material	114.53	81.17
Concrete block material	15.42	17.57
	226.40	178.39
Cost of raw material and components consumed		
Glazing material	517.65	374.78
Interior material	366.63	261.76
Concrete block material	126.73	64.13
<b>Cost of raw material and components consumed</b>	<b>1,011.01</b>	<b>700.67</b>

**22. (Increase)/ decrease in inventories**

	(₹ in million)			
	31.03.2012	31.03.2011	Opening inventory acquired on acquisition of subsidiary	(Increase) / decrease
				31.03.12
Inventories at the end of the year				
Building materials	17.49	23.75	-	6.26
Land stock	5,515.41	5,784.52	903.75	1,172.86
Work-in-progress	10,919.42	4,367.62	270.68	(6,281.12)
Stock in trade - flats	61.69	317.45	-	255.76
Finished goods	19.03	12.85	-	(6.18)
	16,533.04	10,506.19	1,174.43	(4,852.42)
Less: Inventories at the beginning of the year				31.03.11
Building materials	23.75	12.96	-	(10.79)
Land stock	5,784.52	6,788.04	-	1,003.52
Work-in-progress	4,367.62	4,021.77	-	(345.85)
Stock in trade - flats	317.45	101.22	-	(216.23)
Finished goods	12.85	17.65	-	4.80
	10,506.19	10,941.64	-	435.45
	<b>(4,852.42)</b>	<b>435.45</b>		

**23. Employee benefit expense**

	(₹ in million)	
	31.03.2012	31.03.2011
Salaries, wages and bonus	1,154.95	952.02
Contribution to provident and other fund	28.37	29.48
Gratuity expense (Note 32)	15.56	15.58
Compensated absence	17.88	0.12
Staff welfare expenses	50.73	37.97
	<b>1,267.49</b>	<b>1,035.17</b>

**24. Other expenses**

	(₹ in million)	
	31.03.2012	31.03.2011
Excise duty on (increase)/ decrease in inventory	0.55	0.53
License fees and plan approval charges	2,005.43	130.87
Power and fuel	182.12	131.59
Water charges	30.43	26.31
Freight and forwarding charges	87.83	61.14
Rent	150.20	128.08
Rates and taxes	26.88	94.79
Insurance	24.20	20.41
Property maintenance expenses	88.60	74.74
Repairs and maintenance		
Plant and machinery	24.47	15.33
Others	30.03	18.16
Advertising and sales promotion	291.76	228.57
Donation	65.67	58.96
Travelling and conveyance	137.99	115.78
Legal and professional fees	141.75	112.19
Directors' commission and sitting fees	6.04	3.50
Payment to auditor (Refer details below)	7.69	7.53
Provision for diminution in value of long term investment	26.70	-
Bad debts / advances written off	-	18.25
Provision for doubtful debts and advances	67.00	-
Miscellaneous expenses	304.03	285.61
	<b>3,699.37</b>	<b>1,532.34</b>

**Payment to auditor \***

	(₹ in million)	
	31.03.2012	31.03.2011
As auditor:		
Audit fee	4.50	3.80
Limited review	3.00	2.70
In other capacity:		
Other services	-	0.90
Reimbursement of expenses	0.19	0.13
	<b>7.69</b>	<b>7.53</b>

\* Net of service tax of ₹0.71 million (Previous year - ₹0.69 million)

**25. Depreciation and amortization expense**

	(₹ in million)	
	31.03.2012	31.03.2011
Depreciation of tangible assets	384.22	271.22
Amortization of intangible assets	3.56	6.51
	<b>387.78</b>	<b>277.73</b>

**26. Finance costs**

	(₹ in million)	
	31.03.2012	31.03.2011
Interest		
- On borrowings	1,860.37	1,847.60
- On finance lease obligation	23.45	-
- Others	32.13	5.82
Bank charges	85.90	78.69
	2,001.85	1,932.11
Less: Interest cross charged and interest inventorised/ capitalised to qualifying land advances and capital work-in-progress	(836.46)	(1,072.44)
	<b>1,165.39</b>	<b>859.67</b>

## 27. Related party disclosure

### a. List of related parties

#### Key Management Personnel

Mr. P. N. C. Menon  
 Mr. Ravi Menon  
 Mr. J. C. Sharma  
 Mr. P. Ramakrishnan  
 Mr. S. Baaskaran  
 Mr. Kishore Kayarat

#### Relatives of key management personnel

Mrs. Sobha Menon [a key shareholder, refer note 3 (d)]  
 Mrs. Sudha Menon  
 Mr. P. N. Haridas

#### Associate

Sobha Developers (Pune) Private Limited  
 [with effect from July 1, 2011 Sobha Developers (Pune) Private Limited has ceased to be an associate of the Company and has become a subsidiary of the Company. Accordingly transaction between April 1, 2011 and June 30, 2011 have been disclosed.]

#### Other Related Parties [Enterprise owned or significantly influenced by key management personnel]

Al Barakah Financial Services Limited  
 Allapuzha Fine Real Estate Private Limited  
 Architectural Metal Works FZCO  
 Bikasa Properties Private Limited  
 Bikasa Realtors Private Limited  
 Chikmangaloor Realtors Private Limited  
 Chikmangaloor Properties Private Limited  
 Cochin Cyber City Private Limited  
 Cochin Cyber Golden Properties Private Limited  
 Cochin Cyber Value Added Properties Private Limited  
 Cochin Super City Developers Private Limited  
 Daram Cyber Developers Private Limited  
 Daram Cyber Properties Private Limited  
 Daram Land Real Estate Private Limited  
 Greater Cochin Cyber City Private Limited  
 Greater Cochin Developers Private Limited  
 Greater Cochin Properties Private Limited  
 Greater Cochin Realtors Private Limited  
 HBR Consultants Private Limited  
 Hill and Menon Securities Private Limited  
 Kilai Builders Private Limited  
 Kilai Properties Private Limited  
 Kilai Super Developers Private Limited

