

# B S R & Co. LLP

Chartered Accountants

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## Limited review report on unaudited quarterly consolidated financial results pursuant to Regulation 33 of the Listing Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To  
**Board of Directors of Sobha Limited**

We have reviewed the accompanying statement of unaudited consolidated financial results (the 'Statement') of Sobha Limited (the 'Company'), its subsidiaries (collectively referred to as the 'Group') and its joint venture for the quarter ended 30 June 2018 attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). Attention is drawn to the fact that the figures for the 3 months ended 31 March 2018 as reported in these financial results are the balancing figures between audited figures in respect of the full previous financial year and the published year to date figures up to the third quarter of the previous financial year. The figures up to the end of the third quarter of previous financial year had only been reviewed and not subjected to audit.

This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these unaudited consolidated financial results based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* specified under section 143(10) of the Companies Act, 2013. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the unaudited consolidated financial results are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

The unaudited consolidated financial results for the corresponding three months ended 30 June 2017 included in the Statement, were reviewed by the predecessor auditor, whose limited review report dated 4 August 2017 expressed an unmodified opinion on those unaudited consolidated financial results.

We did not review the financial information of 13 subsidiaries included in the statement of unaudited consolidated financial results, whose unaudited financial information reflect total revenue of Rs 629.34 million for the quarter ended 30 June 2018 and total assets of Rs 1,960.44 million as at 30 June 2018. This unaudited financial information has been reviewed by other auditors whose reports have been furnished to us, and our opinion on the unaudited consolidated financial results, to the extent they have been derived from such unaudited financial information is based solely on the report of such other auditors. Our conclusion is not modified in respect of such matter.



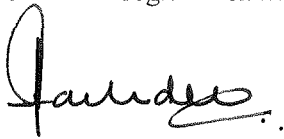
**Limited Review Report (continued)**

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited consolidated financial results prepared in accordance with applicable accounting standards i.e. Ind AS prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.

*for B S R & Co. LLP*

*Chartered Accountants*

ICAI Firm registration number: 101248W/W-100022



**Supreet Sachdev**

*Partner*

Membership number: 205385

Bangalore

07 August 2018

**SOBHA LIMITED**

Corporate Identity Number (CIN) : L45201KA1995PLC018475

Regd. Office: 'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore - 560 103

Ph: +91-80-49320000 Fax: +91-80-49320444 Email: investors@sobha.com

Website: www.sobha.com

**Statement of unaudited consolidated financial results for the quarter ended 30 June 2018**

(₹ in million)

	Particulars	3 months ended 30.06.2018 [Unaudited]	Preceding 3 months ended 31.03.2018 [Audited]*	Corresponding 3 months ended 30.06.2017 [Unaudited]**	Previous year ended 31.03.2018 [Audited]
1	<b>Revenue</b>				
	(a) Revenue from operations	5,977	7,696	6,789	27,870
	(b) Other income	43	117	14	164
	(c) Finance income	81	79	88	331
	<b>Total income</b>	<b>6,101</b>	<b>7,892</b>	<b>6,891</b>	<b>28,365</b>
2	<b>Expenses</b>				
	(a) Land purchase cost	642	11	8	466
	(b) Cost of raw materials and components consumed	529	674	633	2,540
	(c) Purchase of project materials	2,027	1,717	1,601	6,478
	(d) (Increase)/decrease in inventories of building materials, finished goods, stock in trade - flats, land stock and work-in-progress	(1,846)	553	188	796
	(e) Excise duty on sale of goods	-	-	40	40
	(f) Subcontractor and other charges	1,804	1,750	1,546	6,520
	(g) Employee benefits expense	517	526	491	1,985
	(h) Depreciation and amortization	149	135	135	544
	(i) Finance cost	541	518	449	1,978
	(j) Other expenses	998	1,101	1,072	3,848
	<b>Total expenses</b>	<b>5,361</b>	<b>6,985</b>	<b>6,163</b>	<b>25,195</b>
3	Profit before tax (1-2)	740	907	728	3,170
4	<b>Tax expense</b>				
	(a) Current tax	204	278	186	764
	(b) Deferred tax charge / (credit)	10	(25)	65	238
	<b>Total tax expense</b>	<b>214</b>	<b>253</b>	<b>251</b>	<b>1,002</b>
5	Profit for the period (3-4)	526	654	477	2,168
6	<b>Other comprehensive income</b>				
	Items that might not to be reclassified to profit or loss in subsequent periods:				
	Re-measurement gains/ (losses) on defined benefit plan (net of tax expenses)	8	-	(7)	(4)
	<b>Total other comprehensive income</b>	<b>8</b>	<b>-</b>	<b>(7)</b>	<b>(4)</b>
7	<b>Total comprehensive income for the period [comprising profit for the period (after tax) and other comprehensive income (after tax)] (5+6)</b>	<b>534</b>	<b>654</b>	<b>470</b>	<b>2,164</b>
8	Paid-up equity share capital (Face value per share - ₹ 10)	948	948	963	948
9	Other equity	19,717	26,750	25,952	26,750
10	Earnings Per Share (EPS) - (in ₹) Basic and diluted EPS	<b>5.55</b>	<b>6.90</b>	<b>4.95</b>	<b>22.67</b>