Kuthavakkam Developers Private Limited  
 Kuthavakkam Properties Private Limited  
 Mannur Real Estate Private Limited  
 Mapedu Real Estates Private Limited  
 Mapedu Realtors Private Limited  
 Megatech Software Private Limited  
 Moolamcode Traders Private Limited  
 Oman Builders Private Limited  
 Padmalochana Enterprises Private Limited  
 Pallavur Projects Private Limited  
 Perambakkam Builders Private Limited  
 PNC Technologies Private Limited  
 Punkunnam Builders and Developers Private Limited  
 Puzhakkal Developers Private Limited  
 Red Lotus Realtors Private Limited  
 Royal Interiors Private Limited  
 Rusoh Fine Builders Private Limited  
 Rusoh Marina Properties Private Limited  
 Rusoh Modern Properties Private Limited  
 SBG Housing Private Limited  
 Sengadu Builders Private Limited  
 Sengadu Developers Private Limited  
 Sengadu Properties Private Limited  
 Services and Trading Co. LLC  
 Sobha Aviation and Engineering Services Private Limited  
 Sobha Contracting LLC (Dubai)  
 Sobha Electro Mechanical Private Limited  
 Sobha Glazing & Metal Works Private Limited  
 Sobha Innercity Technopolis Private Limited  
 Sobha Interiors Private Limited  
 Sobha Jewellery Private Limited  
 Sobha Maple Tree Developers Private Limited  
 Sobha Projects & Trade Private Limited  
 Sobha Puravankara Aviation Private Limited  
 Sobha Renaissance Information Technology Private Limited  
 Sobha Space Private Limited  
 Sobha Technocity Private Limited  
 Sobha Ventures Limited  
 Sri Durga Devi Property Management Private Limited  
 Sri Kanakadurga Property Developers Private Limited  
 Sri Kurumba Trust  
 Sunbeam Projects Private Limited  
 Technobuild Developers Private Limited  
 Thakazhi Developers Private Limited  
 Thakazhi Realtors Private Limited  
 Tirur Cyber City Developers Private Limited  
 Tirur Cyber Real Estates Private Limited



**b. Transactions with related parties**

			₹ in million	
Description of the nature of transaction	Description of relationship	Related party	31.03.2012	31.03.2011
Income from contractual activity	Associate	Sobha Developers (Pune) Private Limited	40.55	221.90
	Other related parties	Sri Kurumba Trust	4.01	7.70
Other Income	Other related parties	Services and Trading Co. LLC	1.62	-
Income from Interior Works	Key Management Personnel	Mr. S. Baaskaran	0.46	-
Income from Sale of Land	Key Management Personnel	Mr. Ravi Menon	-	59.14
Income from property development	Key Management Personnel	Mr. J. C. Sharma	0.70	1.19
		Mr. P. Ramakrishnan	-	2.66
Interest recharge	Other related parties	Technobuild Developers Private Limited	-	140.66
		SBG Housing Private Limited	22.50	9.00
Purchase of building	Other related parties	Sobha Ventures Limited	24.42	-
Purchase of Intellectual property rights	Other related parties	Sobha Renaissance Information Technology Private Limited	50.00	-
Purchase of project items	Other related parties	Sobha Projects & Trade Private Limited	47.98	86.46
Investment in equity Share Capital	Other related parties	Sobha Puravankara Aviation Private Limited	-	9.95
Sale of investment in Equity Share Capital of Sobha Puravankara Aviation Private Limited	Relatives of key management personnel	Mrs. Sobha Menon	9.75	-
		Mrs. Sudha Menon	0.20	-
Directors' remuneration	Key Management Personnel	Mr. P. N. C. Menon	-	33.07
		Mr. J. C. Sharma	50.04	44.25
		Mr. Ravi Menon	43.62	31.26
		Mr. P. Ramakrishnan	6.34	9.26
Dividend paid	Key management personnel	Mr. P. N. C. Menon	37.46	16.49
		Mr. P. N. C. Menon and Mrs. Sobha Menon (Jointly held shares)	16.48	5.49
		Mr. J. C. Sharma	0.22	0.07
	Relatives of key Management Personnel	Mrs. Sobha Menon	124.04	-
Salary (including perquisites)	Key Management Personnel	Mr. S. Baaskaran	5.37	4.77
		Mr. Kishore Kayarat	1.98	1.26
	Relatives of key management personnel	Mr. P. N. Haridas	0.73	0.69
Loan taken	Other related parties	Sobha Puravankara Aviation Private Limited	-	8.95

(₹ in million)

Description of the nature of transaction	Description of relationship	Related party	31.03.2012	31.03.2011
Loan repaid	Other related parties	Sobha Puravankara Aviation Private Limited	8.95	-
	Relatives of key management personnel	Mrs. Sobha Menon	4.50	-
Interest paid	Relatives of key management personnel	Mrs. Sobha Menon	0.53	0.54
Repayment of Inter-corporate deposit by the related party	Other related parties	Sobha Renaissance Information Technology Private Limited	40.00	-
Donation paid	Other related parties	Sri Kurumba Trust	55.10	31.30
Purchase of land	Other related parties	Technobuild Developers Private Limited	-	23.70
		Sobha Space Private Limited	-	87.30
Reimbursement from related party	Other related parties	Sobha Contracting LLC (Dubai)	0.21	-
		Sobha Glazing & Metal Works Private Limited	0.98	-
		Sobha Interiors Private Limited	2.86	-
		Sobha Puravankara Aviation Private Limited	0.47	-
		Technobuild Developers Private Limited	3.59	-
Advance paid towards purchase of land, goods or services	Other related parties	Sobha Maple Tree Developers Private Limited	10.10	-
		Sobha Puravankara Aviation Private Limited	70.57	-
	Associate	Sobha Developers (Pune) Private Limited	-	4.05
Rent paid	Other related parties	Sobha Interiors Private Limited	12.14	12.14
		Sobha Glazing & Metal Works Private Limited	4.76	4.29
	Relatives of key management personnel	Mrs. Sobha Menon	0.67	0.67
Guarantees given	Associate	Sobha Developers (Pune) Private Limited	-	310.00

**c. Closing balance**

			₹ in million	
Description of the nature of transaction	Description of relationship	Related party	31.03.2012	31.03.2011
Inter-corporate deposit	Other related parties	Sobha Renaissance Information Technology Private Limited	47.11	87.11
		Technobuild Developers Private Limited	7,987.21	7,983.62
Land advance	Other related parties	Sobha Maple Tree Developers Private Limited	10.10	-
		SBG Housing Private Limited*	17.89	230.01
Rent deposit	Other related parties	Sobha Glazing & Metal Works Private Limited	99.07	103.56
		Sobha Interiors Private Limited	247.42	258.91
Advances recoverable in cash or in kind	Other related parties	Sobha Projects & Trade Private Limited	448.23	96.58
		Sobha Puravankara Aviation Private Limited	71.04	-
		Puzhakkal Developers Private Limited	2.90	2.90
		Architectural Metal Works FZCO	0.29	0.29
		Hill and Menon Securities Private Limited	-	0.01
		Punkunnam Builders and Developers Private Limited	0.03	0.03
		Sobha Contracting LLC (Dubai)	5.15	4.94
		Sobha Interiors Private Limited	3.30	0.44
Sundry debtors	Other related parties	Sri Kurumba Trust	16.65	12.25
	Key management personnel	Mr. Ravi Menon	-	14.50
Payables	Other related parties	Royal Interiors Private Limited	9.70	9.79
		Oman Builders Private Limited	15.36	15.30
		Services and Trading Co. LLC	-	0.03
		Sobha Glazing & Metal Works Private Limited	9.21	10.19
		Sobha Innercity Technopolis Private Limited	1.82	1.34
		Sobha Technocity Private Limited	0.77	0.77
		Sobha Space Private Limited	56.37	56.37
Unsecured loans	Other related parties	Sobha Puravankara Aviation Private Limited	-	8.95
	Relatives of key management personnel	Mrs. Sobha Menon	-	4.53
Capital creditors	Other related parties	Sobha Renaissance Information Technology Private Limited	50.00	-
Advance from customers	Associate	Sobha Developers (Pune) Private Limited	-	57.80
Trade payable	Key management personnel	Mr. J. C. Sharma	40.60	43.06
	Relatives of key management personnel	Mrs. Sobha Menon	1.78	7.24

Also, refer note 5 and 8 as regards guarantees received from key management personnel and relative of key management personnel and collateral securities offered by related companies in respect of loans availed by the Group.

\* Reduced pursuant to settlement of land advance on transfer of development rights by the Company to a customer.

**28. Earnings per share ['EPS']**

Particulars	(₹ in million)	
	31.03.2012	31.03.2011
Profit after tax attributable to shareholders	2,059.54	1,812.92
Weighted average number of equity shares of ₹ 10 each outstanding during the period used in calculating basic and diluted EPS	98,063,868	98,063,868

**29. Leases****a. Finance lease: Group as lessee**

The Group has acquired plant and machinery and scaffolding items under finance lease with the respective underlying assets as security. These leases have an average life of 3 to 5 years with renewal option included in the contract. Minimum lease payments (MLP) outstanding in respect of these assets are as follows (Figures in brackets are in respect of the previous year) :

Particulars	(₹ in million)		
	Total MLP outstanding as on 31.03.2012	Interest	Present Value of MLP
Within one year	182.32 (-)	31.02 (-)	151.30 (-)
After one year but not more than five years	242.49 (-)	17.25 (-)	225.24 (-)
More than five years	- (-)	- (-)	- (-)
	<u>424.81</u> (-)	<u>48.27</u> (-)	<u>376.54</u> (-)

**b. Operating lease: Group as lessee**

Operating lease obligations: The Group has taken office, other facilities and other equipment under cancelable and non-cancelable operating leases, which are renewable on a periodic basis with escalation as per agreement.

	(₹ in million)	
	31.03.2012	31.03.2011
Lease payments recognised as an expense in statement of profit and loss	150.20	128.08

Minimum lease payments outstanding in respect of these lease for non-cancelable period are as follows:-

	(₹ in million)	
	31.03.2012	31.03.2011
Not later than one year	32.78	29.62
Later than one year and not later than five years	109.42	87.50
Later than five years	249.10	267.74
	<u>391.30</u>	<u>384.86</u>

### 30. Contingent liabilities and commitments (to the extent not provided for)

#### i. Contingent liabilities

Particulars	(₹ In million)	
	31.03.2012	31.03.2011
i. Guarantees given by the Group	1,715.12	1,193.39
ii. Claims against the Company, not acknowledged as debts *	846.72	846.72
iii. Income tax matters in dispute	3.94	209.63
iv. Sales tax matters in dispute	252.58	125.06
v. Service tax matters in dispute	1,182.31	1,078.06
	<b>4,000.67</b>	<b>3,452.86</b>

The Group does not expect any reimbursement in respect of the above contingent liability and it is not practicable to estimate the timings of the cash outflows, if any, in respect of matters above pending resolution of the arbitration/ appellate proceedings and it is not probable that an outflow of resources will be required to settle the above obligations/claims.

\* During the year ended March 31, 2011, a customer has initiated arbitration proceedings against the Company for ₹ 846.72 million for breach of contractual obligation for which the Company has filed a statement of objection and counter claim for non payment. Based on legal advice obtained by the management the Company is confident of recovering full dues. Pending settlement, the claims made against the Company have been disclosed as contingent liability.

#### Note:

The Group is also involved in certain litigation for lands acquired by it for construction purposes, either through joint development agreements or through outright purchases. These cases are pending with various courts and are scheduled for hearings. After considering the circumstances and legal advice received, management believes that these cases will not adversely effect its financial statements.