\* Refer note 2

\*\* Refer note 3

**Notes :**

- (1) Based on the "management approach" as defined in Ind AS 108 - Operating Segments, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along these business segments viz., Real estate and contractual and manufacturing business. Details of consolidated segment-wise revenue, results, assets and liabilities.

*Signature*



(₹ in million)					
	Particulars	3 months ended 30.06.2018 [Unaudited]	Preceding 3 months ended 31.03.2018 [Audited]*	Corresponding 3 months ended 30.06.2017 [Unaudited]**	Previous year ended 31.03.2018 [Audited]
I	<b>Segment revenue</b>				
	Real estate	3,596	5,013	5,055	20,006
	Contractual and manufacturing	2,604	3,007	2,098	9,204
	<b>Total</b>	<b>6,200</b>	<b>8,020</b>	<b>7,153</b>	<b>29,210</b>
	Less: Inter segment revenues	(223)	(324)	(364)	(1,340)
	<b>Net income from operations</b>	<b>5,977</b>	<b>7,696</b>	<b>6,789</b>	<b>27,870</b>
II	<b>Segment results</b>				
	Real estate	1,079	1,228	1,222	5,178
	Contractual and manufacturing	510	449	317	1,294
	<b>Profit before other adjustments</b>	<b>1,589</b>	<b>1,677</b>	<b>1,539</b>	<b>6,472</b>
	Less: Finance cost	(541)	(518)	(449)	(1,978)
	Less: Other unallocable expenditure	(432)	(448)	(464)	(1,819)
	Add: Other income	124	196	102	495
	<b>Profit before tax</b>	<b>740</b>	<b>907</b>	<b>728</b>	<b>3,170</b>
III	<b>Segment assets #</b>				
	Real estate	88,762	79,684	80,248	79,684
	Contractual and manufacturing	5,461	4,351	4,038	4,351
	Unallocated assets	7,800	6,213	5,374	6,213
	<b>Total assets</b>	<b>102,023</b>	<b>90,248</b>	<b>89,660</b>	<b>90,248</b>
IV	<b>Segment liabilities #</b>				
	Real estate	50,329	31,668	34,678	31,668
	Contractual and manufacturing	6,000	3,711	1,503	3,711
	Unallocated liabilities	25,029	27,171	26,564	27,171
	<b>Total liabilities</b>	<b>81,358</b>	<b>62,550</b>	<b>62,745</b>	<b>62,550</b>