- |  |   |
|--|---|
| <p>ii. Commitments</p> <p>(a) The estimated amount of contracts, net of advances remaining to be executed on capital account is ₹ 33.90 million (Previous year- ₹ 227.16 million)</p> <p>(b) At March 31, 2012, the Group has given ₹ 13,351.87 million (Previous year- ₹ 17,750.77 million) as advances for purchase of land. Under the agreements executed with the land owners, the Group is required to make further payments under the agreements based on the terms/ milestones stipulated under the agreement.</p> <p>(c) The Group has entered into joint development agreements with owners of land for its construction and development. Under the agreements the Group is required to pay deposits to the owners of the land and share in area/ revenue from such development in exchange of undivided share in land as stipulated under the agreement. As of March 31, 2012 the Group has paid</p> | <p>₹2,985.67 million (Previous year- ₹ 2,550.58 million) as refundable deposit against the joint development agreements.</p> <p>(d) The Company has entered into an aircraft usage agreement with a party wherein the Company along with certain other parties has committed minimum usage of aircraft.</p> <p>(e) For commitments relating to lease arrangements, please refer note 29</p> |
|--|---|

**31. Donation to political parties**

Particulars	(₹ in million)	
	31.03.2012	31.03.2011
Congress (I)	0.73	0.51
Communist Party of India (M)	0.20	-
Others (Comprising of Communist Party of India, Janata Dal United, United Democratic Front, Left Democratic Front, Bahujan Samaj Party)	0.05	0.02
	<b>0.98</b>	<b>0.53</b>

**32. Employee benefits**

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service subject to a maximum of ₹1,000,000. The following tables summarise the components of net benefit expense recognised in the consolidated statement of profit and loss and the funded status and amounts recognised in the balance sheet for gratuity benefit.

**Consolidated Statement of profit and loss**

Net employee benefit expense (recognised in employee benefits expense)

Particulars	(₹ in million)	
	31.03.2012	31.03.2011
Current service cost	14.72	11.80
Interest cost on benefit obligation	4.21	2.87
Expected return on plan assets	(1.76)	(1.86)
Net actuarial loss/ (gain) recognised	(1.61)	2.77
<b>Net benefit expense</b>	<b>15.56</b>	<b>15.58</b>

## Consolidated Balance Sheet

Particulars	(₹ in million)	
	31.03.2012	31.03.2011
Defined benefit obligation	62.03	52.67
Fair value of plan assets	20.75	21.95
<b>Plan (asset)/ liability</b>	<b>41.28</b>	<b>30.72</b>
<b>Changes in the present value of the defined benefit obligation</b>		
Opening defined benefit obligation	52.67	38.21
Interest cost	4.21	2.87
Current service cost	14.72	11.80
Benefits paid	(7.74)	(2.72)
Actuarial (gains)/ losses on obligation	(1.83)	2.51
<b>Closing defined benefit obligation</b>	<b>62.03</b>	<b>52.67</b>
<b>Changes in the fair value of plan assets</b>		
Opening fair value of plan assets	21.95	23.07
Expected return	1.76	1.86
Contributions by employer	5.00	-
Benefits paid	(7.74)	(2.72)
Actuarial gains/ (losses)	(0.22)	(0.26)
<b>Closing fair value of plan assets</b>	<b>20.75</b>	<b>21.95</b>
<b>Actual return on plan assets</b>		
Expected return on plan assets	1.76	1.86
Actuarial gain/ (loss) on plan assets	(0.22)	(0.26)
<b>Actual return on plan assets</b>	<b>1.54</b>	<b>1.60</b>

Particulars	31.03.2012	31.03.2011
<b>Investment details of plan assets</b>		
Investment with insurer - 100% in debt instruments		
<b>The principal assumptions used in determining gratuity obligation</b>		
Discount rate	8.50%	7.50%
Expected rate of return on assets	8.00%	8.00%
The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.		
Increase in compensation cost	5.00%	5.00%

Experience adjustment	(₹ in million)				
	31.03. 2012	31.03. 2011	31.03.2010	31.03.2009	31.03. 2008
Defined benefit obligation	62.03	52.67	38.21	37.70	25.08
Plan assets	20.75	21.95	23.07	21.38	23.04
Surplus / (deficit)	41.28	30.72	15.14	16.32	2.04
Experience adjustments on plan liabilities	(0.24)	3.86	9.97	(2.13)	(6.98)
Experience adjustments on plan assets	(0.22)	(0.45)	1.65	(0.70)	0.36

## Notes:

- The Company expects to contribute ₹20.60 million (Previous year - ₹5.00 million) to the trust towards gratuity fund in 2012-13.
- The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other several factor such as supply and demand factor in the employment market. Employee turnover varies based on various age groups.

### 33. Segment reporting

As the Group operates on a backward integration model and its business activity primarily falls within a single business segment which constitutes real estate development, there are no additional disclosures to be provided under Accounting Standard 17 'Segment Reporting'. The Group operates primarily in India and there is no other significant geographical segment.

### 34. Construction contracts

(₹ in million)

Particulars	31.03.2012	31.03.2011
Contract revenue recognised as revenue for the year ended March 31, 2012	8,296.18	8,730.48
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to March 31, 2012 for all the contracts in progress	13,276.41	13,115.48
The amount of customer advances outstanding for contracts in progress as at March 31, 2012	2,943.91	2,106.29
The amount of retentions due from customers for contracts in progress as at March 31, 2012	156.46	128.18

### 35. Derivative instruments and unhedged foreign currency exposure

(₹ in million)

Particulars	31.03.2012	31.03.2011
Foreign currency exposure that are not hedged by derivative instruments or otherwise:		
- Payables	2.32	5.20
- Receivables	29.27	-

**36.** Based on the information available with the Group, there are no suppliers who are registered as micro, small or medium enterprises under 'The Micro, Small and Medium Enterprises Development Act, 2006' as at March 31, 2012.



**37.** During the year ended March 31, 2012, Sobha Developers (Pune) Private Limited has ceased to be an associate of the Company and has become a subsidiary of the Company. The effect of the acquisition on the financial position at the reporting date and the results for the reporting period is as follows:

	(₹ In million)
	31.03.2012
Reserves and surplus	145.53
Trade payables	1.71
Other current liabilities	782.89
Short-term provisions	108.99
Goodwill on consolidation	42.01
Other non current assets	23.00
Inventories	906.98
Cash and bank balances	12.30
Short-term loans and advances	87.00
Other current assets	193.70
Total income	513.83
Total expenses	235.54
Finance costs	38.48
Profit before taxation	239.81
Taxation	84.59
Profit after taxation	155.22

### 38. Prior year comparatives

Till the year ended March 31, 2011, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Group has reclassified previous year figures to conform to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed by the Group for preparation of consolidated financial statements. However, it significantly impacts presentation and disclosures made in the consolidated financial statements, particularly presentation of balance sheet.