# Capital employed = Segment assets - Segment liabilities

\* Refer note 2

\*\* Refer note 3

- (2) Figures of the preceding 3 months ended 31 March 2018 are the balancing figures between audited figures in respect of the full previous financial year and the published year to date figures upto the third quarter of the previous financial year. Also the figures upto the end of the third quarter were only reviewed and not subject to audit.
- (3) Amounts for the three months ended 30 June 2017 were reviewed by previous auditors S. R. Batliboi & Associates LLP.
- (4) The unaudited consolidated financial results for the quarter ended 30 June 2018 have been reviewed by the Audit Committee and taken on record by the Board of Directors of the Group at its meeting held on 7 August 2018. The figures for the quarter ended 30 June 2018 was subject to 'Limited Review' by Statutory Auditors of the Group who have expressed an unqualified review opinion. The information presented above is prepared in accordance with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The above quarterly unaudited consolidated financial results are filed with Stock Exchanges under Regulation 33 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015 and are available on the Stock Exchange websites, www.nseindia.com and www.bseindia.com, and on the Company's website, www.sobha.com.
- (5) Ind AS 115 Revenue from contracts with customers has been notified by Ministry of Corporate Affairs (MCA) on 28 March 2018 and is effective from accounting period beginning on or after 1 April 2018, replaces existing revenue recognition standard. The application of Ind AS 115 has impacted the Group's accounting for recognition of revenue from real estate residential projects. There has been no significant impact on the contractual and manufacturing business of the Group.

The Group has applied the modified retrospective approach to its real estate residential contracts that were not completed as of 1 April 2018 and has given impact of adoption of Ind AS 115 by debiting retained earnings as at the said date by ₹ 7,570 million (net of tax). Accordingly, the comparatives have not been restated and hence, the current period figures are not comparable to the previous period figures. Due to the application of Ind AS 115 in the current period, revenue from operations is lower by ₹ 2,029 million and net profit after tax is lower by ₹ 171 million, than what it would have been if the replaced standards were applicable. Similarly, the basic and diluted EPS for the period is ₹ 5.55 instead of ₹ 7.34 per share.

- (6) The figures of the previous year/ period have been regrouped/ reclassified, wherever necessary.

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



J. C. Sharma  
Vice Chairman and Managing Director

Bengaluru, India  
7 August 2018





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## Limited review report on unaudited quarterly standalone financial results pursuant to Regulation 33 of the Listing Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To  
**Board of Directors of Sobha Limited**

We have reviewed the accompanying statement of unaudited standalone financial results (the 'Statement') of Sobha Limited (the 'Company') for the quarter ended 30 June 2018 attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). Attention is drawn to the fact that the figures for the 3 months ended 31 March 2018 as reported in these unaudited standalone financial results are the balancing figures between audited figures in respect of the full previous financial year and the published year to date figures up to the third quarter of the previous financial year. The figures up to the end of the third quarter of previous financial year had only been reviewed and not subjected to audit.

This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these unaudited standalone financial results based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* specified under section 143(10) of the Companies Act, 2013. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the unaudited standalone financial results are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

The unaudited standalone financial results for the corresponding three months ended 30 June 2017 included in the Statement, were reviewed by the predecessor auditor, whose limited review report dated 4 August 2017 expressed an unmodified opinion on those unaudited standalone financial results.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited standalone financial results prepared in accordance with applicable accounting standards i.e. Ind AS prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.

for **B S R & Co. LLP**

*Chartered Accountants*

ICAI Firm registration number: 101248W/W-100022



**Supreet Sachdev**

*Partner*

Membership number: 205385

Bangalore  
07 August 2018

**SOBHA LIMITED**

Corporate Identity Number (CIN) : I45201KA1995PLC018475

Regd. Office: 'SOBHA', Sarjapur - Marathahalli Outer Ring Road (ORR), Devarabisanahalli, Bellandur Post, Bangalore - 560 103