As per our report of even date

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

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

per Adarsh Ranka  
Partner  
Membership No.: 209567

P.N.C Menon  
Chairman

Ravi Menon  
Co-Chairman

J.C. Sharma  
Vice Chairman and  
Managing Director

S. Baaskaran  
Chief Financial Officer

Kishore Kayarat  
Company Secretary and  
Compliance Officer

Place: Dubai, UAE  
Date: May 6, 2012

Place: Dubai, UAE  
Date: May 6, 2012

## STATEMENT PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Particulars	31.03.2012	
	Sobha Developers (Pune) Pvt Ltd	Sobha Assets Pvt Ltd
Share capital - Equity	0.53	0.10
Reserves	1,092.93	-
Total Assets	1,987.05	11.63
Total Liabilities	893.59	11.53
Details of investment (other than in subsidiaries)	-	-
Turnover	879.95	-
Profit before taxation	245.74	-
Provision for taxation	84.59	-
Profit after taxation	161.15	-
Proposed Dividend	-	-

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

P.N.C Menon  
Chairman

Ravi Menon  
Co-Chairman

J.C. Sharma  
Vice Chairman and  
Managing Director

S. Baaskaran  
Chief Financial Officer

Kishore Kayarat  
Company Secretary and  
Compliance Officer

Place: Dubai, UAE  
Date: May 6, 2012

## NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the seventeenth Annual General Meeting of the Members of the Company will be held on Saturday, the 30th day of June, 2012 at the registered office of the Company situated at "Sobha", Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore - 560 103 at 10.00 A.M. to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as on March 31, 2012, the Statement of Profit and Loss for the financial period ended as on that date and the Cash Flow Statement together with reports of the Board of Directors and the Statutory Auditors thereon.
2. To declare the Dividend on equity shares.
3. To appoint a Director in place of Mr. M. Damodaran, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Anup Shah, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint Statutory Auditors and to fix their remuneration and in this regard to consider and, if thought fit, to pass with or without modification(s),

the following resolution as an *Ordinary Resolution*:

**"RESOLVED THAT** M/s S.R. Batliboi & Associates, Chartered Accountants (Registration Number 101049W), be and are hereby reappointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting, at a remuneration to be fixed by the Board of Directors in consultation with the Statutory Auditors."

### Special Business:

#### 6. Appointment of Mr. Ravi Menon as Co-Chairman of the Company:

To consider and if deemed fit, to pass, with or without modifications, the following resolution as a *Special Resolution*:

**"RESOLVED THAT** in supersession of all the earlier resolutions passed in this regard and pursuant to Sections 198, 268, 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956, other applicable provisions of the Companies Act, 1956 and other enactments as may be amended from time to time, approval of the Company be and is hereby accorded to the appointment of Mr. Ravi Menon, as a whole-time Director of the Company designated as Co-Chair-

man for a period of five years on the remuneration as detailed in the explanatory statement annexed to the Notice, which shall be effective from April 01, 2012, with authority to the Board of Directors to revise the terms and conditions of appointment and remuneration from time to time.

**RESOLVED FURTHER THAT** any of the Directors or the Company Secretary and Compliance Officer of the Company be and are hereby severally authorised to do all such acts, deeds, matters, and to execute all such documents as may be required in this connection to give effect to this Resolution."

By Order of the Board  
For Sobha Developers Limited



Kishore Kayarat  
Company Secretary & Compliance Officer

Place: Dubai  
Date: May 06, 2012

**NOTES:**

**1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE, ON A POLL, INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE TIME FIXED FOR THE MEETING. A PROXY FORM IS ENCLOSED FOR THIS PURPOSE.**

2. Explanatory Statement pursuant to Section 173 (2) containing additional information about the Directors recommended for appointment with change in designation forms part of this Notice.
3. In terms of the Listing Agreement, additional information about the Directors liable to retire by rotation and seeking re-election is provided separately.
4. The Register of Members and the Share Transfer Books of the Company will remain closed on June 23, 2012 for the purpose of payment of Dividend.
5. Members / Proxy Holders are requested to bring the Attendance Slip duly completed and signed along with their copy of the annual report to the Meeting.
6. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
7. Members who have not yet encashed their Dividend warrants for the earlier years are

requested to write to the Secretarial Department at the registered office of the Company situated at "Sobha", Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore - 560 103 or send an email to: [investors@sobha.com](mailto:investors@sobha.com) to claim the Dividend.

8. Members holding shares in physical mode are requested to lodge / notify communication for change of address, transfer deeds, bank details, ECS details, wherever applicable, mandates (if any), with M/s Link Intime India Private Limited (formerly Intime Spectrum Registry Limited), the Registrar and Share Transfer Agents of the Company, having their office at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078.

Members holding shares in electronic form are requested to lodge the above details with their Depository Participants and not with the Company or with the Registrar and Share Transfer Agents of the Company as the Company is bound to use only the data provided by the Depositories while making the payment of Dividend.

9. All the investor's queries / complaints / grievances may be addressed to the Secretarial Department at the registered office of the Company situated at "Sobha", Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore - 560 103 or by sending an email to [investors@sobha.com](mailto:investors@sobha.com)

Members can also write to M/s Link Intime India Private Limited (formerly Intime Spectrum Registry Limited), the Registrar and Share Transfer Agents of the Company, having their

office at C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West), Mumbai - 400 078.

10. The route map of the venue forms part of this Notice and is published elsewhere in the annual report of the Company. Necessary transport facilities have been arranged and Members desirous of availing the same may send an email to [investors@sobha.com](mailto:investors@sobha.com) before 48 hours of the date of Annual General Meeting and be present at the pick-up points as per the route map.
11. The Ministry of Corporate Affairs vide Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011, has permitted companies to send annual reports to shareholders through electronic mode. The Listing Agreement amended pursuant to SEBI (Securities and Exchange Board of India) circular CIR/CFD/DIL/7/2011 dated October 05, 2011 also directs listed companies to send soft

copies of the annual report to those shareholders who have registered their email address. Shareholders are, therefore, requested to update their email IDs with their depository participants in case shares are held in dematerialised mode and if the shares are held in physical form, to update the same in the records of the Company so as to enable electronic servicing of annual reports and other documents. Shareholders, who wish to receive physical copies of the annual report may write to the Secretarial Department at the registered office of the Company situated at "Sobha", Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore - 560 103 or send an email to [investors@sobha.com](mailto:investors@sobha.com).

**ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE  
ANNUAL GENERAL MEETING:**

Name of Director	Mr. M Damodaran	Mr. Anup Shah
Age	65 Years	55 Years
Date of Appointment	January 29, 2010	June 28, 2006
Qualifications	Bachelor in Economics and Law	Bachelor in Commerce and Law
Expertise in specific functional areas	He has over 40 years of experience in financial services and public sector enterprises. He is the former Chairman of the SEBI, the country's financial regulator, before which he had headed IDBI Bank and helped in its innovative restructuring. He was instrumental in turning around the Unit Trust of India. He was officer on special duty with the Reserve Bank of India dealing primarily with the restructuring of three identified weak public sector banks. He was elected as the Chairman of IOSCO and has won several awards for Leadership, Governance, and Public Service. He was bestowed with the 'ET Policy Change Agent of the Year- Award and Rotary Award for professional excellence.	He has over 28 years of experience in the field of law with particular emphasis on Real Estate law. He is the Founder Partner of Anup S. Shah Law Firm in Bangalore. He specialises in commercial and property documentation, corporate and commercial litigation, property related issues, land laws and arbitration and alternative dispute resolutions. He also answers reader's queries through 'Legal Eagle', a weekly article in The Times of India, Bangalore.
Directorships held in other public limited companies	<ul style="list-style-type: none"> <li>• Hero Motocorp Limited</li> <li>• ING Vysya Bank Limited</li> <li>• Tech Mahindra Limited</li> <li>• S Kumars Nationwide Limited</li> <li>• RSB Transmissions (I) Ltd</li> <li>• TVS Automobile Solutions Limited</li> <li>• Hindalco Industries Limited</li> <li>• UltraTech Cement Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Puravankara Projects Limited</li> <li>• Provident Housing Limited</li> </ul>
Committee positions held in other companies	<ul style="list-style-type: none"> <li>• Tech Mahindra Limited - Audit Committee Chairman</li> <li>• Hero Motocorp Limited - Audit Committee and Shareholders Grievance Committee Member</li> </ul>	<ul style="list-style-type: none"> <li>• Puravankara Projects Limited - Audit Committee Member</li> </ul>
Relationship with other Directors	None	None
Number of shares held as on May 06, 2012	Nil	4,300 Equity Shares of ₹10 each

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 WITH  
RESPECT TO SPECIAL BUSINESS:**

**Item No: 6**

Mr. Ravi Menon, 31, graduated with a distinction in Bachelor of Science in Civil Engineering from Purdue University, USA. He was inducted as a member of the Board of Directors on June 08, 2004 and was appointed as Vice Chairman with effect from January 01, 2006. The Members of the Company had reappointed Mr. Ravi Menon as Vice Chairman on June 10, 2010 for a period of five years with effect from April 01, 2010.

Mr. Ravi Menon's responsibilities in the Company encompass product delivery, project execution, technology advancements, quality control and enhancement, process and information technology and customer satisfaction. He supervises the functioning of various departments in the organisation such as Sales & Marketing, Estimation, Customer Relationship Management, Cost Audit, Value Engineering, Landscaping, Human Resources, QST, Purchase, Corporate Communications, Architects and Process & IT etc.

In his term of office spanning eight years, Mr. Ravi Menon has contributed extensively towards the growth of the Company and has been actively responsible for the launch of new product lines and attainment of the highest standards of quality. By focussing on key areas such as ERP implementation, Value Engineering, Process Documentation, Environment Health and Safety measures, he has significantly strengthened the foundation of the Company.

Further, during his tenure, the Company's delivery levels have improved from 6 Million Square Feet in the financial year 2004-05 to over 50 Million Square

Feet in cumulative in 2011-12, a new milestone in the history of the Company and the construction industry in India as a whole. During the financial year 2011-12 alone, the Company has delivered 5.22 million square feet. The turnover of the Company has increased from ₹4,651.86 million in the financial year 2004-05 to ₹14,028.41 million during the financial year 2011-12, an increase of around 201 %.

In view of the significant contributions made by him, the Board of Directors recommend the appointment of Mr. Ravi Menon as a whole-time Director designated as Co-Chairman of the Company for a period of five years on the remuneration as detailed below, which shall be effective from April 01, 2012:

- A. Basic Salary:** ₹20,00,000 (Rupees Twenty Lakhs) per month with authority to the Board of Directors to revise the basic salary from time to time taking into account the performance of the Company, subject to a ceiling of ₹30,00,000 (Rupees Thirty Lakhs) per month.
- B. Other Allowances:** Up to 60% of the basic salary and as determined by the Board from time to time.
- C. Commission:** : Commission as determined by the Board of Directors, which shall not exceed 2 % of the net profits of the Company as determined in terms of Section 349 and Section 350 of the Companies, Act 1956.
- D. Accommodation:** Rent free fully furnished accommodation shall be provided by the Company.



**E. Perquisites:** Allowances, benefits, facilities and amenities such as medical reimbursement, leave travel assistance and any other perquisites as per the policy of the Company in force or as may be approved by the Board from time to time.

**F. Additional Benefits:** Such other allowances and benefits as per the policy of the Company in force, such as:

- Company maintained car(s) with driver(s).
- Telephone at residence.
- Company's contribution to Provident Fund.
- Payment of gratuity and other retirement benefits.
- Encashment of leave.
- Personal Accident and Mediclaim Insurance.

Mr. Ravi Menon forms part of the Promoter Group as defined under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time and does not hold any shares in the Company. Further, he is neither a Director of any

other public company nor holds membership of Committees. He is related to Mr. P.N.C. Menon, the Chairman of the Company.

None of Directors other than Mr. Ravi Menon and Mr. P.N.C. Menon are interested or concerned in passing of the said resolution.

The above may be treated as an abstract of the terms of contract of appointment of Mr. Ravi Menon designated as Co-Chairman of the Company and a memorandum as to the nature of concern and interest of the Directors in the said appointment, as required under Section 302 of the Companies Act, 1956.

The Board of Directors based on the recommendations of the Nomination, Remuneration and Governance Committee recommends the Special Resolution set out in Item No. 06 for approval by the Members.

**By Order of the Board  
For Sobha Developers Limited**

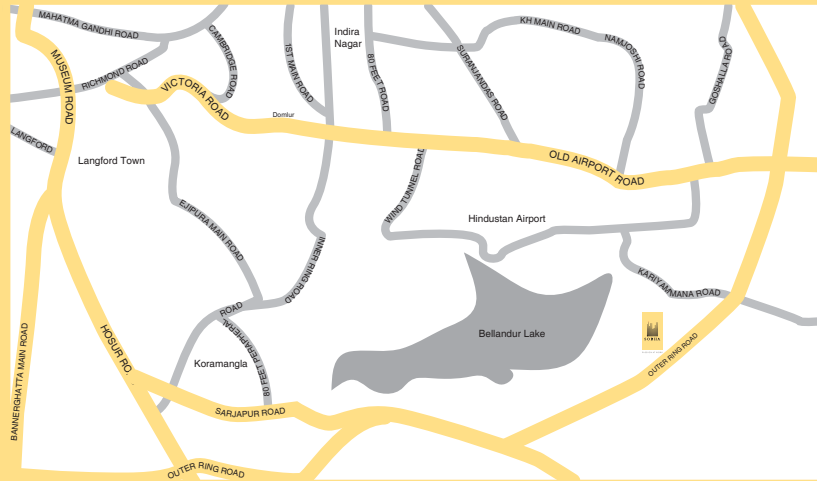


**Kishore Kayarat  
Company Secretary & Compliance Officer**

**Place: Dubai**

**Date: May 06, 2012**

# Route Map



'Sobha'

Sobha Developers Limited,  
Sarjapur-Marathahalli, (ORR)  
Devarabisanahalli, Belandur Post,  
Bangalore - 560 103  
India

Transport facilities are arranged from Banashankari, Majestic and Hebbal for attending the Annual General Meeting (AGM), which is scheduled to take place on June 30, 2012, at the registered and corporate Office of the Company, 'Sobha'. For more details contact the Investor's Cell at: 42052798 between 9am to 5pm or send an email to [investors@sobha.com](mailto:investors@sobha.com)

## Attendance Slip

Seventeenth Annual General Meeting - June 30, 2012

I / We hereby record my / our presence at the Seventeenth Annual General Meeting of the Company held on Saturday, June 30, 2012, at 10.00 am at the registererd office of the Company situated at 'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore - 560 103.

Full name of the member (IN BLOCK LETTERS).....

Registered Foilo No..... No. of Equity shares held .....

Client ID\* ..... Depository Participant ID\* .....

Member's / Proxy's Signature:.....

\* Applicable for members having shares in electronic form

Members are requested to fill up the attendance slip and hand it over at the venue. Members are requested to bring their copy of Annual Report to the meeting as no copies will be distributed at the venue.

## Proxy Form

Seventeenth Annual General Meeting - June 30 , 2012

Registered Foilo No. .... No. of Equity shares held .....

Client ID\* ..... Depository Participant ID\* .....

I / We ..... of .....

being a member(s) of Sobha Developers Limited hereby appoint .....

Mr. / Ms ..... of .....

or failing him Mr. / Ms ..... of .....

as my / our proxy to vote for me / us on my / our behalf at the Seventeenth Annual General Meeting of the Company to be held on Saturday, the 30th day of June, 2012, at 10.00 am at the registered office of the Company situated at 'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore - 560 103 and at any adjournment thereof.

Signed this ..... day of .....2012.

Signature: .....

Affix Revenue Stamp
---------------------------

\* Applicable for members holding equity shares in electronic form.

### Notes:

1. The Proxy Form should be signed across the revenue stamp as per specimen signature(s) registered with the Company.
2. The Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.
3. A Proxy need not be a member.

# Glossary

**Accrual:**

Accrual (accumulation) is the adding together of interest or different investments over a period of time

**BBS:**

Bar Bending Schedule

**BPL:**

Below Poverty Line

**BSE:**

Bombay Stock Exchange

**Cash flow:**

A revenue or expense stream that changes a cash account over a given period

**CAGR:**

Compound Annual Growth Rate

**CCC:**

Customer Care Cell

**CCR:**

Cash Conversion Rate

**CDSL:**

Central Depository Services (India) Ltd.

**CFL:**

Compact Fluorescent Lamp

**CSR:**

Corporate Social Responsibility

**DEMAT:**

De-Materialized account

**Debt/Equity ratio:**

A measure of a company's financial leverage

calculated by dividing its total liabilities by

stockholders' equity. It indicates what proportion of equity and debt the company is using to finance its assets

**Debenture:**

A debenture is a document that either creates a debt or acknowledges it

**Dividend:**

Payments made by a Company to its shareholders

**DG:**

Diesel Generator

**Earnings per share:**

The portion of a company's profit allocated to each outstanding share of common stock

**EBIT:**

Earnings Before Interest and Taxes

**EBITA:**

Earnings Before the Deduction of Interest, Tax and Amortization expenses

**EBITDA:**

Earnings Before Interest, Taxes, Depreciation and Amortization

**EMI:**

Equated Monthly Installments

**EPS:**

Expanded Polystyrene Foam

**Equity Share:**

These are shares which are ordinary in the course of company's business

**ERP:**

Enterprise Resource Planning

**Genius Loci:**

A German term which means "the guardian spirit of a place". During the initial stages of identifying land parcels the "genius loci" is identified. The uniqueness of the place and its surroundings are noted and every attempt is made to retain them

**Gearing ratio:**

A general term describing a financial ratio that compares some form of the company's equity (or capital) to borrowed funds

**General Reserve:**

It is the part of the reserve amount kept by the company out of its profits for future purpose

**Green Building:**

A green building, as defined by the Indian Green Building Council (IGBC), is one which uses less water, optimises energy efficiency, conserves natural resources, generates less waste and provides healthier spaces for occupants, as compared to a conventional building