Ph: +91-80-49320000 Fax: +91-80-49320444 Email: investors@sobha.com

Website: www.sobha.com

**Statement of standalone financial results for the quarter ended 30 June 2018**

(₹ in million)

	Particulars	3 months ended 30.06.2018 [Unaudited]	Preceding 3 months ended 31.03.2018 [Audited]*	Corresponding 3 months ended 30.06.2017 [Unaudited]**	Previous year ended 31.03.2018 [Audited]
1	<b>Revenue</b>				
	(a) Revenue from operations	5,347	7,198	6,407	26,014
	(b) Other income	43	115	13	159
	(c) Finance income	81	75	87	323
	<b>Total income</b>	<b>5,471</b>	<b>7,388</b>	<b>6,507</b>	<b>26,496</b>
2	<b>Expenses</b>				
	(a) Land purchase cost	105	11	8	153
	(b) Cost of raw materials and components consumed	529	674	633	2,540
	(c) Purchase of project materials	2,027	1,717	1,601	6,478
	(d) (Increase)/ decrease in inventories of building materials, finished goods, stock in trade - flats, land stock and work-in-progress	(1,709)	273	(63)	(4)
	(e) Excise duty on sale of goods	-	-	40	40
	(f) Subcontractor and other charges	1,803	1,733	1,532	6,467
	(g) Employee benefits expense	517	525	491	1,985
	(h) Depreciation and amortization	139	125	125	504
	(i) Finance cost	522	498	446	1,948
	(j) Other expenses	945	1,032	1,028	3,561
	<b>Total expenses</b>	<b>4,878</b>	<b>6,588</b>	<b>5,841</b>	<b>23,672</b>
3	Profit before tax (1-2)	593	800	666	2,824
4	<b>Tax expense</b>				
	(a) Current tax	193	248	132	638
	(b) Deferred tax charge / (credit)	(32)	(47)	86	247
	<b>Total tax expense</b>	<b>161</b>	<b>201</b>	<b>218</b>	<b>885</b>
5	Profit for the period (3-4)	432	599	448	1,939
6	<b>Other comprehensive income</b>				
	Items that might not be reclassified to profit or loss in subsequent periods:				
	Re-measurement gains/ (losses) on defined benefit plan (net of tax expenses)	8	-	(7)	(4)
	<b>Total other comprehensive income</b>	<b>8</b>	<b>-</b>	<b>(7)</b>	<b>(4)</b>
7	<b>Total comprehensive income for the period [comprising profit for the period (after tax) and other comprehensive income (after tax)] (5+6)</b>	<b>440</b>	<b>599</b>	<b>441</b>	<b>1,935</b>
8	Paid-up equity share capital (Face value per share - ₹ 10)	948	948	963	948
9	Other equity	18,210	25,223	24,624	25,223
10	Earnings Per Share (EPS) - (in ₹) Basic and diluted EPS	4.55	6.32	4.65	20.28

\* Refer note 2

\*\* Refer note 3

**Notes :**

- (1) Based on the "management approach" as defined in Ind AS 108 - Operating Segments, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along these business segments viz., Real estate and contractual and manufacturing business. Details of standalone segment-wise revenue, results, assets and liabilities:

b





(₹ in million)