**H-Beam:**

H-Beam is developed and optimised from I beam, a kind of economical profiled steel with a better mechanic capability

**HVAC:**

Heating, Ventilation, and Air Conditioning. It refers to technology of indoor and automotive environmental comfort

**ICSE:**

Indian Certificate of Secondary Education

**IGBC: I**

Indian Green Building Council

**IMF:**

International Monetary Fund

**IPO:**

Initial public offering

**ISIN:**

International Securities Identification Number

**ISO:**

International Organisation for Standardisation

**KSPCB:**

Karnataka State Pollution Control Board

**LEED:**

Leadership in Energy and Environmental Design

**LMS:**

Lighting Management System

**MCC:**

Medical Care Center

**MEP:**

Mechanical, Electrical, and Plumbing

**MIS:**

Management Information System

**Net Debt:**

A metric that shows a company's overall debt situation by netting the value of a company's liabilities and debts with its cash and other similar liquid assets

**NEAPS:**

NSE Electronic Application Processing System

NSE:

National Stock Exchange

OBC:

Other Backward Class

OHSAS:

Occupational Health and Safety Advisory Services

Operating cash surplus:

An approximate measure of a company's operating cash flow based on data from the company's income statement

OWC:

Organic Waste Converter

PBT:

Profit Before Tax

PAT:

Profit After Tax

PPP:

Public Private Partnership which refers to the co-operation between the public authorities and private businesses to guarantee the financing, construction, renewal, management or maintenance of an infrastructure or the provision of a service

RERA:

Real Estate Regulatory Authority

RHS:

Rainwater Harvesting System

ROE:

Return On Equity

ROCE:

Return On Capital Employed

ROI:

Return On Investment

SC:

Scheduled Caste

SCORES:

SEBI Complaints Redress System

SDPPL:

Sobha Developers Pune Private Limited

SED:

Social Empowerment Department

SEME:

Social Empowerment Mapping Exercise

SHP:

School Health Programme

SPCB:

State Pollution Control Board

SSLC:

Secondary School Leaving Certificate

STP:

Sewage Treatment Plant

SVTC:

Sobha Vocational Training Centre

VFD:

Variable Frequency Drive

WEO:

World Economic Outlook

WTP:

Water Treatment Plant

# Fiscal 2012

## Quarterly Highlights

### Q1

- Launched six residential projects during the quarter measuring 3.47 Million Square Feet
- Made a foray into Mysore with the project, Sobha Garden
- Debt/Equity ratio at 0.69 with a guidance to scale it down to 0.5
- Revenues at ₹3,035 Million with a PBT of ₹453 Million and PAT of ₹310 Million on a standalone basis

### Q2

- Launched four residential projects during the quarter measuring 5.14 Million Square Feet
- Entered the NCR market with the project, International City
- Debt/Equity ratio at 0.71
- Revenues at ₹3,160 Million with a PBT of ₹592 Million and PAT of ₹409 Million on a standalone basis

### Q3

- Company moved to its new registered and corporate office at Sarjapur - Marathahalli Outer Ring Road (ORR), Bangalore, thus consolidating all operations under one roof
- Acquired the entire economic interest of Sobha Developers (Pune) Private Limited, which is executing the Sobha Forest View project in Bangalore
- Debt/Equity ratio at 0.65 with a guidance to reduce it further
- Revenues at ₹3,053 Million with a PBT of ₹577 Million and PAT of ₹401 Million on a standalone basis

### Q4

- Launched two residential projects, Sobha Hillview at Coimbatore and Sobha Habitech at Bangalore measuring 0.88 Million Square Feet
- Forayed into the Chennai residential market with two projects, Sobha Serene and Sobha Meritta measuring 0.95 Million Square Feet
- Debt/Equity ratio at 0.53 on a standalone basis
- Revenues at ₹4,782 Million with a PBT of ₹1,331 Million and PAT of ₹890 Million on a standalone basis
- Completed over 50 Million Square Feet of developable area since inception
- Customer base crosses the 10,000 mark



# 5 year

## Financial Highlights

(₹ in million except earning per share and rate of dividend)

Particulars	2011-12	2010-11	2009-10	2008-09	2007-08
<b>Financial Performance</b>					
Total income (net of excise duty)	14,028	13,826	10,477	9,249	13,366
Profit before depreciation interest and tax (PBDIT)	4,402	3,559	2,715	3,008	3,674
Depreciation	388	278	323	360	350
Profit before interest and tax (PBIT)	4,014	3,281	2,392	2,647	3,324
Interest	1,062	845	789	1,192	615
Profit Before Tax (PBT)	2,952	2,436	1,603	1,455	2,709
Profit After Tax (PAT)	2,009	1,825	1,367	1,097	2,283
Earnings per share (₹)	20.48	18.61	14.91	15.04	31.32
Dividend:					
Equity	490	294	245.16	72.9	474
Rate of Dividend (%)	50	30	25	10	65
<b>Financial Position</b>					
Shareholder's Funds	20,005	18,566	17,085	10,895	9,883
Borrowed Funds (net of cash and bank balance)	11,258	12,110	14,540	19,122	17,631
Total	31,263	30,676	31,625	30,017	27,514
Net Fixed Assets	2,810	2,019	2,061	2,248	2,142
Investments	1,539	516.09	429.35	361.62	293.35
Net Current and Non Current Assets	27,244	28,067	29,083	27,377	25,067
Deferred tax asset (liability)	(330.00)	74	52	31	11
Total	31,263	30,676	31,625	30,017	27,514

Figures are regrouped wherever necessary

## Publication Details and Credits

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'Sobha'

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## Financial Calendar

Calendar of Board Meetings for the Financial Year

(Tentative and Subject to Change)

**For quarter ending June 30, 2012**

last week of July 2012

**For quarter ending September 30, 2012**

last week of October 2012

**For quarter ending December 31, 2012**

last week of January 2013

**For the year ending March 31, 2013**

last week of April 2013



If your cell phone supports QR codes, scan the codes to view further information on the Sobha Annual Report 2012 on our website [www.sobha.com](http://www.sobha.com)