	Particulars	3 months ended 30.06.2018 [Unaudited]	Preceding 3 months ended 31.03.2018 [Audited]*	Corresponding 3 months ended 30.06.2017 [Unaudited]**	Previous year ended 31.03.2018 [Audited]
I	<b>Segment revenue</b>				
	Real estate	2,958	4,528	4,378	17,781
	Contractual and manufacturing	2,604	3,010	2,325	9,449
	<b>Total</b>	<b>5,562</b>	<b>7,538</b>	<b>6,703</b>	<b>27,230</b>
	Less: Inter segment revenues	(223)	(324)	(364)	(1,341)
	Less: Other operating income - Share of profits/ (losses) in a subsidiary partnership firm	8	(16)	68	125
	<b>Net income from operations</b>	<b>5,347</b>	<b>7,198</b>	<b>6,407</b>	<b>26,014</b>
II	<b>Segment results</b>				
	Real estate	905	1,077	1,084	4,747
	Contractual and manufacturing	510	491	322	1,237
	<b>Profit before other adjustments</b>	<b>1,415</b>	<b>1,568</b>	<b>1,406</b>	<b>5,984</b>
	Less: Finance cost	(522)	(498)	(446)	(1,948)
	Less: Other unallocable expenditure	(432)	(445)	(462)	(1,819)
	Add: Share of profits/ (losses) in a subsidiary partnership firm	8	(15)	68	125
	Add: Other income	124	190	100	482
	<b>Profit before tax</b>	<b>593</b>	<b>800</b>	<b>666</b>	<b>2,824</b>
III	<b>Segment assets #</b>				
	Real estate	84,291	73,693	75,402	73,693
	Contractual and manufacturing	5,461	4,351	4,114	4,351
	Unallocated assets	10,339	10,178	8,479	10,178
	<b>Total assets</b>	<b>100,091</b>	<b>88,222</b>	<b>87,995</b>	<b>88,222</b>
IV	<b>Segment liabilities #</b>				
	Real estate	50,378	30,071	33,388	30,071
	Contractual and manufacturing	6,351	5,536	2,724	5,536
	Unallocated liabilities	24,204	26,444	26,296	26,444
	<b>Total liabilities</b>	<b>80,933</b>	<b>62,051</b>	<b>62,408</b>	<b>62,051</b>

# Capital employed = Segment assets - Segment liabilities

\* Refer note 2

\*\* Refer note 3

- (2) Figures of the preceding 3 months ended 31 March 2018 are the balancing figures between audited figures in respect of the full previous financial year and the published year to date figures upto the third quarter of the previous financial year. Also the figures upto the end of the third quarter were only reviewed and not subject to audit.
- (3) Amounts for the three months ended 30 June 2017 were reviewed by previous auditors S. R. Batliboi & Associates LLP.
- (4) The unaudited standalone financial results for the quarter ended 30 June 2018 have been reviewed by the Audit Committee and taken on record by the Board of Directors of the Company at its meeting held on 7 August 2018. The figures for the quarter ended 30 June 2018 was subject to 'Limited Review' by Statutory Auditors of the Company who have expressed an unqualified review opinion. The information presented above is prepared in accordance with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The above quarterly unaudited standalone financial results are filed with Stock Exchanges under Regulation 33 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015 and are available on the Stock Exchange websites, www.nscindia.com and www.bscindia.com, and on the Company's website, www.sobha.com.
- (5) Ind AS 115 Revenue from contracts with customers has been notified by Ministry of Corporate Affairs (MCA) on 28 March 2018 and is effective from accounting period beginning on or after 1 April 2018, replaces existing revenue recognition standard. The application of Ind AS 115 has impacted the Company's accounting for recognition of revenue from real estate residential projects. There has been no significant impact on the contractual and manufacturing business of the Company.

The Company has applied the modified retrospective approach to its real estate residential contracts that were not completed as of 1 April 2018 and has given impact of adoption of Ind AS 115 by debiting to retained earnings as at the said date by ₹ 7,454 million (net of tax). Accordingly the comparatives have not been restated and hence, the current period figures are not comparable to the previous period figures. Due to the application of Ind AS 115 in the current period revenue from operations is lower by ₹ 2,443 million and net profit after tax is lower by ₹ 246 million, than what it would have been if the replaced standards were applicable. Similarly, the basic and diluted EPS for the period is ₹ 4.55 instead of ₹ 7.15 per share.

- (6) The figures of the previous year/ period have been regrouped/ reclassified, wherever necessary.

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



J. C. Sharma  
Vice Chairman and Managing Director

Bengaluru, India  
7 August 2018

